

# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139,  
www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager 

DATE: June 28, 2023

**SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER, PURSUANT TO INVITATION TO NEGOTIATE (ITN) 2023-260-WG FOR ADMINISTRATION OF THE CITY'S ANCILLARY HEALTH BENEFITS FOR EMPLOYEES, RETIREES, AND THEIR DEPENDENTS, AUTHORIZING THE ADMINISTRATION TO ENTER INTO SIMULTANEOUS NEGOTIATIONS WITH DELTA DENTAL INSURANCE COMPANY, THE TOP-RANKED PROPOSER, AND CIGNA HEALTH AND LIFE INSURANCE COMPANY, THE SECOND-RANKED PROPOSER FOR PLAN A (DENTAL HEALTH PLAN); AND AUTHORIZING SIMULTANEOUS NEGOTIATIONS WITH METROPOLITAN LIFE INSURANCE COMPANY AND UNUM LIFE INSURANCE COMPANY OF AMERICA THE TIED TOP-RANKED PROPOSERS FOR PLAN B (DISABILITY PLAN AND FMLA ADMINISTRATION) AND PLAN C (GROUP LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT); FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE AGREEMENTS UPON CONCLUSION OF SUCCESSFUL NEGOTIATIONS BY THE ADMINISTRATION.**

### **ADMINISTRATION RECOMMENDATION**

The Administration recommends that the Mayor and City Commission of the City of Miami Beach, Florida, approve the Resolution accepting this recommendation, pursuant to Invitation to Negotiate (ITN) 2023-260-WG Administration of the City's ancillary health benefits for employees, retirees, and their dependents. The Resolution authorizes the Administration to enter into simultaneous negotiations with Delta Dental Insurance Company, the top-ranked proposer, and Cigna Health and Life Insurance Company, the second-ranked proposer for Plan A (Dental Health Plan). Also, it authorizes simultaneous negotiations with Metropolitan Life Insurance Company and Unum Life Insurance Company of America the tied top-ranked proposers for Plan B (Disability Plan and FMLA Administration) and Plan C (Group Life and Accidental Death and Dismemberment). The Resolution also authorizes the City Manager and City Clerk to execute agreements upon the conclusion of successful negotiations by the Administration.

This solicitation is currently under the cone of silence.

### **BACKGROUND/ HISTORY**

The City offers full-time employees and retirees the option of a fully-insured Dental Health Maintenance Organization ("DHMO") or a self-funded Dental Preferred Provider Organization ("DPPO"). For active employees, the City pays 50% for each tier of the fully-insured DHMO rates or 50% of the self-funded DPPO rates. The City currently has three (3) tiers – Employee Only, Employee + 1, and Employee + Family.

The City offers voluntary Short-Term and Long-Term Disability plans to all active full-time employees. The premiums for these plans are employee-bourne. The City of Miami Beach

provides 100% employer-paid long-term disability to active employees who remain on the City's legacy 401A plan.

The Family Medical Leave Act (FMLA) entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave. The City of Miami Beach utilizes a third-party administrator to communicate, manage, and administer the FMLA program.

The City of Miami Beach provides Basic Life and AD&D to all active full-time employees; the premium is partially funded by the City.

The City also offers Voluntary Life Insurance, Supplemental Life, Accidental Death & Dismemberment "AD&D," and Dependent Life to all active full-time employees. Retirees may elect \$1,000 of Basic Life at retirement and \$4,000 of Supplemental Life at retirement if they previously participated in the Supplemental Life program as active employees. The premiums for these plans are employee-borne.

On October 1, 2016, pursuant to ITN 2016-084-WG, the City entered into agreements with Cigna Health and Life Insurance Company for the Administration of its Dental Plan and with UNUM Life Insurance Company of America for the Administration of the Group Life plan, Disability plans, and FMLA Administration. The existing Agreements are scheduled to expire September 30, 2023.

