



Travis County Commissioners Court Agenda Request

Meeting Date: Tuesday, September 25, 2012
Prepared By/Phone Number: C.W. Bruner, 854-9760
Elected/Appointed Official/Dept. Head: Cyd Grimes
Commissioners Court Sponsor: Judge Biscoe

Consider and take appropriate action on the following for Stop Loss Insurance Coverage:

- (A) Reject proposals received for RFP No. P120214-CW, Stop Loss Insurance.**
- (B) Approve twelve-month extension (Modification No. 1) to Contract No. 4400000211 (HTE Contract No. 12T00054EC), to Sun Life Assurance Company of Canada, for Stop Loss Insurance Coverage.**
- (C) Increase the Individual Stop Loss deductible from \$225,000 to \$250,000.**

➤ **Purchasing Recommendation and Comments:** Purchasing concurs with department and recommends approval of requested action. This procurement action meets the compliance requirements as outlined by the statutes.

A. RFP No. P120214-CW was issued on July 9, 2012. A total of twenty-eight (28) vendors were solicited and six (6) proposals were received. The RFP gives HRMD the opportunity to evaluate coverage and receive updated market pricing for Individual Stop Loss Insurance. After careful consideration by the evaluation committee it is the recommendation of HRMD that all proposals be rejected. The primary reason, the best and final offers from all proposers were too high compared to the renewal amount provided by the incumbent. Proposers have been notified.

B. This contract provides stop loss insurance coverage for Travis County. Sun Life has been the County's Stop Loss carrier for the health

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Cheryl Aker in the County Judge's office, Cheryl.Aker@co.travis.tx.us by Tuesdays at 5:00 p.m. for the next week's meeting.

plan since November 1, 2011. Travis County was able to negotiate a significant reduction from the original Sun Life renewal. These negotiations along with a proposed increase to the Individual Stop Loss deductible would represent a 6% reduction in stop loss rates for FY2013. The renewal rates shown in Attachment 1 reflect the negotiated rates. The Stop Loss rates will decrease by approximately 6% from \$42.70 to \$40.13 (-\$2.57) PEPM (per employee per month) for all three plans.

C. The Individual Stop Loss deductible will increase by \$25,000 from \$225,000 to \$250,000 for Fiscal Year 2013. The Stop Loss contract with Sun Life will change to a Paid Claims basis.

➤ **Contract Expenditures:** Within the last twelve (12) months approximately \$2,569,174 has been spent against this requirement.

➤ **Contract Modification Information:**

Modification Amount: Not Applicable

Modification Type: Bilateral

Modification Period: October 1, 2012 – September 30, 2013

➤ **Solicitation-Related Information:**

Solicitations Sent:	28	Responses Received:	6
HUB Information:	N/A	% HUB Subcontractor:	N/A

➤ **Funding Information:**

Shopping Cart/Funds Reservation in SAP: Not Applicable

Comments:



Human Resources Management

700 Lavaca Street, Suite 420

P.O. Box 1748

Austin, Texas 78767

(512) 854-9165 / FAX(512) 854-6677

Backup Memorandum

DATE: August 27, 2012

TO: Members of the Commissioners Court

FROM: Diane Poirot- HRMD Director
John Rabb, Benefits Manager

A handwritten signature in black ink, appearing to be "Diane Poirot", written over the name "Diane Poirot- HRMD Director".

Subject: Recommend Rejection of Proposals for RFP # P120213-CW Stop Loss Insurance

Proposed Motion

Rejection of Proposals for RFP # P120213-CW Stop Loss Insurance

Summary

September 2012, Travis County Human Resources Management Department (HRMD) and Purchasing worked together to create, document, and issue a RFP to find a company to issue Stop Loss Insurance Coverage for the Travis County Health Plan. The RFP gives HRMD the opportunity to evaluate coverage and receive updated market pricing for Individual Stop Loss Insurance.

Travis County received several bids for this solicitation, and after careful consideration by the evaluation committee it is our recommendation that all bids are rejected. The primary reason, the best and final offers from all proposers were too high compared to the renewal amount provided by the incumbent.



