



Legislation Details (With Text)

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**On agenda:** 9/21/2021      **Final action:** 9/21/2021

**Title:** Approve the award of RFP 21-174, Employee Benefits Broker, to GCG Financial, for an amount not to exceed \$252,000 and for a three-year term

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
9/21/2021	1	City Council	approved	Pass

**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Approve the award of RFP 21-174, Employee Benefits Broker, to GCG Financial, for an amount not to exceed \$252,000 and for a three-year term

**DEPARTMENT:** Human Resources

**SUBMITTED BY:** James Sheehan, Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

The City offers medical and dental plans to its employees, retirees, and employees and retirees of Naper Settlement, Naperville Library, Naperville Development Partnership and NCTV. However, the City requires the services of an experienced insurance broker to market and advise the best health and wellness offerings as well as other benefit programs to make available to employees and their eligible family members.

In June 2021, the Human Resources Department issued RFP 21-174, Employee Benefits Broker, to contract with a benefits broker to strategically plan, analyze, negotiate, implement and comprehensively support the employee benefits programs, including medical insurance, prescription drug plans, stop loss policies, dental insurance, life insurance and Accidental Death & Dismemberment (AD&D), Flex Spending Accounts (FSA), Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage and other voluntary benefits.

**DISCUSSION:**

Advertisement Date: 06/14/2021 Notices Sent: 109  
Opening Date: 07/08/2021 Planholders: 16  
Proposals Received: 6

Responses were received from the following vendors:

Assurance GCG Financial  
Cottingham & Butler Mercer  
Gallagher The Segal Company

A selection team comprised of staff from the Human Resources, Finance and City Manager’s Office evaluated the responses, which were scored based upon the criteria set forth in the RFP:

1. Capability, Capacity and Qualifications of the Firm (25%)
2. Suitability and Quality of the Approach (25%)
3. Milestones and Deliverables (25%)
4. Outcomes to be Achieved (25%)

After review and scoring of the proposals, the selection committee invited the top three vendors, Assurance, GCG Financial and Mercer, to attend interviews. Following the completion of the interviews, the selection committee rescored the vendors and reached out to Mercer for references. After receiving the references and the related responses, the selection committee reconvened to review and make a final decision.

The vendor with the highest qualification score, GCG Financial, is recommended for award. The table below provides a summary of the final qualification scores:

Vendor	Qualification Score
GCG Financial	91.25
Mercer	87
Assurance	83

Both GCG Financial and Mercer presented very good proposals and followed up with informative interviews. The evaluation team was impressed with the way that GCG Financials’ staff works with and talks directly with employees, spouses/significant others and retirees. Based on Mercer’s references, staff had concerns whether Mercer could provide this same level of service and support. In addition, Mercer was not able to provide references that were of relevant size to Naperville and the only Illinois reference provided was for limited services (voluntary benefits only).

GCG Financial has been an excellent partner to the City during the current contract period. The pricing has remained stable throughout and the overall costs for participants have been below market trends. Below are just some of the highlights of the programs that GCG Financial has implemented in their tenure with the City:

1. Benistar Medicare Supplemental Program for post-65 retirees. At one point, Medicare-eligible retiree medical contributions were being supplemented by the City. With the rollout of Benistar, a lower cost option is provided for retirees or retirees pay the full premium amounts if they remain on the City’s medical plan.

2. CVS/Caremark was selected as the Pharmacy Benefits Manager (PBM) for the medical PPO plans and has delivered lower costs for the City and participants.
3. Delta Dental was selected through an RFP to provide dental care. GCG conducted the RFP (and recently conducted a second RFP) and Delta offers the broadest network with competitive premiums and services.
4. City staff worked with GCG Financial to make a number of plan design changes, eliminate certain underperforming plans and increase the attractiveness of the City's best performing plan, the high deductible plan and related health savings account program.
5. Blue Cross Blue Shield HMO plan was updated to be more market competitive, and PPO plans have new features that provide better cost balancing and credit for use of their preferred networks.
6. GCG Financial performs the RFP process on the City's behalf for all health and welfare providers to make sure we are receiving the best services at competitive prices.
7. GCG Financial works with City staff on negotiating and implementing plan changes and premium adjustments for the various bargaining units and has collaborated with the Fire union in solidifying and enhancing the high deductible plan and related health savings account program.
8. GCG Financial has introduced a number of new programs that provide health education, health benefits or lower cost alternatives in partnership with third party providers (e.g., CRX International, an international mail order pharmaceutical option for eligible drugs).

Lastly, the cost presented by GCG Financial was in line with the other finalists and the estimated budget. The team feels confident that the firm will continue to work well with the Benefits team and bring excellent, useful products to the City and its participants.

The term of the contract is from January 1, 2022 to December 31, 2024 with two, one-year options to extend.

**FISCAL IMPACT:**

CIP: N/A

Medical insurance broker services are expensed to the other fees and taxes account listed below. A total of \$83,000 is budgeted for the services in 2021. This agreement will be used in development of the 2022 Budget being presented to Council later this year. The remainder of the agreement will be budgeted appropriately for the duration of the agreement.

Account Number	Fund Description	Total Budget Amount
60101600-523168	Self-Insurance	\$111,305