### **ANALYSIS**

On February 22, 2023, the Mayor and City Commission approved the issuance of (ITN) 2023-260-WG Administration of the City's ancillary health benefits for employees, retirees, and their dependents. On March 7, 2023, the ITN was issued. A voluntary pre-proposal conference was held to provide information to proposers submitting a response on March 22, 2023. Two (2) addenda were issued. The Procurement Department issued bid notices to 14,706 companies utilizing the City's e-procurement system, with 44 prospective bidders accessing the solicitation. ITN responses were due and received on April 26, 2023. The City received proposals from the following firms:

#### **Plan A (Dental Health Plan)**

Aetna Life Insurance Company  
Cigna Health and Life Insurance Company  
Delta Dental Insurance Company  
Humana Inc.  
Metropolitan Life Insurance Company

#### **Plan B (Disability Plan and FMLA Administration)**

Metropolitan Life Insurance Company  
Standard Insurance Company  
Unum Life Insurance Company of America

#### **Plan C (Group Life and Accidental Death and Dismemberment)**

Metropolitan Life Insurance Company  
Standard Insurance Company  
Unum Life Insurance Company of America

On May 16, 2023, the Evaluation Committee convened to consider the proposals received. The Committee was comprised of Marvin Adams, Employee Benefits Manager, Human Resources Department, Marc Chevalier, Risk Manager, Human Resources Department, Kenneth Ingersoll, Human Resources Administrator II, Human Resources Department, Kestia Marcelus, Organizational Development, and Training Specialist, Human Resources Department, and Fernando Pestana, Administrative Services Manager, Tourism and Cultural Development Department.

The Committee was provided an overview of the project and information relative to the City's Cone of Silence Ordinance and the Government Sunshine Law. The Committee was also provided with general information on the scope of services and a copy of each proposal. The Committee was instructed to score and rank each proposal pursuant to the evaluation criteria established in the ITN.

The evaluation process resulted in the proposers being ranked by the Evaluation Committee in the following order (See Attachment A):

Plan A - Group Dental Plan

- 1<sup>st</sup> Delta Dental Insurance Company Humana
- 2<sup>nd</sup> Cigna Health and Life Insurance Company
- 3<sup>rd</sup> Aetna Life Insurance Company
- 4<sup>th</sup> Metropolitan Life Insurance Company
- 5<sup>th</sup> Humana Inc.

Plan B - Disability Plan and FMLA Administration

- 1<sup>st</sup> (tied) Metropolitan Life Insurance Company
- 1<sup>st</sup> (tied) Unum Life Insurance Company of America
- 3<sup>rd</sup> Standard Insurance Company

Plan C - Group Life and Accidental Death & Dismemberment ("AD&D")

- 1<sup>st</sup> (tied) Metropolitan Life Insurance Company
- 1<sup>st</sup> (tied) Unum Life Insurance Company of America
- 3<sup>rd</sup> Standard Insurance Company

The following is a summary of the recommended firms:

Plan A - Group Dental Plan:

Delta Dental Insurance Company:

Delta Dental has extensive experience providing dental benefits for large, prominent clients in jurisdictions all across America. The company began administering the country's first group dental plan in 1955 and proudly continues to serve that original group to this day. Delta's current book of business includes many large, national clients; in fact, its 10 largest clients have an average total enrollment of more than 314,000.

Many of the firm's national clients require complex plan Administration, including numerous locations, multiple product offerings, and the flexibility to support specific service requirements.

Some of its references include Miami-Dade County, Miami-Dade Public Schools, and Jackson Health System.

Cigna Health and Life Insurance Company:

Cigna has been offering health plans to America's local governments and educational institutions for more than 200 years, and through their specialized government and education team, they currently serve more than 1.7 million members. The firm has strong, deep connections in Florida and provides coverage to a total of 111 government and education clients and more than 280,000 members in Florida.

Cigna is committed to designing customized health and wellness solutions that are relevant and effective for each local government, school district, and higher education institution they serve. Cigna has been the ASO administrator for Health, Pharmacy, Dental, and EAP since plan year beginning October 1, 2016.

Some of its local references include the City of Fort Lauderdale, the City of Miami, and the City of Coral Springs.

Plan B - Disability Plan and FMLA Administration and Plan C - Group Life and Accidental Death & Dismemberment ("AD&D"):

Metropolitan Life Insurance Company

Metlife has been providing group insurance since 1917. During this time, they have gained a tremendous amount of experience and knowledge in servicing public sector customers.

