

# AGENDA ITEM SUMMARY

December 17, 2019

City Council

## STAFF

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Joaquin Garbiso, Sr. Manager, Benefits  
Ryan Malarky, Legal

## SUBJECT

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Resolution 2019-115 Approving the Purchase of Administrator Services for Life Insurance, Short-Term and Long-Term Disability Insurance from Voya and Anthem as an Exception to the Competitive Purchasing Process.

## EXECUTIVE SUMMARY

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The purpose of this item is to request Council authority to extend the existing arrangements with Voya and Anthem, who each provide administrator services for a portion of the City's employee benefits program, for up to two additional one-year terms to ensure the successful completion of the City's new benefits program without overextending the cross-departmental resources of the City. Additionally, the extension will allow the time necessary to optimize the competitive process for these services to the benefit of the City and its employees.

This exception will follow the process set forth in Code Section 8-161(d)(2-4):

- (1) The Purchasing Agent shall submit each determination made under this Subsection (d) to the City Manager, who shall approve or reject the procurement.
- (2) The City Manager shall submit all procurements under this Subsection (d) which exceed a cost of two hundred thousand dollars (\$200,000.) to the City Council in an open meeting for final approval.
- (3) Any procurement approved under this Section by the City Manager or the City Council may be used as the basis for a negotiated purchase of additional quantities of the same materials or services at any time within a period of five (5) years from the date of approval; provided, however, that subsequent procurements may be expressly limited to a specific number of purchases or a period of less than five (5) years.

## STAFF RECOMMENDATION

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Staff recommends adoption of the Resolution.

## BACKGROUND / DISCUSSION

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The City currently offers two competitive life insurance plans administered through Voya and Anthem. Voya also provides short- and long-term disability. Voya's contract was awarded through an RFP process in 2014 with an effective date of January 1, 2015 and is set to expire on December 31, 2019. Anthem has been providing life insurance administrator services to the City since 1996. Given the length of time Anthem has provided these services, staff recognizes the need to reevaluate this relationship but wants to continue the relationship with Anthem for the time being to avoid a detrimental impact to the benefits the City provides to employees. During the past year the benefits team has partnered with the City's benefit consultant, HUB International, to review, audit and determine if both plans are aligned with our health programs and market competitiveness. This process has identified several opportunities for improving our program. Conducting a competitive process incorporating the identified opportunities is anticipated to require multiple RFPs and may take upward of six months to complete. Additionally, once contracting is completed, the program changes will

need to be implemented, which will be a multi-department collaborative effort requiring up to nine months to complete. As such, it is not logistically possible to complete this process within the specified term of the City's current agreements. Additionally, knowing the City will begin the record-keeping transition process for 2020, we wish to be mindful of the impact of these changes upon City staff and resources.

### **CITY FINANCIAL IMPACTS**

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- (1) Development and implementation of a new life & disability insurance program within JDE is a 9-month multi-departmental effort, which will include HR, Finance, Payroll and IT departments.
- (2) VOYA and Anthem have agreed to keep our rates locked for 2020 for an anticipated total expenditure of \$1,095,000 and \$250,000, respectively.

RESOLUTION 2019-115  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROVING THE PURCHASE OF ADMINISTRATOR SERVICES FOR  
LIFE INSURANCE, SHORT-TERM AND LONG-TERM DISABILITY  
INSURANCE FROM VOYA AND ANTHEM AS AN EXCEPTION  
TO THE COMPETITIVE PURCHASING PROCESS

WHEREAS, Section 8-161(d)(1)(b) of the City Code authorizes the Purchasing Agent to negotiate purchases of materials, professional services and services without utilizing a competitive bidding or proposal process when the Purchasing Agent determines that although there may be more than one source, the competitive process cannot reasonably be used, or if used will result in a substantially higher cost to the City, will otherwise injure the City's financial interests or will substantially impede the City's administrative functions or the delivery of services to the public; and

WHEREAS, in coordination with the City's benefit consultant, HUB International, City staff has undertaken a review of the City's employee health benefits program in the context of market competitiveness and has identified several opportunities for improving said program; and

WHEREAS, City staff anticipates incorporating said opportunities into a competitive process to identify a new provider or providers for life insurance, short-term disability and long-term disability benefits;

WHEREAS, City staff anticipates the competitive process will require multiple requests for proposals that may take upward of six months to complete, and the transition to the chosen provider or providers could take an additional nine months; and

WHEREAS, because of the time anticipated for a new competitive process, City staff is requesting that City Council authorize the Purchasing Agent to extend the agreements identified herein for up to two additional one-year terms; and

WHEREAS, since 2015 the City has offered a life insurance plan and short-term and long-term disability benefits administered by Reliastar Life Insurance Company, doing business as Voya Employee Benefits, ("Voya"); and

WHEREAS, the City's current agreement with Voya will expire on December 31, 2019; and

WHEREAS, Voya has agreed to continue to offer its services for 2020 at existing rates, with the anticipated total expenditure for Voya's services to be \$1,095,000; and

WHEREAS, the Purchasing Agent has determined that, although there may be more than one responsible source for administrator services for life insurance, short-term disability and long-term disability benefits, the competitive process cannot be reasonably used in this instance because of the time constraints presented by the upcoming expiration of Voya's agreement combined with the expected lengthy competitive process to improve on the City's employee health benefits program; and

WHEREAS, the Purchasing Agent further determined that using a competitive process under these constraints would substantially impede the City's administrative functions, and continuing Voya's services would simplify administration of the employee health benefits program; and

WHEREAS, since 1996 the City has also offered a life insurance plan administered by Anthem Life Insurance Company ("Anthem"); and

WHEREAS, given the length of this relationship with Anthem, City staff desires to reevaluate the relationship but desires to maintain Anthem as an administrator for the time being to avoid a detrimental impact to the benefits the City provides to employees; and

WHEREAS, Anthem has agreed to continue to offer its services for 2020 at existing rates, with the anticipated total expenditure for Anthem's services to be \$250,000; and

WHEREAS, the Purchasing Agent has determined that, although there may be more than one responsible source for administrator services for life insurance benefits, the competitive process cannot be reasonably used in this instance because of the time constraints presented by the upcoming expiration of Anthem's agreement combined with the expected lengthy competitive process to improve on the City's employee health benefits program; and

WHEREAS, the Purchasing Agent further determined that using a competitive process under these constraints would substantially impede the City's administrative functions, and continuing Anthem's services would simplify administration of the employee health benefits program; and

WHEREAS, Section 8-161(d)(3) of the City Code requires City Council's prior approval for this purchasing approach when the procurement exceeds \$200,000.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That the City Council hereby approves the purchase of administrator services from Reliastar Life Insurance Company, doing business as Voya Employee Benefits, as an exception to the City's competitive purchasing process requirements for the reasons set forth herein, and authorizes the Purchasing Agent to extend the current agreement for up to two (2) one-year terms.

Section 3. That the City Council hereby approves the purchase of administrator services from Anthem Life Insurance Company as an exception to the City's competitive purchasing process requirements for the reasons set forth herein, and authorizes the Purchasing Agent to extend the current agreement for up to two (2) one-year terms.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 17th day of December, A.D. 2019.

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Mayor

ATTEST:

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City Clerk