



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
REGULAR MEETING**

**#16-0605**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** June 7, 2016

**TITLE:** Motion to Approve Purchase of Actuarial Services for Self-Funded Medical  
and Pharmacy Plans – Gallagher Benefit Services, Inc. - \$56,604

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**Recommendation**

It is recommended that the City Commission approve a 19-month contract, in substantially the form attached, with Gallagher Benefit Services, Inc. for the purchase of actuarial services for self-funded medical and pharmacy plans at an estimated cost of \$56,604 as well as the Business Associate Agreement; and authorize the City Manager to approve four, one-year renewal options, contingent upon appropriation of funds.

**Background**

The City of Fort Lauderdale's health insurance program has been self-funded since 2000. By self-funding, the City assumes claim risks and mitigates its financial exposure through the purchase of stop loss coverage. Cigna has been the City's third-party administrator since January 1, 2012.

The services of an actuary are essential, particularly in a self-funded environment. Florida Statute 112.08 requires that self-funded employers must submit an annual fiscal year actuarial filing with the State to substantiate the solvency of the plan. It is required that a member of the Academy of Actuaries or an Associate of the Society of Actuaries sign the annual certification.

The City's contracted actuary performs such tasks as:

- a) analyzing medical and prescription claims liability for the self-funded plan,
- b) annually recommending employee and dependent premium contributions required to adequately cover plan expenses,
- c) forecasting expected claims and industry trends and, establishing adequate reserves for each exposure,
- d) establishing the reasonableness of stop loss coverage based on historical claims and industry data,
- e) analyzing financial data received in response to Request for Proposals (RFPs) for the self-funded medical program and utilizing proprietary software to perform re-pricing analyses and provider discounts,

f) evaluating the cost impact of changes in plan design and recommending cost-saving options.

The scope of the RFP for actuarial services for the self-funded medical plan also includes analyses of the City's Health and Wellness Center claims, utilization for return on investment purposes, and the impact on plan spend. In addition, the Actuary's responsibilities were expanded to provide analysis and reporting on the financial impact of the Affordable Care Act relating to health plan costs and benefit requirements. The Actuary provides guidance on and calculates the transitional reinsurance program assessment fee and the actuarial costing of legislative proposals for mandated benefit programs. This includes actuarial services which may be necessary as a result of legislative changes.

The background of the solicitation process includes the following:

- March 30, 2016 – RFP No. 565-11734 was issued for actuarial services for self-funded medical and pharmacy plans
- April 28, 2016 – The RFP closed with a total of three firms submitting proposals including:
  - CCRC Actuaries, LLC
  - Gallagher Benefit Services, Inc.
  - Wakely Consulting Group
- May 10, 2016 – The evaluation committee consisting of Michael Naftaniel, Benefits Manager; Matthew Cobb, Risk Management Coordinator; and Kristin Tigner, Deputy Director Human Resources, met with AnnDebra Diaz, Senior Procurement Specialist; Laurie Platkin, Procurement Specialist II; and Hendry Lopez, Procurement Specialist I, to evaluate and rank the firms based on the evaluation criteria shown below:

EVALUATION CRITERIA	WEIGHT
Understands overall needs of the City	35%
Experience, Qualifications, Past Performance	35%
Cost to the City	30%
Total	100%

The three firms were ranked as follows:

Gallagher Benefit Services, Inc. (1<sup>st</sup> Place)  
Wakely Consulting Group (2<sup>nd</sup> Place)  
CCRC Actuaries, LLC (3<sup>rd</sup> Place)

### **Resource Impact**

There will be a current fiscal impact to the City in the amount of \$24,375. Future expenditures are contingent upon approval and appropriation of the annual budget.

<i>Funds available as of May 11, 2016</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
545-INS220101-3199	Self-Insured Health Benefits	Services/Materials/ Other Professional Services	\$236,000	\$88,925	\$56,604
			<b>TOTAL AMOUNT ►</b>		<b>\$56,604</b>

### **Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Neighborhood Enhancement Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing our resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Community*.

### **Attachments**

Exhibit 1 – Solicitation  
Exhibit 2 – Final Ranking  
Exhibit 3 – Gallagher Benefit Services Proposal  
Exhibit 4 – Wakely Consulting Group Proposal  
Exhibit 5 – CCRC Actuaries Proposal  
Exhibit 6 – Agreement  
Exhibit 7 – Business Associate Agreement

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