



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF APRIL 17, 2014

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to enter into an agreement for Contract 13-RFP-25 Dual-Choice Dental Plan, with Blue Cross Blue Shield of Illinois, a division of Health Care Services Corporation, for a three-year period, effective July 1, 2014 to June 30, 2017, Account 101-25000-601250

Dear Sir:

Authorization is requested to enter into an agreement with Blue Cross Blue Shield of Illinois, a division of Health Care Services Corporation, to provide a dual-choice dental plan, including a Preferred Provider Option (PPO) and a Dental Health Maintenance Organization (DHMO), for employees for a three-year period.

On December 11, 2013, Request for Proposal 13-RFP-25 Dual-Choice Dental Plan was advertised. Sixty-two (62) firms were notified and eight (8) firms requested proposal documents. The District received four (4) responsive proposals on January 10, 2014 from Blue Cross Blue Shield of Illinois (Blue Cross), Delta Dental of Illinois, Humana Company/Compbenefits Dental Inc. (Humana) and Metropolitan Life Insurance Company (Met Life).

The proposals were evaluated by consultants from Deloitte Consulting and staff of the Human Resources and the Procurement and Materials Management Departments. The criteria for these evaluations were outlined in Request for Proposal 13-RFP-25 and included: organizational stability and experience; ability to administer the current plan design; network size and quality; claims administration performance; member service performance; administrative performance; and financial considerations. Following the preliminary evaluation of proposals, excluding cost, the four (4) proposers were deemed to be finalists and were interviewed on March 4, 2014. A solicitation was sent to each finalist on March 6, 2014 for an unqualified "best and final" offer. The "best and final" offers were returned to the Director of Procurement and Materials Management on March 13, 2014.

Based on the evaluation of the proposals using the criteria described above and the pricing provided in the "best and final" offer, it is recommended that a contract be awarded to Blue Cross. Blue Cross provided the lowest overall cost for dental benefits. In addition, it was the only provider to guarantee its rates for both the PPO and DHMO plans throughout the entire three-year contract period. The Blue Cross PPO and DHMO plans provide District employees with a broad provider network. It also offers the highest average discounts for in-network providers. Given that Blue Cross is the incumbent provider, employees will not experience any disruption in their benefits with this recommendation.

The Affirmative Action Section has reviewed the agreement and has concluded that Blue Cross is in compliance with the District's Affirmative Action Policy.

In view of the foregoing, it is requested that the Director of Procurement and Materials Management be authorized to enter into an agreement with Blue Cross Blue Shield of Illinois, a division of Health Care

Services Corporation, to administer a dual-choice dental plan on a self-insured basis for a three-year period.

The total estimated expenditures for the 2014/2015, 2015/2016 and 2016/2017 plan years are \$2,003,926.00, \$2,096,342.00 and \$2,193,378.00, respectively. These estimated expenditures are only projections. Actual costs will be determined by the claims incurred by employees and dependents during that plan year. The current employee contribution rate for dental benefits is 30% with the District paying the remaining 70% of the total cost. Funds are available in Account 101-25000-601250 for year 2014. Funds for 2015, 2016 and 2017 are contingent on the Board of Commissioners' approval of the District's budget for those years.

Recommended, Denice E. Korcal, Director of Human Resources

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for April 17, 2014