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CITY ADMINISTRATOR'S OFFICE MEMO

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To: Mayor and City Council

From: City Clerk, Kelly Kornegor and City Administrator, Kim Downs

Date: September 6, 2017

RE: 2017 Employee Benefits Brokerage Firms

Description of Agenda Item:
Award contract for Employee Benefits Brokerage and Consulting Services.

Background
When the Compensation Committee met in January to discuss employee wages and benefits, the decision was made to go out for Requests for Proposals for Employee Benefits Brokerage and Consulting Services. True North is the City's current benefits broker and has been for the past 11+ years.

In 2013, city staff did go through a less formal process where we held meetings with Acumen and True North to determine if there would be a cost savings between the two (2) brokerages' abilities to go out to market for insurance premiums. After going through the process we discovered no contrast in rates and ended up basing the final decision to stay with True North on service provided.

This time around we sent out an extremely thorough RFP to four (4) qualified benefits brokerage firms and all four (4) companies submitted proposals. **A matrix is attached to this memo to give an overview of the qualifications and cost for services of each brokerage.**

There was a lot of information to go through and once the review process was complete, we set up interviews with each brokerage to meet members of their team and obtain answers to our questions to assist in reaching a decision.

Recommendation
Through our review process we determined all four (4) brokerage firms are qualified to serve as the City's benefits broker. They all have the ability to provide standard services such as: strategic planning, benefits audits, claims and self funding analysis, benchmarking, and working with insurance carriers in the market to design plan options on City's behalf. All of the brokers offer extra amenities to their clients including: legal, benefits and HR compliance bulletins, alerts and seminars, online portals, sponsorship of employee training and wellness related events, and employee assistance with insurance and claims inquiries.

Each brokerage firm offered two options when setting their pay structure: (1) a commission charged on all lines of insurance offered by the employer or (2) a fixed annual consulting fee. For example, the brokerage would charge a per employee / per month fee on the medical insurance and a standard insurance commission on the other lines of coverage (dental, life, vision, etc.); generally the same amount set by the insurance carriers. In their proposals, the brokerage firms stated they were open to negotiating fees with the City as each one has the ability to set their own commissions for groups over 50 employees.

After completing all four interviews, Compensation Committee members were in agreement to award the Employee Benefits Brokerage and Consulting Services contract to True North. The firm did a great job of promoting their company and all of the advanced services and technologies they are working on internally to set themselves apart from their competitors. Below is an overview of some of the added advantages True North can provide:

- In-house Finance and Employee Benefits staff performing claims data research to reduce the cost of medical services and thereby working to reduce premiums for their clients.
- Opportunity to look at self-funding in and outside a Captive program.
- In House advocates helping our employees navigate through their benefits and get them accurate and timely information.
- Iowa League of Cities' endorsement providing the ability to offer special pricing based on large volume of League municipalities. The City's Workers Compensation carrier is IMWCA which is under the Iowa League of Cities umbrella. True North's has teamed up with IMWCA through their in-house Risk Solutions Advisor to assist with injury prevention, claims management, and employee safety training.
- In-house Technology Team working on custom web-based and mobile applications to fit their clients' specific needs in the realm of benefits administration and compliance management.
- Partnering with the City to be more efficient and timely using e-signatures and working to unveil shortly a paperless enrollment platform for clients with less than 100 employees.
- True North is broker for City's liability insurance through ICAP; not all firms provide this type of coverage.

Compensation Committee members present at the meeting including Dick Olson, Marty Bruns, Kim Downs, Cindy Kudrna, and Kelly Kornegor agreed True North continues to invest in increasing the services they provide to their clients and City is receiving our bang for the buck based on the annual fee of $23,291.00.

Thank you for your consideration of this matter! If you have any questions please don't hesitate to ask.

