MEMORANDUM

Date: September 21, 2016
To: Joseph F. Lo Bello, CPA, Town Manager
From: Matthew Pazanski, Finance Director
Re: Employee Insurance Benefits Procurement Process

BACKGROUND

The employee health insurance plan year is January 1 to December 31. Beginning in October of each year Town staff works with our insurance agent of record to obtain a renewal quote on the then-current plan and obtains additional proposals to evaluate coverage and price for the upcoming year.

In 2012, the Town Council approved the Gehring Group as the Town's agent of record to assist the staff with the employee insurance benefits procurement process through the 2016 plan year.

DISCUSSION

With our current term coming to an end, staff would like to present options for the Town Council to consider on how to proceed with procuring needed employee insurance benefits procurement services. The Town's Purchasing Policy (Resolution No. 2010-07) provides for various options including the following:

- Prepare a Request of Proposal (RFP) (annual contract amount is over $10,000) and solicit sealed bid responses; or

- Based on our past experience and established relationship with our current agent of record: determine that the RFP procedures are not practical or advantageous to the Town and negotiate an agreement with the Gehring Group.

Staff is proposing to continue the same process we have undertaken for the past several years. Specifically, work with the Gehring Group to solicit, evaluate and propose employee insurance benefit coverages for the Town Council to award prior to the beginning of the plan year. Staff's goals are to stay competitive with our peers and to obtain the best possible plan available while working within the cost constraints of the annual budget.

As for the health insurance bidding process, because of the number of Town employees, the quotes received from the insurance companies, whether they are obtained from Agent A or Agent B, will not vary because the rates are manually rated (governed by the State of Florida Insurance Commission) and based on our particular group's participants; age, gender, and geographic location.

The Town does not pay a fee or commission to an agent for the placement of health insurance, nor is the fee or commission reflected in the premiums. For our size group the compensation to the agent is considered overhead and is paid directly to the agent by the insurance company. The compensation an insurance company pays to an agent on our size group is approximately $12,000 a year.

As you know, the health care insurance is a transitional industry, with ever changing plan designs and offerings. When coupled with the recent presence of the federal government, the annual health insurance evaluation process remains a constant challenge.

The Gehring Group is well respected in the insurance industry, both locally and throughout the state with over 80 governmental clients. The company is headquartered in Palm Beach Gardens and specializes in representing local governments and public entities, including, but not limited to, the Town of Jupiter, the Village of North Palm Beach, the Village of Tequesta, the Palm Beach County Clerk and Comptroller's Office, the Palm Beach County Tax Collector's Office, the Palm Beach County Sheriff's Office, the City of Port St. Lucie, the Town of Lake Park, the Seacoast Utility Authority, the Loxahatchee River Environmental Control District, the Martin County Board of County Commissioners, the Town of Jupiter Island and many others throughout the state, totaling over 25,000 governmental lives.

During 2015 and 2016, the Gehring Group has competed in multiple competitive bid processes and has been awarded agent of record contracts, including, the City of Boynton Beach, the Cape Coral Professional Firefighters Health Insurance Trust, the Children's Services Council of Palm Beach County, the City of Cocoa Beach, the City of Coconut Creek, the City of Delray Beach, the Estero Fire Rescue District, the Village of Estero, the Hernando County Board of County Commissioners, they City of Hollywood, the Lee County Sheriff's Office, the City of Lighthouse Point, they City of Melbourne, the North Collier Fire Control and Rescue District, the City of Oakland Park, the Palm Harbor Fire Rescue District, the Village of Palm Springs, the Pinellas Suncoast Transit Authority, the Southern Manatee Fire Rescue District, and the Tampa Bay Water Authority.

Town Staff has an excellent working relationship with the Gehring Group, and the company is very responsive to the needs of all Town employees, providing invaluable assistance in resolving problems and issues.

The Town's Purchasing Policy authorizes the Town Council to waive any of the policy's procedures in the event the Town Council determines that such procedures are not practicable or advantageous to the Town. By waiving the Purchasing Policy procedures and allowing Town Staff to continue to work with the Gehring Group as agent of record, the Town is saving the time and money associated with seeking out the potential services of a consultant to develop and evaluate competitive sealed bids in accordance with standard industry terms and specifications for the services of an agent of record.

To that end, Town Staff will present a recommendation for employee insurance benefits to the Town Council at the December 14, 2016 Town Council meeting so that Council can assess the proposal and award the contract, as needed, and Staff can complete enrollment and application as required for the January 1, 2017 effective date.

RECOMMENDATION

Staff recommends the Town Council determine that the Purchasing Policy procedures requiring competitive bidding are not practicable or advantageous and authorize the Town Manager to negotiate an agreement with the Gehring Group to act as agent of record and to assist Town staff with the procurement process for employee insurance benefits and coverages and to provide related insurance services for the 2017 through 2020 plan years.