

**GOVERNING BOARD AGENDA ITEM FORM  
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

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**DATE OF MEETING:**      **March 30, 2010**

**TITLE:**      **Award of Contract for Employee Fringe Benefit Programs for the  
2010-2011 Program Year and Subsequent Years Based Upon  
Responses to Request for Proposal 09-0052**

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**BACKGROUND:**

The District issued a Notice of Request for Proposals ("RFP") for Insurance Services on February 3, 2010 with a due date of February 18, 2010. Proposals were sent to thirty-two vendors for the following programs: Group Life and Supplemental Life, Disability, Dental, Vision, Pet Insurance & Flexible Spending Account Services.

Twenty-four vendor responses were received.

**EVALUATION CRITERIA:**

Joyce Martin, District Benefits Coordinator; Mary Ragan, Consultant from GBP Risk Solutions; and Pete Burgard, Purchasing Manager served as the RFP evaluation team. As stated in the RFP, the evaluation criteria applied by the team to develop a recommendation were (in descending order of importance):

1.      Demonstrated commitment to operational and product or service quality through established programs, personnel, and outcome reporting.
2.      Premium rates/fees for proposed products and/or services, and future rate caps or not-to-exceed rating.
3.      Proposed benefit designs and demonstrated ability to administer proposed benefit designs.
4.      Administrative and membership services included but not limited to electronic and Web capabilities.
5.      Responsiveness of the Proposal clearly demonstrating an understanding of the RFP requirements.

**R7-2-1047. Discussions with Individual Offerors & R7-2-1048. Best and Final Offers**

After receipt of initial proposals, the Arizona school district procurement code permits discussions with responsible offerors who submit proposals determined to

be reasonably susceptible of being selected for award. The purpose of such discussions is to obtain clarification necessary to assure full understanding of, and responsiveness to, the solicitation requirements.

If discussions are conducted pursuant to R7-2-1047, the school district shall issue a written request for best and final offers pursuant to R7-2-1048. As described below, these procurement procedures were implemented during this RFP process.

#### **VENDOR RESPONSES GROUP LIFE & SUPPLEMENTAL LIFE:**

The District received ten (10) responses for Group Life and Supplemental Group Life Insurance Services from: Aetna, the District's current provider; Cigna; Hartford, Humana, MetLife; Principal, SunLife Financial, The Standard; UNUMProvident; and USABLE Life. From this group, two vendors were determined eligible for potential award and received a Request for Clarification and request for a Best & Final offer.

*Note for Recommendation of Award:* Of the proposed vendors, The Standard, a new provider, is recommended for award based upon the following: 1) Clearly demonstrated commitment to operational and product/service quality, 2) Lowest proposed rates with a three year rate guarantee, 3) Plan designs as requested, 4) Electronic and Web capability, and 5) Clear understanding of RFP requirements and ability to administer accordingly.

For District provided life insurance, an award to The Standard will result in a 50% reduction in current district costs and additionally enables the District to increase the district-paid life insurance benefit level to \$25K, from the current \$20K, and still recoup savings. An increase in benefit level to \$25K will also return the district-paid coverage level to an amount that was previously provided by the District several years ago – until premium levels became too high at the time.

The annual cost impact for this award for next year represents a net decrease of approximately \$36K over this year's costs.

#### **VENDOR RESPONSES SHORT-TERM DISABILITY:**

The District received ten (10) responses for Short-Term Disability Insurance: Aetna, the District's current provider; Aetna; Cigna; Hartford; Humana; MetLife; Principal; SunLife Financial; The Standard; UNUMProvident; and USABLE Life. No Request for Clarification, and consequently, no Best & Final were required.

*Note for Recommendation of Award:* Of the proposed vendors, Hartford, a new provider, is recommended for award based upon the following: 1) Commitment to operational and product/service quality, 2) Competitively priced composite rates with a two year rate guarantee, 3) Plan design comparability, and 4) Electronic and Web

capability, and 5) Clear understanding of RFP requirements and ability to administer accordingly.

Hartford's offer also represents a 21% reduction compared to our current rates, making the program more affordable for our employees.