Benefits Broker RFP 2017

	Holmes Murphy	Acumen	True North	Benefits Solutions
Type of Company	Privately held with shareholders	Privately held firm	Privately owned and operated in Cedar Rapids, IA	Sole Proprietorship; Would work through Jeff Daley under Benefits Solutions (BSI)
Years of Service	84 years	> 20 years	>25 years, merged 3 local independent insurance firms 16 years ago	BSI has been in business for >30 years. Daley Insurance Agency >16 years
Staff	26 voting and 74 nonvoting shareholder employees	33 full-time employees	>200 years of experience on professional management team, >250 professionals on staff including 50 owners	6 staff members from Daley Ins. and BSI dedicated to City of Hiawatha
Public Entity Experience	Works with >30 municipal governments in Iowa	Currently works with >35 public employers	Currently work with 75-100 public entities through endorsement from Iowa League of Cities large block of cities, counties and several schools	Works with schools, colleges and public entities
Main Contacts	Rick Miller(Account Executive)	Aaron Loan (Senior Benefit Advisor)	Teri Copler (Benefit Advisor)	Jeff Daley (President of Daley Insurance Agency) Consultant in conjunction with Benefits Solutions
Years of Experience	> 38 years	>12 years	30 years	23 years in commercial industry
	Charlida Parsons (Senior Client Service Consultant)	Kandi Fullerton (Account Manager)	Rebecca Baych (Sr. Account Manager)	Michael Rozum (Benefit Consultant)
	> 35 years	>20 years	10 years	12 years
References	Provided 4 references, 1 city	5 all cities, schools and counties	4 references, 1 city	8 references, including 3 small cities and 1 school
Subject Matter Experts	Four wholly owned subsidiaries	Full dedicated service team on staff	True Advocate Team to answer questions and claims issues	Direct access to professional account managers for service items

	Holmes Murphy	Acumen	True North	Benefits Solutions
Other Subject Matter Access	HR portal including free training videos, access to ACAP Health, Creative Risk Solutions, Innovative Captive Strategies, and AVANT Speciality Benefits	HR Hotline, HR 360, compliance consulting firm, Benefits Concierge to answer employee questions, vendor to audit HR processes, online benefits portal; My Wave	ThinkHR cloud based platform free to clients, internal alternate funding and technology experts with >20 years experience	MyWave Connect portal for human resources (HR hotline), wellness and compliance assistance
Communication and compliance tools	Email compliance and benefit alerts, legal newsletter, will sponsor training and wellness events	Weekly emails, annual client seminar, compliance bulletins, newsletters, HR brief, will sponsor training and wellness events	HR Elements, PPACA Advisor including webinars, UBA Employer monthly webinars, HealthCare Reform Blog, Compliance Dashboard tool, employee benefit portals, enrollment guides, benefit at a glance cards, sponsors training and wellness events	Monthly newsletters, legal and compliance seminars twice a year, will sponsor training and wellness events
Initiatives	Creating a bundled grouping of healthcare services with 31 municipalities in Texas to lower costs - captives	Quarterly reviews with clients to determine areas of savings. Completed 6 quarterly reviews in 2017 and year to date savings for those clients was 23.1% compared to cost of using health plan design with previous broker	Implementation of integrated technology consulting team to provide clients guidance with all aspects of benefit platform	The commission can be altered for large clients. Have communication with clients on compensation for service on annual basis
	Clinical wellness strategies with insurance carriers to provide savings to clients		Iowa League of Cities partnership. 2017 launch initiative to offer all League members utilization of benefit portals, offer specialized pricing based on large volume of league businesses. Leveraging opportunity with renewal.	

