

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 11, 2012

Item 31, Report No. 48, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on December 11, 2012.

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AWARD OF RFP12-300: REQUEST FOR PROPOSAL FOR GROUP BENEFITS PROGRAM PROVIDERS

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Commissioner of Strategic & Corporate Services, dated November 27, 2012:

Recommendation

The Commissioner of Strategic & Corporate Services in consultation with the Manager of Compensation/Benefits & OHS and Acting Director of Purchasing Services recommends:

1. That RFP12-300 be awarded to:
 - a) Great West Life Assurance Co. Insurance to provide life insurance, dependent life, critical illness, extended health and dental benefits as well the employee assistance program services for the eligible active and retired employees of the City of Vaughan and Vaughan Public Libraries Board for a period of three years with the option of extending the contract for a period of an additional two years; and,
 - b) Chubb Insurance be retained to provide Accidental Death and Dismemberment Benefit Insurance for the same eligible employee groups for a period of three years with the option of extending the contract for an additional period of two years.

Contribution to Sustainability

The provision of employee benefits is a key component to ensuring the health and wellness of staff and financial stability of the City. This is achieved by ensuring that we maintain appropriate benefit coverage that meets our contractual obligations (collective agreements) and is, at the same time, fairly priced.

Economic Impact

The Funds have been approved and are part of the annual operating budget. The approval of this RFP will result in overall annual savings of \$187,500.

Communications Plan

The decision of Council will be communicated to all staff and bargaining unit chairs.

Purpose

The purpose of this report is to award the Request for Proposal 12-300 – City of Vaughan Employee Group Benefits Program.

Background - Analysis and Options

The group benefit plan for the Corporation of the City of Vaughan has been insured with Great West Life (previously Canada Life) since 1990. The benefits include life Insurance, dependent life, critical illness, long term disability, extended health, dental benefits and the employee assistance program.

In addition the Accidental Death and Dismemberment benefit has been insured through RBC Insurance since 1990.

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On April 30, 2012 the Internal Audit Report of the Human Resources department recommended that the Human Resource department should issue an RFP (Request for Proposal) to insurers of group benefit insurance, to obtain bid prices so that the department will have comparative information from other benefit insurance providers

In the spring of 2012 Staff issued an RFP 12-100 to retain a group benefit consulting firm to assist Staff in preparing and evaluating an RFP on the entire group benefits program.

Cowan Insurance Group was the successful proponent and was retained as the Corporation's group benefits consultant to provide:

- Assistance with the preparation of the RFP specifications;
- Analysis of all pricing related areas of the interested carrier's RFPs;
- Input on the evaluation of the proposals.

In May of 2012 staff issued a Request For Expression of Interest, RFEOI-12-260 to identify interested proponents that met the Corporation's minimum requirements to participate in the full RFP of the group benefits program. The RFEIQ was advertised on City Page, Bidding and OPBA website on May 10, 2012 with closing date as May 25, 2012. Nineteen (19) proponents picked up the RFEOI documents from Purchasing Services Department. Upon bid opening, submissions from following respondents are received.

1. The Great West Life Assurance Co., Toronto, ON
2. Sunlife Financial, Toronto, ON
3. Manulife, Toronto, ON
4. Blue Cross, Etobicoke, ON
5. GreenShield Canada, Toronto, ON
6. ClaimSecure, Mississauga, ON
7. SSQ Financial Group, Toronto, ON
8. Chartis, Toronto, ON
9. Chubb Insurance, Toronto, ON

All nine (9) proponents responded to the RFEOI and all were deemed qualified to participate in the formal RFP to provide bids for either all or part of the group benefit products.

At the next stage, RFP 12-300 was issued on August 30, 2012 with the complete benefit specifications to ensure that any proposals submitted are consistent with the current benefit provisions and our contractual obligations to our unionized and non-unionized employees. The RFP was delivered to all the pre-qualified proponents with closing date on October 4, 2012. Three addenda were issued to clarify questions received from the proponents and the closing date was also extended to October 11, 2012. Upon public opening, proposal submissions from following proponents (carriers) were received.

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The submissions were reviewed by the Purchasing Services Department for compliance:

Carrier	Full Proposal	Partial Proposal
Great West Life	X	
Sunlife	X	
Manulife	X	
Blue Cross	X	
Green Shield		Health, Dental, EAP
ClaimSecure		ASO Health, Dental
SSQ		AD&D only
Chartis		AD&D only
Chubb		AD&D only

All nine proposals were shared with the Corporation's consultant to conduct their analysis and provide the Corporation with a marketing report on their findings.

The nine (9) compliant RFP submissions were evaluated by a committee, using the following criteria:

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| <ol style="list-style-type: none"> 1. Carrier Profile <ol style="list-style-type: none"> a. Minimum of 10 years as a provider b. Similar clients in the public sector c. Team profile d. Agreeable to entering a service agreement e. Service methodology 2. Technology <ol style="list-style-type: none"> a. Turnaround time for claims, amendments b. Reporting capabilities c. Online access for employees and Corporation e. Eclaims f. Ebooklets/contracts 3. Price <ol style="list-style-type: none"> a. Competitiveness and Soundness of rates b. Competitiveness of stop loss charge and levels c. Competitiveness of refund accounting expenses 4. References | <p>20</p> <p>25</p> <p>45</p> <p>10</p> <p>Total Points:</p> |
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The Evaluation Committee comprised of staff from City Departments in consultation with the Corporations' consultant evaluated and determined Great West Life as the highest scoring proposal for all group benefits except for Accidental Death and Dismemberment.

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Some of the key benefits and features of the incumbent proponent included:

- 2% reduction in the group benefit premium rates;
- Guaranteeing the same health and dental premium rates for the upcoming year;
- Lower life and LTD premium rates for the next two years with a rate guarantee provided coverage levels and demographics do not change by more than 15%.
- Entering a service level agreement;
- A lower rate and a two year guarantee on the Employee Assistance Program (EAP);
- No contract deviations which allows the Corporation to continue to meet its contractual obligations with its unionized staff.
- Reduced optional life insurance premium rates from current levels.

With regard to the AD&D benefit the evaluation committee in consultation with the Corporation's consultant determined Chubb Insurance as the highest scoring proposal.

The incumbent carrier RCB Insurance opted not to compete in the RFP despite being notified by the Corporation.

Chubb offered a significantly lower premium rate than the current carrier resulting in annual savings of approximately \$16,500. In addition they offered enhancements to the contract.

Relationship to Vaughan Vision 2020 / Strategic Plan

This report is consistent with the priorities previously set by Council including Valuing and Encouraging a Highly Motivated Workforce, Attracting, Retaining and Promoting Skilled Staff, Demonstrating Effective Leadership and Supporting the Professional Development of Staff and the necessary resources have been allocated and approved.

Regional Implications

Not applicable.

Conclusion

The Evaluation Committee in consultation with the Corporation's consultant determined Great West Life as the highest scoring proposal, thus the recommended proponent to continue providing group insurance benefits to meet the Corporation's employee needs. In addition to obtaining the highest score, Great-West Life offered a 2% reduction to its current premium rates (excluding AD&D) resulting in an annual savings of approximately \$171,000.

The Evaluation Committee also determined Chubb Insurance as the highest scoring proposal for the provision of AD&D benefits resulting in an annual savings of approximately \$16,500.

Attachments

Not applicable.

Report prepared by:

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