The firm's experience within the public sector includes a broad range of customers such as educational institutions, employee trust funds, governments, and government agencies. It has a team dedicated to working with cities, counties, states, unions, and other public entities of all sizes, made up of industry experts experienced in understanding the unique requirements of employers in the public sector. The firm offers a robust suite of customizable products and services, industry-leading expertise, and community efforts, with a commitment to supporting those in underserved and underrepresented communities.

Some of its references include Miami-Dade County, St. Petersburg College, and the City of Ocala.

Unum Life Insurance Company

Unum has been a leader in the employee benefits business through innovation, integrity, and an unwavering commitment to our customers. Unum is a provider of employee benefits to 61,400 companies in the U.S., including over half of the Fortune 100, offering a full array of benefits solutions, including benefits communication, enrollment services, and claims support.

Unum has been the City's carrier for Disability and Family Medical Leave since 2010 and the in-force carrier for Life/AD&D since 2016.

**FINANCIAL INFORMATION**

Plan A – Group Dental Plan

Administrative Services Fees for this contract are processed through the internal service fund accounts managed by the Human Resources Department, Employee Benefits Division. The funding for the group dental plan is analyzed and projected through actuarial services and approved in the budget process each year. The projected annual Administrative Services fee for the plan year 2023 is \$299,000. Both proposals (Delta Dental and Cigna) are providing

opportunities for savings.

#### Plan B - Disability Plan and FMLA Administration

The premiums for Short-Term and Long-Term Disability plans are employee-borne plans. The proposal for Metropolitan Life provides opportunities for premium savings, and the proposal from Unum Life will match current premiums for Short-Term Disability and provides opportunities for premium savings for Long-Term Disability.

The City of Miami Beach provides 100% employer-paid long-term disability to active employees who remain on the City's legacy 401A plan. The projected annual premium for the plan year 2023 is \$3,200. The proposals for Metropolitan Life and Unum Life provide opportunities for premium savings.

The Family Medical Leave Act (FMLA) entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave. The City of Miami Beach utilizes a third-party administrator to communicate, manage, and administer the FMLA program. The projected annual FMLA administration fee for the plan year 2023 is \$41,267. The proposal for Metropolitan Life will match current premiums. The proposal for Unum Life is projected to be a 100% increase to current rates, with an annual administration fee of \$82,534.

#### Plan C - Group Life and Accidental Death & Dismemberment

The City of Miami Beach provides Basic Life and AD&D to all active full-time employees, and the premium is partially funded by the City. The projected annual City premium for the plan year 2023 is \$195,000. The proposals for Metropolitan Life and Unum Life provide opportunities for premium savings.

#### **CONCLUSION**

Based on the results of the Evaluation Committee, it is recommended that negotiations commence with Delta Dental Insurance Company and Cigna Health and Life Insurance Company for Plan A group dental health insurance. Both firms are well qualified. Simultaneous negotiations will allow the Administration to maximize cost savings and innovative strategies, enhance wellness & prevention programs, and ensure a dedicated onsite customer representative.

Based on the results of the Evaluation Committee, it is recommended that negotiations commence with Metropolitan Life Insurance Company and Unum Life Insurance Company are tied for first and qualified to provide Plan B disability plans and FMLA administration, as well as Plan C group life and accidental death and dismemberment. Both firms are well qualified. Simultaneous negotiations will allow the Administration to maximize cost-saving opportunities with premium rates for the disability and life plans, as well as the per-employee per-month rates for the FMLA administration.

Therefore, it is recommended that the Administration enter into simultaneous negotiations with Delta Dental Insurance Company, the top-ranked proposer, and Cigna Health and Life Insurance Company, the second-ranked proposer for Plan A (Dental Health Plan). Also, to enter into simultaneous negotiations with Metropolitan Life Insurance Company and Unum Life Insurance Company of America, the tied top-ranked proposers for Plan B (Disability Plan and FMLA Administration) and Plan C (Group Life and Accidental Death and Dismemberment). The Resolution also authorizes the City Manager and City Clerk to execute agreements upon the

conclusion of successful negotiations by the Administration.

