



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 11, 2020

FROM: HUMAN RESOURCES WARDS: ALL

**SUBJECT: RFP NO 1953 FOR PROFESSIONAL SERVICES AGREEMENT WITH THE
ADVANTAGE GROUP TO PROVIDE COBRA AND RETIREE BILLING &
ADMINISTRATION SERVICES TO CITY OF RIVERSIDE COBRA
PARTICIPANTS AND RETIREES**

ISSUE:

Award a Professional Services Agreement to The Advantage Group for RFP No. 1953 to administer benefits required under the Consolidated Omnibus Budget Reconciliation Act and retiree plan administration services to eligible participants/retirees for a contract term effective April 1, 2020 through April 1, 2023 with the option to extend for two additional one-year terms not to exceed five years based on acceptable performance, fees and conditions of the agreement.

RECOMMENDATIONS:

That the City Council:

1. Award a Professional Services Agreement to The Advantage Group for providing COBRA and retiree billing and administration services to City of Riverside retirees and COBRA participants for the term of April 1, 2020 through April 1, 2023, with an option for two additional one-year renewals; and
2. Authorize the City Manager, or designee, to execute all documents pursuant to this purchase, including the optional contract renewals, and to make minor non-substantive changes.

BACKGROUND:

The City of Riverside has been contracting for services associated with billing, enrollment and termination of benefits coverage for COBRA participants, retirees and their dependents through PayPro Administrators since November 2008. The current contract with PayPro Administrators will terminate effective April 1, 2020. In the interest of meeting the needs of the City of Riverside COBRA participants and retirees, the Human Resources Department explored available options with highly qualified vendors that currently offer such services. The services include billing, enrollment and termination of medical, dental and vision benefit plans for eligible participants enrolled under COBRA or as a retiree. The plans are offered upon separating/retiring from the City and paid for entirely by the enrollee.

Vendor selection was conducted via a formal Request for Proposal (RFP) inviting highly qualified companies to compete in the process. The RFP Evaluation Committee reviewed proposals and selected The Advantage Group, the most highly qualified and lowest cost responder to the RFP, as the Third Party Administrator (TPA) best suited to provide these services for the City. The initial contract term will be for three years with an option for two additional one-year renewals thereafter upon mutual agreement of both parties for a maximum contract term through April 1, 2025.

DISCUSSION:

The Human Resources Department issued RFP No. 1953 through the Purchasing Division in July 2019 for a TPA to provide COBRA and retiree administration of medical, dental, and vision plans to eligible former employees, retirees and dependents in accordance with Federal law and City policies. A total of four proposals were received by qualified vendors. The RFP Evaluation Committee, comprised of members of the Benefits Committee, Human Resources staff, and a current retiree, reviewed all submitted proposals and interviewed the top three vendors. After careful consideration, the selected TPA was The Advantage Group, who offered considerable municipal experience, a local, in-house team of customer service staff, and the lowest pricing and cost breakdown.

The Advantage Group has 35 years of experience and provides TPA services to more than 1,200 organizations nationwide including more than 100 California public sector organizations. As the TPA, The Advantage Group will assume responsibility for the administration of the City's COBRA requirements including comprehensive reporting of COBRA-related activities available for City access anytime. The City will receive an assigned, certified COBRA specialist to perform all COBRA administrative duties. Additionally, The Advantage Group will provide billing and administrative services for the City's retirees and eligible dependents which include, but are not limited to: billing, collecting, and distributing benefit premiums; all correspondence related to billing, enrollment, and termination of benefits; and a toll-free customer care center.

The Purchasing Manager concurs that the recommendation to award is in compliance with Purchasing Resolution 23256.

FISCAL IMPACT:

There is minimal fiscal impact associated with the Agreement as plan premiums and most applicable administration fees are paid by participants that enroll in the plan. The applicable cost to the City is associated with a \$0.50 cent per month per participant administrative fee for COBRA participants only. On a monthly average, there are 20 COBRA participants, for an estimated total annual cost of \$120. Sufficient funding is available in General Fund account 2100000-421000.

Prepared by: Stephanie Holloman, Human Resources Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments: Professional Services Agreement with The Advantage Group