

Request for Decision

Request For Proposal (RFP) for Employee Benefits Provider

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Jan 17, 2017

Report Date Wednesday, Dec 21,
2016

Type: Managers' Reports

Resolution

THAT the City of Greater Sudbury authorizes the Director of Human Resources and Organizational Development to solicit an employee benefits provider for a five (5) year term with the option for one (1) additional renewal term of up to five (5) years subject to Council's approval.

Finance Implications

The change in the cost of benefits plan resulting from the award of this RFP will be incorporated into the 2018 Operating Budget.

Signed By

Recommended by the Department

Kevin Fowke
Director of Human Resources &
Organizational Development
Digitally Signed Dec 21, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Dec 21, 16

Background

The Manufacturers Life Insurance Company (Manulife Financial) has been the City's provider for Employee Benefit services since January 1, 2003 and ACE INA Life Insurance has provided Accidental Death & Dismemberment insurance during his same period. Annual renewals were negotiated for these services, however the last bid solicitation was performed in 2002.

Council approved an extension with the current providers for the 2017 benefit year and staff is preparing the RFP with a goal to choose a successful vendor by June 30, 2017 for an initial term of January 1, 2018 to December 31, 2022. Further, in accordance with with section 8, (1) of the Purchasing By-law, any multi-year contract award where the term, including any optional extension terms exceeds five years and the annual acquisition cost is \$50,000 or more are subject to Council approval.

Analysis

Given the complexity of the services and implementation of any change in provider and the potential transitional impact to employees and retirees, staff is requesting the ability to source a provider for a five (5) year term with the potential for one (1) additional renewal term of up to five (5) years subject to Council's approval. There are a number of reasons for this recommendation:

- Ongoing files with the existing provider continue even after conversion (especially short and long term disability files existing at the time of any change in provider, which remain with the former carrier while the new carrier accepts new claims).
- Cost in terms of new contracts, benefits booklets, benefit wallet cards and information on file with healthcare providers.
- Transfer of significant volumes of personal data and claims history.
- Time and cost involved in the bid solicitation process.

Staff will monitor the performance of the successful proponent and raise a recommendation to Council in year four (4) (i.e. 2021 and potentially 2026) to either engage in another competitive bid solicitation for the period from January 1, 2023 or to continue with the provider for an additional period. Further, staff are engaged in benchmarking a number of benefits related measures and costs with other Municipalities and review these measures annually.

Summary

The relationship with a benefits provider is somewhat unique and staff are recommending soliciting for a five (5) year term with the option for one (1) additional renewal term of up to five (5) years based on performance, costs and continued demonstration of value for money. Per section 8, (5) approval of the contract with the successful proponent will require a resolution of Council, it is anticipated that this would come back to Council in June or July of this year.