



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Human Resources Department

DATE: June 29, 2009
BOARD MEETING DATE: July 14, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: Donna Vaillancourt, Human Resources Director
Peter Bassett, Benefits Manager
SUBJECT: Agreement with Alliant Insurance Services

RECOMMENDATION:

Adopt a Resolution:

- A) Authorizing the President of the Board to execute an agreement with Alliant Insurance Services for broker-consulting services regarding the County's health and welfare benefits for the term August 1, 2009 through July 31, 2012, in an amount not-to-exceed \$342,000
- B) Authorizing the Human Resources Director or the Director's designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions

BACKGROUND:

Benefit plans are typically managed by a broker / consultant firm that is responsible for negotiating annual insurance premiums and acting as a liaison between the agency and the insurance carriers to resolve issues, manage transitions to new benefit providers, develop employee communication materials, and assist with administrative process enhancements.

In March 2008, the County contracted with SST Benefits as its broker / consultant for the County's health, dental, and vision plans. Since a Request for Proposals (RFP) was not completed at that time, in May 2009 the County conducted a formal RFP process. The purpose of the RFP was to ensure that the County is maximizing



the services it receives from its broker / consultant and that the County is receiving fair value for the amounts paid for these services.

DISCUSSION:

Alliant Insurance Services was selected by a committee of Human Resources staff to provide broker / consultant services to assist the County with the management of its health and welfare benefits. Alliant specializes in representing public agencies in negotiating high quality and cost-effective benefit plans for employees and is an expert in the employee benefits market. Among four RFP finalists, Alliant was ranked the highest in terms of relevant experience, knowledge and customer service.

Alliant will provide the County with administrative, program design, and communication/education services in its management of the following benefit plans:

- Health, Dental and Vision Insurance
- COBRA
- Employee Assistance Program
- Retiree Health, Dental and Vision Insurance
- Flexible Spending Accounts
- Life, Short-term, and Long-term Disability Insurance

The County will work with Alliant to reduce benefit plan costs, expand the County's wellness program, manage benefit plan RFPs, enhance benefits communications to employees, and implement administrative process enhancements.

County Counsel has reviewed and approved the Agreement as to form.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Prosperous Community by helping the County to reduce benefits costs. It is anticipated that Alliant Insurance Services will negotiate lower health insurance rate increases for the County effective January 1, 2010.

Performance Measure:

Measure	2009 Actual	2010 Projected
Average negotiated health insurance rate increase	8.47%	7.5%

FISCAL IMPACT:

There is no net County cost associated with this agreement. The total obligation under this agreement is \$342,000 and will be absorbed into health plan premium rates. This amount represents a savings of \$783,000 compared to the County's current broker-consultant agreement. Since the County and employees share in the cost of health plan premiums, and premium costs are lower as a result of this agreement, there is a \$673,380 County cost savings and a \$109,620 savings to employees over the three-year term of the contract.

REQUEST FOR PROPOSAL PROCESS MATRIX

1.	General description of RFP	Broker / consultant to assist the County with the management of its health and welfare benefits
2.	List key evaluation criteria	<ul style="list-style-type: none"> • Negotiation skills/relevant experience • Communication materials • Customer Service / administrative assistance • Experience implementing wellness programs • Fee
3.	Where advertised	The RFP was distributed to 20 firms that specialize in these services and advertised on the County's website
4.	In addition to any advertisement, list others to whom the RFP announcement was sent	N/A
5.	Total number of RFP's sent to prospective proposers	20
6.	Number of proposals received	10
7.	Who evaluated the proposals	Committee of HR staff including Benefits Manager, Benefits Program Manager, Risk Manager, and Health & Fitness Manager
8.	In alphabetical order, names of proposers (or finalists, if applicable) and location	Alliant, San Francisco AON, San Francisco Keenan, San Francisco SST Benefits, El Dorado Hills