



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Human Resources



Date: June 17, 2015
Board Meeting Date: July 21, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Donna Vaillancourt, Human Resources Director
Jay Castellano, Interim Benefits Manager

Subject: Amendment to the agreement with Alliant Insurance Services, Inc. to provide broker/ consulting services regarding the County's health and welfare benefits

RECOMMENDATION:

Adopt a resolution authorizing an amendment to Contract No. 072095 with Alliant Insurance Services, Inc. to provide broker/consulting services regarding the County's health and welfare benefits, extending the term through December 31, 2017, and increasing the amount by \$402,500 to an amount not to exceed \$852,500

BACKGROUND:

Benefit plans are typically managed by a broker/consultant firm that is responsible for negotiating annual insurance premiums and acting as a liaison between the agency and the insurance carriers to resolve issues, manage transitions to new benefit providers, develop employee communication materials, and assist with administrative process enhancements.

In August 2009, as a result of a Request for Proposals (RFP) process, the County contracted with Alliant Insurance Services (Alliant) as its broker/consultant for its benefits plans. In February 2012, the County conducted another formal RFP process. The purpose of the RFP was to ensure that the County is maximizing the services it receives from its broker/consultant and that the County is receiving fair value for the amounts paid for these services. During the 2012 RFP formal process, Alliant Insurance Services was selected by a committee of Human Resources staff to provide broker/consultant services to assist the County with the management of its health and welfare benefits. Alliant specializes in representing public agencies in negotiating high quality and cost-effective benefit plans for employees and is an expert in the employee benefits market.

On July 24, 2012, your Board approved an agreement with Alliant to provide broker/consultant services regarding the County's health and welfare benefits for the term August 1, 2012 through July 31, 2015.

DISCUSSION:

In accordance with procurement policies, the County's Contract Compliance Committee has approved a waiver request to extend the agreement by 2 years and 5 months beyond the current term.

In 2016 and 2017, the County's agreements with dental and health providers, respectively, will expire and are due for competitive processes. Due to the complexities of the County's plans and the extensive stakeholder engagements, Alliant's familiarity with the County, our plans and our employees/retirees' interests will be particularly important to the competitive processes. This amendment extending the term of Alliant's agreement through December 31, 2017, assures Alliant's continuity through the dental and health competitive processes, two of the most challenging processes in the County's Employee Benefits program.

The resolution contains the County's standard provision allowing amendment of the County's fiscal obligations by a maximum of \$25,000 (in aggregate).

The amendment and resolution have been reviewed and approved by County Counsel as to form.

Approval for this amendment supports the Shared Vision 2025 outcome of a Collaborative Community by working together with a broker/consultant that specializes in representing public agencies and who, it is anticipated, will negotiate lower health insurance rate increases for the County each year.

PERFORMANCE MEASURE(S):

Measure	2013 Actual	2014 Actual	2015 Actual	2016 Projected
Cost of Alliant Contract	\$150,000	\$150,000	\$150,000	\$170,000
Savings generated by Alliant Contract	\$2.45 million	\$1.2 million	\$0.6 million	\$1.2 million
Net Savings from Alliant Contract	\$2.3 million	\$1.05 million	\$0.45 million	\$1.03 million

FISCAL IMPACT:

There is no net County cost associated with this amendment. The total obligation under this agreement is \$852,500 and will be incorporated into health plan premium rates.