 *ma kb*  
MT/MA/AD/KB

| ITN 2023-260-WG<br>Plan A Dental Health Plan | Marvin Adams |              |          | Ranking | Marc Chevalier |              |          | Ranking | Kenneth Ingersoll |              |          | Ranking | Kestia Marcelus |              |          | Ranking | Fernando Pestana |              |          | Ranking | Low<br>Aggregate<br>Totals | Ranking |
|--|--------------|--------------|----------|---------|----------------|--------------|----------|---------|-------------------|--------------|----------|---------|-----------------|--------------|----------|---------|------------------|--------------|----------|---------|----------------------------|---------|
|  | Qualitative  | Quantitative | Subtotal |         | Qualitative    | Quantitative | Subtotal |         | Qualitative       | Quantitative | Subtotal |         | Qualitative     | Quantitative | Subtotal |         | Qualitative      | Quantitative | Subtotal |         |                            |         |
| Delta Dental Insurance Company               | 68           | 20           | 88       | 3       | 76             | 20           | 96       | 1       | 73                | 20           | 93       | 1       | 72              | 20           | 92       | 1       | 63               | 20           | 83       | 3       | 9                          | 1       |
| Cigna Health and Life Insurance Company      | 78           | 20           | 98       | 1       | 75             | 20           | 95       | 2       | 70                | 20           | 90       | 2       | 71              | 20           | 91       | 2       | 61               | 20           | 81       | 4       | 11                         | 2       |
| Aetna Life Insurance Company                 | 69           | 20           | 89       | 2       | 73             | 20           | 93       | 3       | 69                | 20           | 89       | 4       | 71              | 20           | 91       | 2       | 67               | 20           | 87       | 1       | 12                         | 3       |
| Metropolitan Life Insurance Company          | 64           | 20           | 84       | 4       | 70             | 20           | 90       | 4       | 70                | 20           | 90       | 2       | 69              | 20           | 89       | 4       | 65               | 20           | 85       | 2       | 16                         | 4       |
| Humana                                       | 64           | 0            | 64       | 5       | 74             | 0            | 74       | 5       | 69                | 0            | 69       | 5       | 70              | 0            | 70       | 5       | 64               | 0            | 64       | 5       | 25                         | 5       |

| Quantitative Points                     |                  |                |                      |                  |                                       |
|---|------------------|----------------|----------------------|------------------|---------------------------------------|
| Proposer                                | Cost Proposed    | Maximum Points | Total Points Awarded | Veteran's Points | Total Quantitative (Cost + Veteran's) |
| Aetna Life Insurance Company            | \$ 2,056,277.76  | 20             | 20                   | 0                | 20                                    |
| Cigna Health and Life Insurance Company | \$ 2,058,966.03  | 20             | 20                   | 0                | 20                                    |
| Delta Dental Insurance Company          | \$ 2,088,974.36  | 20             | 20                   | 0                | 20                                    |
| Humana                                  | \$ 1,347,565.92* | 20             | 0                    | 0                | 0                                     |
| Metropolitan Life Insurance Company     | \$ 2,084,547.26  | 20             | 20                   | 0                | 20                                    |

NOTE: Foundation Risk Partners, the City's Benefit Consultant, reviewed all cost proposals for Plans A, B & C to conduct an analysis of the costs to be considered in the evaluation review process.

\*Did not reprice \$1,261,448 in out-of network claims as required.

