




# Oak Park Elementary School District 97

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TO: Dr. Albert G. Roberts, Superintendent of Schools  
District 97 Board of Education

FROM: Steve Cummins, Director of Human Resources 

CC: Therese O'Neill, Assistant Superintendent for Finance

SUBJECT: Recommendation for Benefit Consultant/Broker

DATE: February 6, 2014

This memo summarizes the insurance benefits consultant/broker request for proposal (RFP) process. This RFP was issued on December 9, 2013 and five firms submitted a response:

- The Bjork Group (current vendor)
- BBC (Benefit Broker Consultants)
- CBC (Corporate Benefit Consultants)
- GBS (Gallagher Benefits Services)
- The Horton Group

The Board member assigned to the Benefits Committee (Peter Traczyk), Therese O'Neill, and I formed an evaluation committee and reviewed in detail all five responses. Prior to meeting, we each identified (in priority order) the eight criteria listed in the RFP for evaluation. The agreed upon ranking of the RFP response criteria was consensus-built as follows:

1. Financial Planning and Cost Containment Strategies
2. Service Team
3. Client Structure and Philosophy
4. References
5. New Client Implementation
6. Healthcare Reform
7. Client Support Services
8. Pricing

Based upon our review, discussion and analysis (utilizing the above weighted criteria), we identified three of the five vendors (CBC, Gallagher and Horton) for finalist interviews. These interviews were conducted on Friday, January 17, 2014. All three firms bring a wealth of school district experience, ranging from 29 to 140 school districts. All delineated service teams that would serve Oak Park District 97 well. The interview team determined all three firms could successfully serve our District.

Gallagher, not only by reputation but also by content of their RFP and the representatives included in the interview have broad experience in all arenas of insurance, especially with cooperatives (which we may wish to pursue in the not too distant future); however, their annual cost to the district was \$75,000 annually, whereas Horton was \$40,000 (exclusive of override fees) and CBC was \$42,000 net of all commissions. One of the other firms (BBC), which we chose not to interview because of their very limited school district experience, quoted annually fees of \$ 43,000 in the first year and \$41,000 in years 2-3. So the market for the scope of service desired was confirmed between \$40,000 and \$43,000.

The reference checking process was completed and taken into consideration along with all other information obtained in the RFP proposal responses and interviews. School district clients for each firm (4 for Horton, 5 for CBC) provided input regarding the scope and quality of services. Based upon all information the recommendation to the Board is to enter into an agreement with Corporate Benefits Consultants (CBC) at an annual fee of \$42,000. In deciding between two well-qualified brokers, CBC was selected over Horton for several reasons. References for Horton were all positive, however feedback from CBC clients was stronger regarding comments of the service team members. Horton's base fee of \$40,000 plus an additional \$5,000-\$6,000 in override fees (as estimated by Horton) made the CBC cost the lowest among all respondents.

CBC comes highly recommended by all school district references contacted. CBC was regularly reported as providing outstanding service to district employees with benefits explanation, claims resolution, and claims appeal processes. Feedback provided to school administrators responsible for benefit plans in these districts by employees regarding CBC is overwhelmingly positive. CBC has proven to effectively negotiate renewals with insurance agencies; enhance benefit programs while achieving cost containment; support the open enrollment process; and provide education regarding benefit programs. We are confident that CBC is a collaborative partner with districts they serve, and the information provided by the firm has high creditability with district employees, benefit committees, and union groups.

The move to CBC will represent a significant cost savings to the District of over \$200,000 in benefit broker consultant fees over a three-year contract period. It is recommended that the Board approve a one-year agreement with Corporate Benefit Consultants for benefit consulting services at an annual cost of \$42,000 net of all commissions, with optional second and third year renewals each also at an annual cost of \$42,000.