

## Legislation Text

---

File #: 17-242, Version: 1

---

**CITY COUNCIL AGENDA ITEM****ACTION REQUESTED:**

Approve the Award of the First Two Year Extension to Contract 14-007, Benefits Broker, to GCG Financial, Inc. for an amount not to exceed \$166,000.

**DEPARTMENT:** Human Resources

**SUBMITTED BY:** James Sheehan, HR Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

On April 15, 2014, City Council approved the award of RFP 14-007 to benefits broker GCG Financial (GCG) for a three-year contract period, with two, two-year options to extend the contract term. There are five core healthcare coverages GCG assists the City in delivering in the most cost-effective way possible since these components of the health plan cost upwards of \$18 million annually. Coverages are self-funded medical, prescription drugs, dental plans, wellness initiatives and stop-loss medical coverage. GCG also advises City staff on other benefits including life insurance, COBRA and FMLA coverages, pre-tax flexible spending accounts and voluntary options like vision, disability, critical illness and auto and home insurance.

**DISCUSSION:**

GCG has performed well during the original term. In each of the three years of the initial contract term, GCG was able to lower the City's Blue-Cross Blue Shield fixed cost fees. GCG has conducted a number of RFP's lowering cost and/or improving service for participants, including the introduction of a new dental health vendor and a Medicare supplement plan for retirees. GCG also assisted with introducing consistent contract language for all participants (union and non-union) and syncing benefits renewals and related charges with the City's calendar fiscal year. More recently, GCG helped introduce a new pharmacy manager to lower costs and drive consumerism to participants. GCG, in coordination with the City's Benefits group, has helped drive education programs and overall improved marketing and communication of the City's benefits offerings to employees and retirees. The City has experienced overall cost savings in its benefits in each of the three years of the initial contract.

The term for the first two-year extension is May 1, 2017 through April 30, 2019, with one remaining two-year extension.

**FISCAL IMPACT:**

CIP: N/A

Broker services are expensed to the Professional Services account listed below. A total of \$105,000 is budgeted for a benefits broker in CY2017. The remaining funds will be budgeted in CY2018.

Account Number	Fund Description	Total Budget Amount
623-9210-585.35-09	Self-Insurance	\$105,000