#### **VENDOR RESPONSES DENTAL INDEMNITY PLAN:**

Nine (9) responses were received for Dental Insurance Services Indemnity Plan: United Concordia, the District's current provider; Aetna; Cigna; Delta Dental; Humana; MetLife Dental; Principal; Reliance Standard; and The Standard. Two (2) of those nine (9) vendors were determined eligible for award and received a Requests for Clarification and Best & Final.

*Note for Recommendation of Award:* The recommendation is to use ASBAIT, a new dental provider (although it is the current health insurance provider), for Dental Indemnity instead of any of the vendors who submitted responses. While ASBAIT, (Arizona School Boards Association Insurance Trust) is exempted the RFP process, it offers a program which: 1) Clearly demonstrated commitment to operational and product/service quality, 2) offers the lowest proposed rates, 3) provides plan designs as requested, and 4) offers electronic and Web capability.

ASBAIT offers an average 20% rate reduction from our current rates for the High Indemnity Dental Plan.

#### **VENDOR RESPONSES DENTAL MAINTENANCE ORGANIZATION:**

Four responses were received for Dental Maintenance Organization Insurance Services: EDS, the District's current provider; Aetna; Cigna; and Total Dental Administrators. Based on the responses the evaluators were able to determine the vendor award without a Request for Clarification and/or a Best & Final.

*Note for Recommendation of Award:* Of the proposed vendors, EDS, the District's current provider, is recommended for award based upon the following: 1) Clearly demonstrated commitment to operational and product/service quality, 2) Lowest proposed rates with two year rate guarantee and third year rate cap, 3) Plan designs as requested, 4) Electronic and Web capability, and 5) Clear understanding of RFP requirements and ability to administer accordingly.

This award would result in rate reductions from 4.76% (for family coverage) to 21.1% (for employee only coverage).

## **VENDOR RESPONSES VISION:**

Five (5) responses were made to the District's vision RFP: EyeMed, the District's current provider; Avesis; Davis Vision; Superior Vision; and VSP. The evaluators were able to determine the vendor award based on the initial responses. No Request for Clarification, and consequently, no Best & Final were required.

*Note for Recommendation of Award:* Of the proposed vendors, EyeMed Vision Care, the District's current provider, is recommended for award based upon the following: 1) Clearly demonstrated commitment to operational and product/service quality, 2) Lowest proposed rates with four year rate guarantee, 3) Plan designs as requested, 4) Electronic and Web capability, and 5) Clear understanding of RFP requirements and ability to administer accordingly.

This will provide a 5% rate reduction from our current rates.

## **VENDOR RESPONSES PET INSURANCE:**

Two responses were received for Pet Care Insurance: VPI, the District's current provider, and United Pet Care. Based on the responses, the evaluators determined the vendor award without the need for a Request for Clarification and Best & Final.

*Note for Recommendation of Award:* Of the proposed vendors, United Pet Care, a new provider, is recommended for award based upon the following: 1) Submitted a complete proposal with most required components, 2) Offers a program with no claim forms and small co-pays, 3) Lowest proposed rates with a two year rate guarantee.

The recommendation is a change from a discount fee for service plan to a group provider with a defined cost product. Due to the different type of plan, the cost impact cannot be determined.

## **VENDOR RESPONSES FLEXIBLE SPENDING ACCOUNT SERVICES:**

Three responses were received for Flexible Spending Account Services: B.A.S.I.C., the District's current provider, American Fidelity and Allegiance Benefit Plan Management, Inc. Based on the responses the evaluators were able to determine the vendor award without a Request for Clarification and/or a Best & Final.

*Note for Recommendation of Award:* Of the proposed vendors, B.A.S.I.C., the District's current provider, is recommended for award based upon the following: 1) Clearly demonstrated commitment to operational and product/service quality, 2) Low proposed rates with two year rate guarantee, 3) Plan designs as requested, 4)

Electronic and Web capability, and 5) Clear understanding of RFP requirements and ability to administer accordingly.

There is no change in cost for this service. If we choose to add the debit card option, based on current participation, the annual cost impact would be an increase of approximately \$1.7K.

