



Recommendation for Action

File #: 21-1948, **Agenda Item #:** 33.

6/10/2021

Posting Language

Authorize negotiation and execution of a multi-term contract with Life Insurance Company of North America, or one of the other qualified offerors to Request For Proposals RFP 5800 MMO3010, to provide fully insured short-term disability and long-term disability insurance, for up to 66 months for a total contract amount not to exceed \$13,368,000.

(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 is contingent upon the approval of the Fiscal Year 2021-2022 Operating Budget of the Employees 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 MMO3010 for these services. The solicitation was issued on February 1, 2021 and it closed on March 9, 2021. Of the seven 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=134679)
<https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134679>

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: Marian Moore, at 512-974-2062 or Marian.Moore@austintexas.gov <<mailto:Marian.Moore@austintexas.gov>>.

Additional Backup Information:

The contract is for short-term disability (STD) and long-term disability (LTD) insurance for City employees. The STD benefit will be paid entirely by the City. The LTD benefit will be paid entirely by the employees as a pass-through within the Employee Benefits Fund of the Human Resources Department.

The STD benefit has a maximum 60-day benefit payout period and covers off-the-job disabilities caused by injury, illness, or pregnancy. The STD rates are guaranteed for the life of the contract for a total amount not to exceed \$3,036,000.

The LTD benefit covers on and off-the-job disabilities caused by illness, injury, or pregnancy. Employee premiums for LTD are based on annual salary and age. The LTD rates are guaranteed for the life of the contract for a total amount not to exceed \$10,332,000.

This contract will replace a contract expiring on December 31, 2021. The STD and LTD policy provisions for this contract will be consistent with the existing benefits package provided by the current contract for these services. The recommended contractor is the current provider for these services. To provide benefits beginning on January 1, 2022, the contractor needs to work with the City to develop materials before the open enrollment period scheduled for October 2021. If the City is unable to secure a contract, the City will not be able to offer STD and LTD insurance plans on January 1, 2022.

An evaluation team with expertise in this area evaluated the offers and scored Life Insurance Company of North America as the best to provide these services based on general requirements and requested services of the scope of work; price; business organization, experience, qualifications and references; compliance, terms and conditions, Health Insurance Portability Accountability Act, and exceptions; local preference; and service-disabled veteran business enterprise.

This request allows for the development of a contract with a qualified offeror selected by the Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	30 mos.	\$ 5,347,200
Optional Extension 1	12 mos.	\$ 2,673,600
Optional Extension 2	12 mos.	\$ 2,673,600
Optional Extension 3	12 mos.	\$ 2,673,600
TOTAL	66 mos.	\$13,368,000

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

Strategic Outcome(s):

Government That Works for All.