

December 11, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing the execution of a consulting agreement (currently in substantial form) between the City of Bellevue and Gallagher Benefit Services, Inc. for health and welfare benefits consulting and brokerage services for a term of three years with one two-year option to renew (2018 – 2022), in an amount not to exceed \$1,130,000 plus all applicable taxes.

FISCAL IMPACT

This action obligates the City to approximately \$226,000 each year over a five-year period (2018-2022), totaling \$1,130,000 for health and welfare brokerage consulting services for the City's health and welfare benefit programs. Sufficient funds exist in the 2018 Health Benefits Fund Operating Budget to cover this cost. Funding for the 2019-2022 expenses will be requested as part of the 2019-2020, and 2021-2022 Budgets.

STAFF CONTACT

Michelle Robinson, Benefits Administrator, 452-4585
Human Resources Department

POLICY CONSIDERATION

Shall the City engage Gallagher Benefit Services, Inc. to provide health and welfare consulting and brokerage services and enter into a 60-month consulting contract with Gallagher Benefit Services, Inc.? This agreement is for three-years with a two-year extension for a total of five years.

BACKGROUND

Medical, prescription drug, dental, vision, life, and disability insurance are provided as part of the City benefit package for employees, along with flexible spending accounts and an employee assistance program. Historically, the City has retained a health and welfare benefit broker/consultant to assist in the management of the employee benefit programs.

A health and welfare broker/consultant assists with all aspects of plan management including compliance with legislative requirements, negotiating contract renewals with City insurance and service providers, conducting request for proposal's (RFP's) when necessary, actuarial analysis and rate setting, monthly and annual financial reporting of plan costs, supporting employees and Human Resources (HR) with benefit advocacy, and carrier management.

For 2018, the City conducted an RFP for health and welfare benefit consulting and brokerage services. The two vendors who responded were Gallagher Benefit Services, Inc., and Aon.

Gallagher Benefit Services, Inc. was selected because of their preferred vendor status with most insurance carriers that gives them leverage and access to negotiate favorable rates; their competitive quote for services; their strong compliance tools and resources which heightens the efficiency of HR staff particularly with ongoing health care requirements; their online resources for both the employer

and the employee; dedicated benefit advocate team; benchmarking capability; and actuarial modeling tools.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution authorizing the execution of a consulting agreement (currently in substantial form) between the City of Bellevue and Gallagher Benefit Services, Inc. for health and welfare benefits consulting and brokerage services for a term of three years with one two-year option to renew (2018 – 2022), in an amount not to exceed \$1,130,000 plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9348 authorizing the execution of a consulting agreement (currently in substantial form) between the City of Bellevue and Gallagher Benefit Services, Inc. for health and welfare benefits consulting and brokerage services for a term of three years with one two-year option to renew (2018 – 2022), in an amount not to exceed \$1,130,000 plus all applicable taxes.

ATTACHMENTS

Proposed Resolution No. 9348

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Consulting Agreement in substantial form