## **HEALTH INSURANCE**

The District has been with ASBAIT medical insurance since July 2007. For the 2010-2011 fiscal year ASBAIT active employee medical rates have increased approximately 10%, with some design changes. The co-pay for specialists, emergency room, and urgent care will all be increasing. An enhancement is that the Wellness maximum will increase from \$400 of covered services to \$500 a year. The High Deductible Plan has changed and will offer a lower deductible, \$1,200 versus the current \$2,000, for almost the same rate. ASBAIT is not required to go through the RFP process.

*Note for Recommendation of Award:* The District is recommending the current provider, ASBAIT, for award based upon the following: 1) Clearly demonstrated commitment to operations and product/service quality, 2) Low rate increase, 3) Plan designs as requested, 4) Electronic and Web capability.

## **COBRA**

Currently the District processes its own COBRA. With continual legislative changes and notice requirements, the District has considered finding a vendor to provide COBRA administration services. ASBAIT offers COBRA as a free service for any products offered through them. For a minimal annual fee of \$3,500, ASBAIT would administer COBRA services for all Amphitheater COBRA eligible products, including those through other providers. Over the past several years Amphitheater has collected \$6K to \$8K a year in COBRA fees. These fees collected will offset the minimal cost of having ASBAIT provide COBRA administrative services.

*Note of Recommendation of Award:* The District is recommending ASBAIT for award for COBRA administrative based upon the following: 1) Clearly demonstrated commitment to operations and product/service quality, 2) Low proposed rate, 3) Plan design as requested, 4) Ability to properly administrate ASRS subsidy and ARRA subsidy.

Adding COBRA administration services will be offset through the collection of past COBRA fees.

## **AWARD TERM:**

The term of the award for all programs is for Benefit Year 2010-2011, which begins July 1, 2010 and ends June 3, 2011. The District then has an option to renew for each of four (4) additional one-year periods, which would ultimately end on June 30, 2015.

**CONFIDENTIALITY REQUIREMENT:**

The Arizona School District Procurement Code, at R7-2-1045 (B), provides:

All other information [other than vendor name] contained in the proposals [received in response to an RFP] shall remain confidential so as to avoid disclosure of contents prejudicial to competing offerors during the process of negotiation. Proposals and modifications shall only be shown to school district personnel having a legitimate interest in them or persons assisting the District in evaluation.

The Procurement Code also provides that:

After contract award the proposals shall be made open for public inspection, except to the extent that the withholding of information is permitted or required by law.

R7-2-1050(E) (emphasis added).

A detailed examination of each vendor's offering(s) is set forth in the accompanying confidential information. If necessary, the Board may recess the public meeting and convene an executive session to discuss or consider the confidential proposal documents, pursuant to A.R.S. §38-431.03(A)(2).

Following the Board's award of contracts, complete and original proposals for each offeror listed above are available, by appointment, for review in the office of the Purchasing Manager.

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**RECOMMENDATION:** Based upon the evaluation criteria and the explanation provided in the attachments, the Administration recommends that the Governing Board award Contracts to the following providers pursuant to the terms of their proposals, as clarified and finally determined by their Best and Final offers, if applicable:

**Group Life and Supplemental Life Insurance:** The Standard

**Disability Insurance:** Hartford

**Dental Indemnity Insurance:** ASBAIT

**Dental Maintenance Organization:** Employers Dental Service

**Vision Insurance:** EyeMed

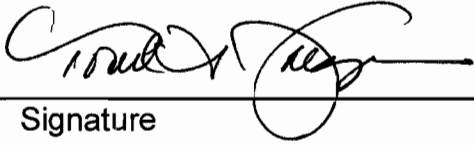
**Pet Insurance:** United Pet Care

**Flexible Spending Account Services:** B.A.S.I.C.

**Health Insurance:** ASBAIT

**COBRA Administrative Services:** ASBAIT

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INITIATOR:		Todd A. Jaeger Assoc to the Sup't/Gen'l Counsel	3/24/2010
	Signature	Name/Title	Date

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**ASSOCIATE SUPERINTENDENT  
SIGNATURE:**

**SUPERINTENDENT SIGNATURE:**

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