HRMD Human Resources Management

700 Lavaca Street, Suite 420 • P.O. Box 1748 • Austin, Texas 78767 • (512) 854-9165 / FAX(512) 854-6677

Backup Memorandum

DATE: September 13, 2012

TO: Members of the Commissioners Court

FROM: Leslie Browder, County Executive, Planning and Budget Office *LB*
 Diane Poirot, Director, Human Resources Management Department
 John Rabb, Benefits Manager *JR*
 Cindy Purinton, Benefits Administrator (transition)
 Shannon Steele, Benefits Administrator *SMS*

Subject: Sun Life Financial – Fiscal Year 2013 Stop Loss Insurance Rates

Proposed Motion

- A. Consider and take appropriate action to renew Sun Life as the Stop Loss carrier for the Travis County Employee Benefit Plan and to approve renewal rates as shown below for Fiscal Year 2013
- B. Consider and take appropriate action to increase the Individual Stop Loss deductible from \$225,000 to \$250,000.

Summary

Sun Life has been the County's Stop Loss carrier for the health plan since November 1, 2011. Travis County was able to negotiate a significant reduction from the original Sun Life renewal. These negotiations along with a proposed increase to the Individual Stop Loss deductible would represent a 6% reduction in stop loss rates for FY2013. The renewal rates shown in Attachment 1 reflect the negotiated rates.

Staff Recommendation:

- A. Staff recommends approval of Sun Life as the Stop Loss carrier and recommends approval of the Sun Life renewal rates in Fiscal Year 2013.
- B. Staff recommends approval of the increase of the Individual Stop Loss deductible for Fiscal Year 2013.

The following bulleted items are the important points or changes for the plan renewal with Sun Life.

- The Stop Loss rates will **decrease** by approximately 6% from \$42.70 to \$40.13 (-\$2.57) PEPM (per employee per month) for all three plans.

- The Individual Stop Loss deductible will increase by \$25,000 from \$225,000 to \$250,000 for Fiscal Year 2013.
- The Stop Loss contract with Sun Life will change to a Paid Claims basis.

Budgetary and Fiscal Impact

The monthly fixed costs of the plan will **decrease** 6% due to negotiations and an increase in the Stop Loss deductible.

	Current Fiscal Year 2012	Fiscal Year 2013
Average Monthly Cost	\$214,098	\$201,221
Average Annual Cost	\$2,569,174	\$2,414,650
		-6%

Authorizations

- X Planning and Budget Office (854-9106)
- X Human Resources Management Department (854-9165)
- X Purchasing Office (854-9700)
- X County Attorney's Office (854-9415)
- X County Auditor's Office (854-9125)

Attachment 1 Sun Life renewal quote sheet

Page #
3

ATTACHMENT 1

**Renewal Proposal For
Travis County
Group Policy Number – 220525
SPECIFIC STOP LOSS - Effective October 1, 2012**

Benefits Covered:	Current Plan	Medical & PDP	Medical & PDP	Medical & PDP
		Renewal Alternatives		
			Option 1	Option 2
Total Enrolled Employees		5,014		
Specific Deductible		\$225,000	\$250,000	\$275,000
Current Rates:				
Composite		\$42.70		
Est. Current Annual Premium		\$2,569,174		
Renewal Rates:				
Composite		\$46.44	\$40.13	\$35.16
Est. Annual Renewal Premium		\$2,794,238	\$2,414,650	\$2,115,781
Renewal Rate Action		9%	-6%	-18%
<i>Please Select Renewal Option:</i>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**MODIFICATION OF CONTRACT NUMBER: 12T00054EC, Stop Loss Insurance Coverage PAGE 1 OF 2 PAGES
(SAP # 4400000211)**

ISSUED BY: PURCHASING OFFICE 700 LAVACA STREET 8 TH FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST: CW Bruner TEL. NO: (512) 854-9760 FAX NO: (512) 854-4211	DATE PREPARED: September 13, 2012
ISSUED TO: 1000010262 Sun Life Assurance Company of Canada One Sun Life Executive Park Wellesley Hills, Massachusetts 02481	MODIFICATION NO.: 1	EXECUTED DATE OF ORIGINAL CONTRACT: October 25, 2011

ORIGINAL CONTRACT TERM DATES: November 1, 2011 – October 1, 2012 CURRENT CONTRACT TERM DATES: October 1, 2012 - September 30, 2013

FOR TRAVIS COUNTY INTERNAL USE ONLY: Original Contract Amount: \$ N/A Current Modified Amount \$ N/A

DESCRIPTION OF CHANGES: Except as provided herein, all terms, conditions, and provisions of the document referenced above as heretofore modified, remain unchanged and in full force and effect.