| ITN 2023-260-WG<br>Plan B Disability & FMLA Plan | Marvin Adams                        |              |          | Ranking | Marc Chevalier |              |          | Ranking | Kenneth Ingersoll |              |          | Ranking | Kestia Marcelus |              |          | Ranking | Fernando Pestana |              |          | Ranking | Low<br>Aggregate<br>Totals | Ranking |
|--|-------------------------------------|--------------|----------|---------|----------------|--------------|----------|---------|-------------------|--------------|----------|---------|-----------------|--------------|----------|---------|------------------|--------------|----------|---------|----------------------------|---------|
|  | Qualitative                         | Quantitative | Subtotal |         | Qualitative    | Quantitative | Subtotal |         | Qualitative       | Quantitative | Subtotal |         | Qualitative     | Quantitative | Subtotal |         | Qualitative      | Quantitative | Subtotal |         |                            |         |
|  | Metropolitan Life Insurance Company | 67           | 20       |         | 87             | 2            | 71       |         | 20                | 91           | 1        |         | 65              | 20           | 85       |         | 2                | 71           | 20       |         |                            |         |
| Unum Life Insurance Company of America           | 76                                  | 17           | 93       | 1       | 74             | 17           | 91       | 2       | 76                | 17           | 93       | 1       | 72              | 17           | 89       | 3       | 74               | 17           | 91       | 1       | 8                          | 1       |
| Standard Insurance Company                       | 68                                  | 16           | 84       | 3       | 68             | 16           | 84       | 3       | 67                | 16           | 83       | 3       | 73              | 16           | 89       | 2       | 69               | 16           | 85       | 2       | 13                         | 3       |

| Quantitative Points                    |               |                |                      |                  |                                       |
|--|---------------|----------------|----------------------|------------------|---------------------------------------|
| Proposer                               | Cost Proposed | Maximum Points | Total Points Awarded | Veteran's Points | Total Quantitative (Cost + Veteran's) |
| Metropolitan Life Insurance Company    | \$ 683,467.19 | 20             | 20                   | 0                | 20                                    |
| Standard Insurance Company             | \$ 850,596.26 | 20             | 16                   | 0                | 16                                    |
| Unum Life Insurance Company of America | \$ 822,962.14 | 20             | 17                   | 0                | 17                                    |

NOTE: Foundation Risk Partners, the City's Benefit Consultant, reviewed all cost proposals for Plans A, B & C to conduct an analysis of the costs to be considered in the evaluation review process.



| ITN 2023-260-WG<br>Plan C Group Term Life & ADD | Marvin Adams                        |              |          | Ranking | Marc Chevalier |              |          | Ranking | Kenneth Ingersoll |              |          | Ranking | Kestia Marcelus |              |          | Ranking | Fernando Pestana |              |          | Ranking | Low Aggregate Totals | Ranking |
|---|-------------------------------------|--------------|----------|---------|----------------|--------------|----------|---------|-------------------|--------------|----------|---------|-----------------|--------------|----------|---------|------------------|--------------|----------|---------|----------------------|---------|
|   | Qualitative                         | Quantitative | Subtotal |         | Qualitative    | Quantitative | Subtotal |         | Qualitative       | Quantitative | Subtotal |         | Qualitative     | Quantitative | Subtotal |         | Qualitative      | Quantitative | Subtotal |         |                      |         |
|   | Metropolitan Life Insurance Company | 67           | 19       |         | 86             | 2            | 75       |         | 19                | 94           | 1        |         | 72              | 19           | 91       |         | 1                | 71           | 19       |         |                      |         |
| Unum Life Insurance Company of America          | 75                                  | 20           | 95       | 1       | 74             | 20           | 94       | 1       | 67                | 20           | 87       | 2       | 71              | 20           | 91       | 1       | 62               | 20           | 82       | 2       | 7                    | 1       |
| Standard Insurance Company                      | 68                                  | 0            | 68       | 3       | 75             | 0            | 75       | 3       | 70                | 0            | 70       | 3       | 72              | 0            | 72       | 3       | 66               | 0            | 66       | 3       | 15                   | 3       |

| Quantitative Points                    |                |                |                      |                  |                                       |
|--|----------------|----------------|----------------------|------------------|---------------------------------------|
| Proposer                               | Cost Proposed  | Maximum Points | Total Points Awarded | Veteran's Points | Total Quantitative (Cost + Veteran's) |
| Metropolitan Life Insurance Company    | \$ 773,585.95  | 20             | 19                   | 0                | 19                                    |
| Standard Insurance Company             | \$ 912,942.04* | 20             | 0                    | 0                | 0                                     |
| Unum Life Insurance Company of America | \$ 719,738.76  | 20             | 20                   | 0                | 20                                    |

NOTE: Foundation Risk Partners, the City's Benefit Consultant, reviewed all cost proposals for Plans A, B & C to conduct an analysis of the costs to be considered in the evaluation review process.

\*Dependent life premium not provided in ITN response.