



Recommendation for Action

File #: 20-2462, **Agenda Item #:** 76.

7/29/2020

Posting Language

Authorize negotiation and execution of a multi-term contract with Health Care Service Corporation D/B/A Blue Cross Blue Shield of Texas, to provide self-funded dental plan administration services, for up to five years for a total contract amount not to exceed \$2,153,000.

(Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities, therefore, no subcontracting goals were established).

Lead Department

Purchasing Office.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$303,000 is available in the proposed Fiscal Year 2020-2021 Budget of the Employee Benefits Fund. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Purchasing Office issued a Request for Proposals (RFP) 5800 LNH3021 for this service. The solicitation was issued on January 27, 2020 and closed on February 27, 2020. Of the six offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online Link: [Solicitation Documents](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134041)
<https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134041>.

For More Information:

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov <<mailto:AgendaOffice@austintexas.gov>>

NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Cyrenthia Ellis, at 512-974-1709 or Cyrenthia.Ellis@austintexas.gov <<mailto:Cyrenthia.Ellis@austintexas.gov>>.

Additional Backup Information:

The contract will provide administration of the City's Self-Funded Dental Plan for employees, retirees, and dependents with network access to providers at contracted amounts, and out-of-network providers will use the City's table of allowance.

The City projects a savings of \$750,000 for administrative fees over the five year contract period with this new

contract.

This contract replaces the current contract for employees and dependents which expires December 31, 2020. This contract will also replace the current Dental Preferred Provider Organization Plan for retirees and dependents. The timely execution of this contract is critical to ensure a continuation of services provided to eligible employees, retirees, and dependents.

The new contract must be finalized before September 1, 2020 to allow adequate time for implementation of the services for coverage to begin January 1, 2021 and for the Human Resources Department to develop materials for Open Enrollment scheduled to begin October 12, 2020.

The requested authorization amount is based on department estimates and pricing submitted in response to the solicitation.

An evaluation team with expertise in this area evaluated the offers and scored Health Care Service Corporation D/B/A Blue Cross Blue Shield of Texas as the best to provide these services based on responsiveness to Section 0500 Scope of Work, RFP requirements and all contract term provisions including Section 0300 Standard Purchase Terms and Conditions, Section 0400 Supplemental Purchase Provisions and Section 0630 Exceptions; price; business organization, experience and personnel qualifications; local preference; and service-disabled veteran business enterprise.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	3 yrs.	\$1,251,000
Optional Extension 1	1 yr.	\$ 444,000
Optional Extension 2	1 yr.	\$ 458,000
TOTAL	5 yrs.	\$2,153,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Health and Environment.