'SUMMARY STATEMENT

ITEM NO.                     SUBJECT: Benefits Administration
                                Contract (DRPA)
                                The Benefit Headquarters

COMMITTEE:                   New Business

COMMITTEE MEETING DATE:      N/A

BOARD ACTION DATE:           September 19, 2007

PROPOSAL:                    Staff seeks authorization to enter into a professional service agreement with The Benefit Headquarters (“BHQ”) for a three-year term. The agreement would authorize the BHQ to continue serve as the DRPA’s Third Party Administrator (TPA). As the DRPA’s TPA, the Benefit Headquarters will continue to provide the Authority with a comprehensive range of professional services for administration, consulting, and product marketing of all health, life and disability benefits at a fixed monthly cost of $12.50 per employee/retiree.

PURPOSE:                     To provide the DRPA, its benefit-eligible employees and retirees with a broad range of enhanced employee benefit support services, effective cost control initiatives, and program administration services.

BACKGROUND:                 Since 2000, the DRPA and PATCO has contracted with a Third Party Administrator to assist DRPA & PATCO staff in designing, marketing and administering various employee benefit programs. Employee benefit plan administration is a highly regulated field and The BHQ assists the DRPA and PATCO in ensuring compliance with a complex series of laws, regulations and statutes. Over the last several years The BHQ’s extensive resources have aided the DRPA and PATCO in making significant progress in controlling the cost of employee benefits.
On June 19, 2006, staff issued a Request for Proposal for providers of professional benefit administration services. On July 6, 2006, a mandatory pre-proposal meeting was held, and the following seven (7) firms were represented: ADP; Managed Care of America; Bank of America; Mercer Health & Benefits; Trion; Kistler; Tiffany Benefits; and BHQ.

Proposals were due on July 20, 2006. The DRPA and PATCO received proposals from the following two firms: 1) The Benefit Headquarters and 2) ADP. On September 19, 2006, ADP advised staff that it could not provide some of the services outlined in the RFP, and formally withdrew its proposal for consideration. This left staff with one proposal to consider.

After careful review, staff determined that The BHQ proposal is entirely responsive to the RFP, strategically aligned with ongoing initiatives to control benefit plan costs, improve services to employees/retirees and eliminate administrative burdens. In addition, the BHQ proposal offers a reduction in the monthly rate charged per benefit-eligible employee/retiree from $13.50 to $12.50.

The BHQ has agreed to provide their full range of administrative, marketing and consulting services based on a fixed cost structure for a three-year period. Currently, we pay a fixed monthly rate of $13.50 for each benefit-eligible employee/retiree per month.

Utilization of The BHQ’s services has reduced the need for additional staff and other resources that would have been otherwise required internally to accommodate this function. As such, when considering the offset between the reduced internal costs in this regard, the actual cost for The BHQ’s services is greatly diminished.

After considering all relevant issues, staff recommends Board approval of this proposal and desires authorization to enter into an agreement with The Benefit Headquarters to continue benefit administration, consulting and product marketing services for a three year term.
SUMMARY STATEMENT
Benefits Administration Contract (DRPA)
New Business 9/19/07
The Benefit Headquarters

SUMMARY: Amount: Approximately $180,000 per year
(Note – This covers both DRPA and PATCO)
(The annual rate is based upon the current
DRPA/PATCO census, but is subject to change as
our census changes.)

Source of Funds: Revenue Fund, General Fund
Capital Project #: N/A
Operating Budget: Benefits Administration
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Three Years
Other Parties Involved: The Benefit Headquarters/Willis of Pennsylvania
RESOLUTION

RESOLVED: Staff is hereby authorized to enter into an agreement with The Benefit Headquarters for a three-year term to provide the Authority with a comprehensive range of professional services for administration, consulting and product marketing of all health, life and disability benefits at a monthly fixed cost of $12.50 per benefit-eligible employee/retiree; and be it further

RESOLVED: The Chairman, Vice Chairman 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 Chairman, Vice Chairman and Chief Executive Officer and if thereafter either the Chairman or Vice Chairman is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of the DRPA, along with the Chief Executive Officer. If both the Chairman and Vice Chairman 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 document(s) on behalf of the DRPA.

SUMMARY:

Amount: $180,000 per year
(Note – This covers both DRPA and PATCO)
(The annual rate is based upon the current DRPA/PATCO census, but subject to change as our census changes.)

Source of Funds: Revenue Fund, General Fund
Capital Project #: N/A
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