



Recommendation for Action

File #: 23-1163, **Agenda Item #:** 25.

2/23/2023

Posting Language

Authorize negotiation and execution of a contract for actuarial and consulting services for benefit programs with Gallagher Benefit Services Inc. d/b/a Arthur J Gallagher & CO for a term of six years for a total contract amount not to exceed \$3,500,000.

[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

Financial Services Department.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$388,889 is available in the Fiscal Year 2022-2023 Operating Budget of the Human Resources Department. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Financial Services Department issued a Request for Proposals (RFP) 5800 BYS3024 for these services. The solicitation was issued on October 3, 2022, and closed on November 10, 2022. Of the four 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://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=137768)
<https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=137768>.

For More Information:

Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Brenita Wilkison, at 512-974-3164 or brenita.selement@austintexas.gov
<<mailto:brenita.selement@austintexas.gov>>.

Additional Backup Information:

The contract will provide analysis of the City's benefit programs to help determine medical, prescription and dental plan rates, recommend funding levels, estimate plan costs, and identify possible changes to plan design. It also provides performance of claim audits and assistance in the development, evaluation, and negotiation of future Requests for Proposals for providers of medical stop-loss, care management, and pharmacy benefit management services. Additionally, it will provide periodic performance reports on the City's plans, measuring costs, application of discounts, and contributions versus expenses. These services are required to maintain compliance with State and Federal regulations, which the City lacks expertise to self-

perform.

This contract replaces a contract that will expire December 31, 2023. Execution of the contract is needed immediately to support upcoming projects that will span over six years and could not be delayed until the current contract expires. The current contractor will still provide services outside of these projects. Authorization amounts are based on departmental estimates and historical spend. The recommended contractor is not the current provider of these services.

An evaluation team with expertise in this area evaluated the offers and scored Gallagher Benefit Services Inc. d/b/a Arthur J Gallagher & CO as the best to provide these services based on service-disabled veteran enterprise, local preference, company qualifications and experience, project concept and strategy, regulation compliance and legislative requirements, references, and personnel qualifications and experience.

If a contract is not secured, the required Other Post-Employment Benefits reporting for finance and retiree benefits would not be met. Additionally, the self-funded health and dental plans would be at risk of non-compliance with State and Federal regulations.

Strategic Outcome(s):

Government that Works for All.