SUMMARY STATEMENT


COMMITTEE: New Business

COMMITTEE MEETING DATE: August 17, 2005

BOARD ACTION DATE: August 17, 2005

PROPOSAL: That the Board authorize Staff enter into an agreement with Willis Benefits of Pennsylvania, Inc. for the provision of customer service and communications on health care benefits, retiree/COBRA billing services, and Flexible Spending Account management. Note that consultation on benefits issues was included originally, but because Willis of New Jersey already provides that service as part of their existing role, this has been eliminated from the scope of the present engagement. The agreement being considered in this Resolution will be priced at a fixed monthly cost of $13.50 for each employee and retiree of the Authority (exclusive of IUOE and Teamster represented employees) until such time as an RFP can be issued, responses reviewed, and until management presents a final proposal for the provision of these services that is acceptable to this Board, but not later than March of 2006.

PURPOSE: To provide for the efficient and thorough administration of all health benefits for current employees and retirees of the Authority while providing Staff with effective cost control ability as it assesses the relative benefits and costs associated with either identifying an appropriate vendor through the RFP process or employing in-house staff for the long-term provision of such services.

BACKGROUND: Over the past four (4) years, CGI (now a part of Willis Benefits) has been instrumental in designing, marketing and administering various employee benefit programs on behalf of the Authority. Employee benefit plan administration is a highly regulated field and CGI has assisted the Authority in ensuring compliance with a complex series of laws, regulations and statutes. Over the last several years CGI’s resources have aided the Authority in evaluating plan design alternatives and achieving progress in controlling the cost of employee benefits. During calendar year 2004, CGI provided complete administrative services for two additional initiatives, Employee Flexible Medical Spending Accounts and Cafeteria-style benefit programs.
CGI's 2004 proposal was submitted as part of a competitive bidding process. Of the three (3) vendors, CGI provided the most comprehensive range of services and provided the most cost competitive proposal. After having acquired CGI, Willis Benefits of Pennsylvania, Inc. is prepared to provide those same services at a reduced cost to the Authority in recognition of the fact that their existing role with DRPA includes some of the functions previously performed by CGI. Staff is in the process of assessing the relative benefits and costs associated with either identifying an appropriate vendor through the RFP process or employing in-house staff for the long-term provision of such services.

Staff recommends Board approval of this proposal and desires authorization to enter into an agreement with Willis Benefits of Pennsylvania, Inc. to provide benefit administration services for a period from April 1, 2005 to March 31, 2006.

SUMMARY:  
Amount: $13.50 per employee/retiree - per month  
Source of Funds: Revenue Fund  
Capital Project #: N/A  
Operating Budget:  
DRPA Risk Mgt. - $149,118 - estimated expense  
PATCO Admin. Ins. - $51,330 - estimated expense  
Master Plan Status: N/A  
Other Fund Sources: N/A  
Duration of Contract: One Year Term  
Other Parties Involved: PATCO
RESOLUTION

RESOLVED: Staff is hereby authorized to negotiate an agreement with Willis Benefits of Pennsylvania, Inc. for the period from April 1, 2005 through March 31, 2006 to provide the Authority with professional services for administration of health care benefits on behalf of DRPA and PATCO employees and retirees; and be it further

RESOLVED: That staff shall include in any contract negotiated with Willis of New Jersey a provision allowing DRPA and PATCO to terminate the said contract on not more than thirty days notice without penalty; and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

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