

**CITY COUNCIL
COMMUNICATION:**

03-060

AGENDA:

JANUARY 29, 2003

SUBJECT:

RECOMMENDATION
ON RFP FOR REVIEW
AND ANALYSIS OF
CITY'S HEALTH
INSURANCE PLAN
FOR EMPLOYEES
AND RETIRES

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Report and recommendation to City Council of results for Request for Proposals (RFP) for review and analysis of the City's self-funded health plan for employees and retirees. Based on responses received, a recommendation to select Claim Technologies Incorporated to provide the review and analysis.

FISCAL IMPACT —

Funding for the \$43,475 review is available under the City's Training and Benchmarking Fund to cover this expense.

RECOMMENDATION —

Approve and authorize the Mayor to sign an Agreement with Claim Technologies Incorporated to conduct the review and analysis of the City's self-insured plan for employees and retirees.

BACKGROUND —

On July 22, 2002, by Roll Call No. 02-1865, the City Council gave approval to conduct an audit and review of health insurance performance and funding using an independent third party.

On December 2, 2002, by Roll Call No. 02-2831, the City Council gave approval to the issuance of an RFP to select the independent third party.

Three firms submitted proposals prior to the deadline. The three firms and their bids included RSM McGladrey Inc. (\$235,500); Claim Technologies Incorporated (\$43,475); and Gallagher Byerly, Inc. (\$22,000).

On January 10, 2003, the Health Plan Assessment Committee reviewed the submitted proposals. The RSM McGladrey proposal was not given serious consideration because of the high cost proposed. Gallagher offered the low bid; however, the scope of their proposal did not fully respond to the requirements of the RFP—Gallagher proposed to review four years of data rather than the six years required in the RFP. Further, Gallagher offered limited

**CITY COUNCIL
COMMUNICATION**
03-060
JANUARY 29, 2003
PAGE TWO

insight into the experience of the staff who would be working on the project.

Claim Technologies Incorporated proposed a larger staff and offered extensive background information for each person working on the project. They broke down each aspect of the project and designated which staff would work on it and the amount of hours devoted to each portion. They fully addressed each area of concern in the RFP, including the years to be reviewed. Their cost would be based on actual hours of work needed and billed as such, not to exceed the \$43,475.

For purposes of comparison, the proposal from Gallagher was evaluated although it has been rejected for its failure to comply with the terms of the RFP. For all of the above reasons, the Committee recommends the selection of Claim Technologies Incorporated to perform the services based on their proposal, which included all criteria included in the RFP.

