

Legislation Details (With Text)

File #: AI-2021-123

Type: Resolution **Status:** Passed

File created: 7/23/2021 **In control:** Board of Directors

On agenda: 8/18/2021 **Final action:** 8/30/2021

Title: Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract for health plan administrative services for a three-year base period and three one-year options with United Healthcare in an amount not to exceed \$15,384,283 for administration of third-party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.

Sponsors:**Indexes:****Code sections:**

Attachments: 1. UnitedHealth Care August 2021

Date	Ver.	Action By	Action	Result
8/30/2021	1	Board of Directors	adopted	Pass
8/18/2021	1	Finance, Audit and Administration Committee	recommended for the action item agenda	
8/18/2021	1	Finance, Audit and Administration Committee	recommended for the action item agenda	Pass

SUBJECT:

Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract for health plan administrative services for a three-year base period and three one-year options with United Healthcare in an amount not to exceed \$15,384,283 for administration of third-party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.

FISCAL IMPACT:

Funding for this action is available in the FY2022 Operating Budget

STRATEGIC PLAN:**Strategic Goal Alignment:**

- ☐ 1. Internal/External Customer Service Excellence ☒ 2. Stakeholder Engagement
- ☐ 3. Financial and Environmental Sustainability ☐ 4. Staff Development ☐ 5. Agency Growth Management

Strategic Objectives:

- ☐ 1.1 Safety & Risk ☐ 1.2 Continuous improvement ☐ 1.3 Dynamic Change
- ☐ 1.4 Culture of Innovation ☒ 2.1 Be an Employer of Choice ☐ 2.2 Organization Development

- | | | |
|---|---|---|
| <input type="checkbox"/> 2.3 Organization Culture | <input type="checkbox"/> 3.1 Resource optimization | <input type="checkbox"/> 3.2 Safety Culture |
| <input type="checkbox"/> 3.3 Environmental Leadership | <input type="checkbox"/> 4.1 Educate & Call to Action | <input type="checkbox"/> 4.2 Build Partnerships |
| <input type="checkbox"/> 4.3 Value of Transit | <input type="checkbox"/> 4.4 Project Connect | |

EXPLANATION OF STRATEGIC ALIGNMENT: Providing high quality and competitive benefit services enables Capital Metro to provide benefit programs that will attract and retain the type of employees needed to meet our strategic goals.

BUSINESS CASE: The current 7-year (3 base + 4 option years) contract for Health Plan Administrative Services is set to expire on December 31, 2021. This contract is to provide Health Plan Administrative Services, which are provided by Capital Metro to our employees. This is a part of the benefit package offered to employees to remain competitive with our local public and private employers.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on August 18, 2021.

EXECUTIVE SUMMARY: The purpose of this contract is to provide Health plan Administrative Services to Capital Metro and ATP employees. The Health Plan Administrative Services contract includes the following services to provide benefit plan coverage and/or administration for the health and dental plan for Capital Metro employees:

- Medical Plan Administration
- Medical Plan PPO Network of Providers
- Dental Plan Administration
- Flexible Spending Account Administration
- Health Savings Account Administration
- Retirement Reimbursement Account Administration
- COBRA and HIPAA Administration
- Plan Sponsor Education and Support
- Stop Loss Administration

This contract also includes stop loss insurance for claims per participant exceeding \$150,000 per year. The cost of stop loss is based on the claims history for the prior 12 months. We have estimated a 32 percent increase each year during the base period and 20 percent during the option years. We also propose a 10 percent contingency is proposed for the option years, because of the difficulty projecting those years. If the cost of stop loss in the future results in exceeding the not to exceed amount for the base and option years, board approval will be required before adding the stop loss. Each year we also evaluate the stop loss cost and estimated claims exceeding the stop loss threshold to determine whether the stop loss threshold should be revised.

DBE/SBE PARTICIPATION: The SBE goal is 5%. The prime contractor will meet the goal utilizing the following SBE subcontractor:

SBE Subcontractor	Race/Gender	Services	SBE Responsive
Sailingstone Print LLC.	Asian/ Female	Printing	5%
			5%

PROCUREMENT: On April 26, 2021, a Request for Proposals was issued and formally advertised. By the closing date of June 2, 2021, the proposal by United HealthCare Services, Inc. was received. The proposal was evaluated based on the following factors:

- (1) The offeror's methodology and completeness of responses to Exhibit H, Schedule of Services.
- (2) The offeror's demonstrated technical background, past performance, and relevant work experience on projects of a similar size, scope, complexity, and nature.
- (3) Qualifications, experience, and capabilities of the proposed project personnel, and any subcontractors, on projects of a similar size, scope, complexity, and nature.
- (4) The methodology and quality of the work plan for the performance of the work by the offeror based on Exhibit F, Scope of Services.

The proposal from United HealthCare Services, Inc. was rated Acceptable, all factors considered. The price was determined to be fair and reasonable. The contract is a fixed price contract. The term of the contract is three base years with three option periods of one year each.

GRAND TOTAL SUMMARY: BASE + OPTION PERIODS	
Total Base - Year 1	\$1,189,335.00
Total Base - Year 2	\$1,628,678.88
Total Base - Year 3	\$2,048,261.47
SUB-TOTAL BASE PERIOD: YEARS 1 - 3	\$4,866,275.35
Total Option 1 - Year 4	\$2,575,906.31
Total Option 2 - Year 5	\$3,132,518.48
Total Option 3 - Year 6	\$3,853,398.54
SUB-TOTAL OPTION PERIODS: YEARS 4 - 6	\$9,561,824.33
Contingency on Stop Loss Premiums	\$956,182.43
GRAND TOTAL: BASE + OPTION PERIODS - YEARS 1 - 6	\$ 15,384,282.12

RESPONSIBLE DEPARTMENT: People and Culture

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2021-123

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to improve the health, wellness and safety of our employees; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize that self-insurance has proven to be a more cost effective approach to providing health and dental benefits.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract for a three-year base period and three one-year options for health plan administrative services with United Healthcare in an amount not to exceed \$15,384,283 for administration of third-party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.

Date: _____

Secretary of the Board
Eric Stratton