	Holmes Murphy	Acumen	True North	Benefits Solutions
Services Provided	Consulting, Marketing services, plan design assistance, benchmarking, renewal process and meetings, claims analysis, compliance, and reporting	Plan design assistance, claims analysis, benefits audits, benchmarking, self funding analysis, reporting, compliance, renewal process and evaluation	Plan design assistance, review contracts and amendments, market analysis, enrollment and eligibility issues, vendor management, claims analysis, benchmarking, complaince reporting, assistance with retiring employees	Plan design assistance, plan review and market analysis, employee benefits meetings, claims analysis, annual benchmarking, industry trends, compliance, and online enrollment system
Pay for Services/Consulting Fee	Fixed annual compesation of $24,000.00 unless client requires vendor commissions to offset costs, open to ideas	$20 per contract per month for the 1st year for medical and future increases at a percentage outlined by the Federal Bureau of Labor Statistics. Other insurances lesser of standard insurance percentage commission of the carrier or current commissions percent charged. Without knowing commission on auxillary lines of insurance would estimate total compensation at $15,000.00 annual. Open to ideas	$31 per employee per month for medical insurance (kept the same as Wellmark established when City was considered small employer), standard commissions built into ancillary lines of coverage, open to altering to annual consulting fee in lieu of commission. Total compensation on all lines of insurance $23,291.00 annual	Fee for medical coverage is $19.00 per contract per month. Total compensation for all lines of coverage is $20,000 annual. Fees are negotiable with client on annual basis
Wellness Programs	Seminars, Clinical wellness programs, Health screenings, incentive packages, smoking cessation,pre-packaged programs, custom wellness website	MyWave tool to create wellness campaign, Acumen will assist each year at no cost, smoking cessation, wellness information/newsletters	Experience in designing wellness programs. Work with several wellness companies to match up with clients' goals, budgets, and philosophies. Have ability to offer no cost option	Can offer complimentary wellness resources including ideas, posters, payroll stuffers. MyWave Connect Portal offers no cost resources, vendors for blood draws and health coaching
Consultant Questionnaire	Yes in their own format	Used our format to answer all questions	Yes used our format	Yes used our format

	Holmes Murphy	Acumen	True North	Benefits Solutions
Conflict of Interest Policy	No	No	Yes (If TrueNorth has employee serving on a board or organization with decision making power, we remove ourselves from voting on other related matters)	No
Limitations on number of clients	No but monitor to ensure appropriate staffing levels	50 for a Senior Benefit Advisor	No cap but average 25:1 client/account manager ratio	50:1 ratio for companies with three employees or more
Notes	Known in industry for best in class training programs for next generation of consultants, didn't follow the format specified in the RFP	Known for in-depth data analysis and reporting	Direct contracts with providers to increase discounts. Recognized as one of the top 100 largest independent insurance brokers. 11+-Year relationship, know their customer service, endorsed by Iowa League of Cities, no middle man	Benefit Solution (BSI) have been in business for >30 years. Daley Insurance Agency >16 years, Daley Insurance works under Benefits Solutions

DRAFT

RESOLUTION NO. 17-
City Council

RESOLUTION APPROVING AWARD OF CONTRACT FOR EMPLOYEE BENEFITS BROKERAGE AND CONSULTING SERVICES

WHEREAS, members of the Compensation Committee made a recommendation to solicit proposals for Employee Benefits Brokerage and Consulting Services, and

WHEREAS, after receiving and reviewing proposals and holding interviews with the four (4) companies who submitted proposals for Employee Benefits Brokerage and Consulting Services, Compensation Committee members recommend the responsive responsible proposal as follows:

Company	Annual Compensation Rate
True North Companies of Cedar Rapids, Iowa	$23,291.00

, and

WHEREAS, payment of the annual compensation rate in connection with Employee Benefits Brokerage and Consulting Services is part the insurance premium billing, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA to approve Employee Benefits Brokerage and Consulting Services with True North Companies of Cedar Rapids Iowa at a total annual compensation rate of $23,291.00 for all lines of employee insurance.

AYES:
NAYS:
ABSENT:

PASSED AND APPROVED this 6th day of September, 2017.

_____
Bill Bennett, Mayor

ATTEST:

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Kelly Kornegor, City Clerk