



CITY COUNCIL REPORT

September 27, 2012

TO: Michael Culpepper, Interim City Manager

FROM: Tom Darling, Director Finance & Administrative Services
Peggy Sears, Human Resources Director
Susan Leirstein, Purchasing Director
Stephen Cooperrider, Risk Manager

SUBJECT: Agenda Item – Insurance Benefits Consultant /Broker, and Agent of Record

As you know, City Departments are currently going through some functional restructuring. As part of the ICMA report it was indicated that there would be a need for a Benefits Consultant/Broker. As part of this process a Request for Proposal (RFP) was marketed for a Benefits Consultant/Broker. We received six proposals. One of the proposals did not meet the qualifications specified in the RFP. We interviewed the other five, they are; McGraw-Wentworth, Ralph C. Wilson Agency, Willis of Michigan, Cornerstone Municipal Advisory Group, and Gallagher Benefit Services. The interview panel included the City Human Resources Director, Risk Manager, Controller, and the Purchasing Director/Risk Manager from the City of Sterling Heights.

The scope of work they would provide includes services to assist in the management, administration, and consultation of the City's employee and retiree benefit programs, including the following:

- Medical
- Prescription Drug
- Dental
- Vision
- Life Insurance/AD&D
- Short-Term Disability
- Long-Term Disability
- Benefit plan design and vendor management
- Vendor bidding for insurance / administration services, including PA 106
- Compliance assistance in all areas of benefit administration
- Financial analysis and self-insured rate development
- Union negotiation support

- Drafting of employee/retiree communication materials
- Conducting employee/retiree meetings and presentations
- Employee and retiree wellness programs and communication
- Open enrollment coordination and participation
- Health Care Reform Act, PA 54, PA 63, PA 152, FMLA, ADA, COBRA, HIPAA, etc.

The Qualifications of the Consultant/Broker include:

- Licensing by and in good standing with the State of Michigan Department of Insurance and will provide a statement that neither the firm nor any individual(s) assigned to this engagement are suspended, or otherwise prohibited from professional practice by any federal, state or local agency.
- They are to be sufficiently experienced in employee benefit programs, including public sector with a minimum of ten (10) years experience within the industry in the State of Michigan.
- They will provide a continuity of services by assigning a primary consultant with: Thorough knowledge of principals, practices and regulatory environment of the insurance industry, experience with municipal benefits, and a thorough knowledge of insurance alternatives and industry best practices.
- They will maintain the highest integrity in business relationships and practices, and comply with applicable regulations, laws, ordinances and legal requirements.
- They will represent that all tasks will be performed in accordance with generally acceptable professional standards and further represent that the advice and consultation provided will be within its authority and capacity as a professional.
- They will comply with administrative procedures of the City and will attend meetings with or on behalf of the City, as requested.
- All required insurances shall be maintained by the Consultant /Broker during the course of the contract.

The interview panel selected Gallagher Benefit Services as the Benefit Consultant/Broker, and to be appointed by the City Manager as Agent of Record for the listed services. References were checked by the City Purchasing Director and were found to be outstanding. Remuneration for these services will be in the form of commissions they will receive from the insurance carriers.

SC/



EXECUTIVE SUMMARY

Employee Benefits Consultant and Broker/Agent Services

STATISTICS:

- ◆ **Two hundred eighty-two (282) firms were notified via the MITN e-procurement website**
- ◆ **Six (6) proposals were received**
- ◆ **One (1) firm did not meet the pass/fail criteria**
- ◆ **Five (5) firms were invited to Interviews**
- ◆ **Gallagher Benefit Services received the highest scores as a result of a best value process and are being appointed Agent of Record**

The five (5) firms received the indicated final scores as a result of the proposal evaluations and interview.

Firm	SCORE
Gallagher	96.429
Cornerstone	94.803
McGraw-Wentworth	92.561
Willis	84.381
Ralph C Wilson Agency	73.368

Attachments:

- ✓ Weighted Final Scoring Including Detailed Proposal and Pricing Scores
- ✓ Evaluation Process



WEIGHTED FINAL SCORING
Employee Benefits Consultant and Broker/Agent Services

Final Score Calculation:

$$\frac{65\% \times \text{Detailed Proposal Score} + 35\% \times \text{Interview Score}}{100\%} = \text{Final Weighted Score}$$

Each City Committee member independently used a weighted score sheet to evaluate the Request for Proposal documents; and each Committee Member calculated a weighted score. The scores of the Committee Members were averaged into one score for each firm for this phase of the process.

Weighted Average Score for Evaluation of Proposals: 65%

Raters:	1	2	3	4	Average	Final Weighted Score (x.65)
Vendors:						
Cornerstone	93.5	96.5	92	103	96.25	62.563
Gallagher	98	100.5	90	103	97.875	63.619
McGraw-Wentworth	90	105	98.5	103	99.125	64.431
Ralph Wilson Agency	55	82.5	65.5	84	71.75	46.638
Willis	95.5	73.5	76.5	95	85.125	55.331

Weighted Average Score for Interview: 35%

Raters:	1	2	3	4	Average	Final Weighted Score (x.35)
Vendors:						
Cornerstone	87	90.5	91	100	92.125	32.24
Gallagher	94	88	93	100	93.75	32.81
McGraw-Wentworth	78.5	66	86.5	90.5	80.375	28.13
Ralph Wilson Agency	67.5	74	82.5	81.5	76.375	26.73
Willis	88.5	64	86.5	93	83	29.05



FINAL SCORE:

VENDORS:	Detailed Proposal Score (65%)	Interview Score (35%)	Final Score
Cornerstone	62.563	32.24	94.803
Gallagher	63.619	32.81	96.429
McGraw-Wentworth	64.431	28.13	92.561
Ralph Wilson Agency	46.638	26.73	73.368
Willis	55.331	29.05	84.381

**HIGHEST RATED VENDORS - RECOMMENDED AWARD



SELECTION PROCESS

Employee Benefits Consultant

SECTION 3: CRITERIA FOR SELECTION

The Evaluation Committee will independently review the proposals. The City of Troy reserves the right to award this proposal to the consulting firm considered the most qualified based upon a combination of factors including but not limited to the following:

- A. Compliance with qualifications criteria
- B. Completeness of the proposal
- C. Financial strength and capacity of the company
- D. Correlation of the proposals submitted to the needs of the City of Troy
- E. Any other factors which may be deemed to be in the City's best interest
- F. Evaluation Process

Phase 1: Minimum Qualifications Evaluation

Firms will be required to meet minimum established criteria in order to go to the second phase of the process.

Phase 2: Evaluation of Proposals

Each Committee member will independently use a weighted score sheet to evaluate the proposals; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each firm for this phase of the process.

Phase 3: Interview Score

The City will invite the top rated firms to participate in an interview. Each Committee Member will independently use a weighted score sheet to evaluate the Interview; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each firm for this phase of the process. Those being interviewed may be supplied with further instructions and requests prior to the interview. Persons representing the firm at the interview must be the personnel who will be assigned to the Troy account.

Phase 4: Final Scoring and Selection

The firm with the highest final weighted score will be appointed agent of record.

65% Proposal Score (100 point base)
35% Interview Score (100 point base)
100%

Note: The City of Troy reserves the right to change the order or eliminate an evaluation phase if deemed in the City's best interest to do so.