This modification number one to the Agreement Collateral to Stop Loss Policy to be Issued to Travis County, Texas by Sun Life assurance Company of Canada, Wellesley Hills, Massachusetts is made by the following parties: Sun Life assurance Company of Canada, (“Our”, “Us”, and “We” in this Amendment) and Travis County, Texas (“You” or “Your” in this Amendment”).

RECITALS

You and We entered into a contract for stop loss coverage for a self funded health coverage for county employees, retirees, and their dependents that began October 1, 2011.

The Changes provision of the Agreement Collateral allows Us and You to amend the Agreement Collateral in writing signed by both Us and You.

AGREEMENT TO AMEND CONTRACT

You and We agree to amend the Agreement Collateral as follows:

1.0 EXERCISE OF OPTION

1.1 Pursuant to the Term and Extension of Policy Period provision of the Agreement Collateral, as amended herein, You exercise Your option to extend this policy period for an additional one year option period from October 1, 2012 through September 30, 2013.

2.0 MODIFICATION TO AGREEMENT COLLATERAL

2.1 Pursuant to the Changes provision of the Agreement Collateral, the Policy provision of the Agreement Collateral is deleted and the following is inserted in its place:

Note to Vendor:

Complete and sign your portion of the signature block section below for all copies and return all signed copies to Travis County.

DO NOT execute and return to Travis County. Retain for your records.

LEGAL BUSINESS NAME: _____	<input type="checkbox"/> DBA
BY: _____ SIGNATURE	<input type="checkbox"/> CORPORATION
BY: _____ PRINT NAME	<input type="checkbox"/> OTHER
TITLE: _____ ITS DULY AUTHORIZED AGENT	DATE: _____

TRAVIS COUNTY, TEXAS	DATE: _____
BY: _____ CYD V. GRIMES, C.P.M., TRAVIS COUNTY PURCHASING AGENT	

TRAVIS COUNTY, TEXAS	DATE: _____
BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	

Policy to be issued to Travis County, Texas, by Sun Life Assurance Company of Canada, Wellesley Hills, Massachusetts for the first year of this Agreement Collateral is based on the Sample Only Policy attached to this Collateral Agreement and the quotation for 17/11 Specific Stop Loss Coverage for the three Travis County healthcare plan options with a Specific Deductible of \$225,000 with a three month terminal liability coverage attached to this Collateral Agreement and all other provisions indicated in this Collateral Agreement and its attachments.

Policy issued to Travis County, Texas, by Sun Life Assurance Company of Canada, Wellesley Hills, Massachusetts for the first year of this Agreement Collateral is amended for the first option period so that the Specific Stop Loss Coverage for the six Travis County healthcare plan options (three for employees and three for retirees) is on a Paid Claims Basis with an Unlimited Specific Lifetime Maximum with a Specific Deductible of \$250,000 and all other provisions indicated in this Collateral Agreement and its attachments.

3.0 MODIFICATION TO POLICY

3.1 Pursuant to the Changes provision of the Agreement Collateral, the following Schedule of Benefits, Specific Benefit is added to the Policy for the first option period:

**Schedule of Benefits
Specific Benefit**

Original Specific Benefit Effective Date	November 1, 2011
<u>Benefit Specifications</u>	
Policy Year	October 1, 2012 through September 30, 2013
Reimbursement Percentage	100% of Eligible Expenses
Covered Benefits	Medical, including Prescription Drugs
Specific Benefit Deductible	\$250,000.00
Specific Benefit Lifetime Maximum Eligible Expenses	Unlimited
Specific Benefit Claims Basis	29/12 (6 Month Run-in) Eligible Expenses include only those expenses Incurred after November 1, 2011 during a Policy Year, or within 6 months prior to the first Policy year and Paid during a Policy Year
Covered Units	Single Employee, Employee and Family
Retirees	Covered
Specific Benefit Premium Rate	\$40.13 per Single Employee, Employee and Family per month
Premium Due Date	The Policy Effective Date and the first day of each succeeding month

4.0 INCORPORATION OF CONTRACT

4.1 You and we hereby incorporate this amendment into the Agreement Collateral as amended by this Modification One. You and we hereby ratify all of the terms and conditions of the Agreement as amended.

5.0 EFFECTIVE DATE

5.1 The changes stated in this amendment are effective October 1, 2012.