



ADMINISTRATIVE REPORT

Report Date: October 23, 2017
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Meeting Date: November 1, 2017

TO: Standing Committee on Policy and Strategic Priorities
FROM: Chief Human Resources Officer and Chief Purchasing Official
SUBJECT: Contract Award for Supply of Group Benefits Administration Services

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's Chief Human Resources Officer, City's Director of Legal Services, and the City's Chief Purchasing Official and enter into three separate contracts with Green Shield Canada, Sun Life Financial and SSQ Financial Group for Group Benefits Administration Services, each for a term of five (5) years with an option to extend for five (5) additional one (1) year terms, with a total estimated contract value (based on projected claims for a five year period (Y2018 through Y2022) of \$14,774,557, plus applicable taxes, to be funded through the approved Salary and Benefits Budget.

List of Contracts: (Estimated amounts for the contract terms, based on projected claims, are shown):

Contract No. 1: Green Shield Canada ("Green Shield") - Claims Administration for Extended Health and Dental Benefits - \$7,203,174;

Contract No. 2: Sun Life Financial Inc. ("Sun Life Financial") - Life Insurance - \$6,955,435; and

Contract No. 3: SSQ Life Insurance Company Inc. ("SSQ Financial Group") - Critical Illness Insurance - \$615,948.

- B. THAT the Director of Legal Services, Chief Purchasing Official and Chief Human Resources Officer be authorized to execute on behalf of the City the contracts contemplated by Recommendation A.

- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued a Request for Proposals (RFP) number PS20170443 in April 2017 for Group Benefits Administration services. The RFP was advertised on the City of Vancouver website and BC Bid and the work was called in accordance with the terms and condition of the City's Procurement Policy AF-015-01. City staff on the RFP evaluation committee, and, subsequently, the Bid Committee, have considered the responses received, and on that basis recommend that the City negotiate and if such negotiations are successful enter into contracts as described above with Green Shield Canada, Sun Life Financial and SSQ Financial Group.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy AF-015-01 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered, and recommended Green Shield Canada, Sun Life Financial and SSQ Financial Group as the successful proponents.

REPORT

Background/Context

The City's employee group benefits plan includes provision of health and dental benefits for all City employees, life insurance for all City employees except those in the Vancouver Police Union, and critical illness insurance for exempt staff only. The City has sought to do business with service providers which offer competitive, but reasonable and sustainable financial terms as well as superior service levels.

The preferred proponents are expected to perform the following services:

- 1) Provide basic life, optional life, optional spousal life, critical illness, and optional critical illness insurance to eligible employees of the City of Vancouver.
- 2) Perform administrative services only for the extended health and dental benefits and health spending accounts of eligible employees of the City.

The purpose of the RFP was to identify suppliers with a demonstrated capability to provide the required services over the term of the contract with competitive pricing while also meeting the City's operational requirements.

Strategic Analysis

The RFP was issued in the accordance with City's Procurement Policy AF-015-01.

The City received responses from the following companies:

- Green Shield Canada
- Sun Life Assurance Co. of Canada
- SSQ Financial Group
- Pacific Blue Cross
- Allstate Benefits
- Chubb Life Insurance Co. of Canada
- Claimsecure Inc.
- Great-West Life Assurance Co.
- Industrial Alliance Financial Group
- Manulife Financial Corporation

The responses were evaluated through the work of an evaluation team comprised of representatives from Human Resources under the stewardship of Supply Chain Management to ascertain if the responses offered good overall value to the City. Both quantitative and qualitative factors were evaluated.

Some of the Criteria considered in the overall evaluation process included:

- Qualifications, Capabilities and Experience
- Functional and Technical
- User experience
- Financial
- Sustainability

The submissions for extended health and dental benefits administration were initially scored against the pre-determined evaluation criteria. The five highest scoring proponents were short-listed and invited to give a presentation to the evaluation team and to labour union representatives on June 27-28, 2017. Feedback from a user experience survey conducted in June 2017 was used to develop questions that were sent to all proponents in advance of interviews. Unions represented included CUPE 1004, Vancouver Firefighters' Union, Vancouver Police Union and Teamsters.

Following the presentations, feedback was solicited from union representatives prior to the Phase II interviews being scored by staff. Scores from both phases were combined (RFP submission and interview) to provide an overall score that resulted in Green Shield being identified as the recommended proponent.

Based on the overall evaluation, the team concluded that the proposals submitted by Green Shield Canada, Sun Life Financial and SSQ Financial Group best met the City's requirements and provided best overall value to the City.

Financial Implications

Finance has reviewed the calculation for the cost of the service based on historical and future projections and has confirmed that funding is available from the Fringe Benefit Pool program, within the annual City Operating Budget.

As a result of the RFP, the City is able to achieve lower administration rates for the proposed five (5) year contract term.

Human Resources/Labour Relations

The following unions and associations are affected by the recommendations in this report and will be provided with a copy of the report:

- 1) Canadian Union of Public Employees Local 15
- 2) Canadian Union of Public Employees Local 1004
- 3) Canadian Union of Public Employees Local 391
- 4) Vancouver Firefighters Union Local 18
- 5) Teamsters' Local 31
- 6) Vancouver Police Union
- 7) Vancouver Police Officers' Association
- 8) International Brotherhood of Electrical Workers Local 213
- 9) International Alliance of Theatrical Stage Employees Local 118
- 10) Vancouver Exempt Staff Association (VESA)
- 11) Superintendents' Association

Legal

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee plus Council will be signed by the Director of legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver negotiate and enter into a five (5) year contract, with the option to extend the contract for an additional five (5) one (1) year terms, with Green Shield Canada, Sun Life Financial and SSQ Financial Group for Group Benefits Administration Services.

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