

Memorandum



DATE February 23, 2024

CITY OF DALLAS

TO Members of Government Performance and Financial Management Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mandelson, Jesse Moreno, Jaime Resendez

SUBJECT **Vendor Contract Renewal – Holmes Murphy Employee Health Benefits Consultant**

The City provides medical, dental, and vision coverage for around 16,000 employees, retirees, and their dependents through the Department of Human Resources, funded by the Employee Health Benefits Fund. Employees and retirees can also purchase voluntary benefits tailored to their needs. The Health Benefits Consultant assists in optimizing care value and securing agreements with service providers. The City engaged with Holmes Murphy & Associates in 2014, with a new contract awarded in 2020 for a three-year term and potential two one-year renewals. After the initial three-year term, a full RFCSP was released for employee health benefits consultant. A new five-year contract not exceeding \$1,143,750.00, will be scheduled for consideration at the February 28, 2024, City Council Agenda.

Fiscal Information

Year	Cost	Total
1 (FY 2024/ 2025)	\$228,750	\$228,750
2 (FY 2025/ 2026)	\$228,750	\$457,500
3 (FY 2026/ 2027)	\$228,750	\$686,250
4 (contract renewal option)	\$228,750	\$915,000
5 (contract renewal option)	\$228,750	\$1,143,750

Description of Services

This service contract will provide benefits consulting services and auditing services of medical and pharmacy benefit plans for the Department of Human Resources. The vendor will ensure the City's Plan Administrators and City Attorney's Office are informed of best practices and advising on any pending legislation impacting the City's self-funded health benefits plan. Engaging an expert benefits consultant is a common best practice for most Texas municipalities, particularly those with over 1,000 employees. Other, typically smaller government entities may exercise the option to participate in the Texas Association of Counties (TAL) and/or Texas Municipal League (TML). These are collective "pools"; everyone pays the same rate, with no variation in products or services, as they do not allow or offer the option for customization.

The recommended vendor for this service is highly innovative and equipped and able to assist in conducting research of best practices and provider networks as the City develops our new employee health benefit specifications. In reports released by PeopleKeep in November 2023, "health benefits are one of the best ways to attract

talented employees and increase retention.” Thus, the ability to customize benefits based upon market trends and employee needs is essential. As we are the fourth fastest growing region in the nation, it is important to have a global leader in healthcare consulting, like the recommended vendor, supporting the City through this ever-changing and dynamic market. Additionally, the consultant will perform tasks such as:

- Conduct audits of the medical and pharmacy vendors
- Conduct annual plan evaluations
- Develop funding strategies, modeling and project plan costs
- Review proposals and provide recommendations
- Conduct benchmark studies and surveys
- Conduct required Governmental Accounting and Standards Board actuarial valuations
- Development of customized employee benefits and plan communications

Procurement Overview

The Office of Procurement Services received nine (9) proposals from solicitation number BH23-00021166. They were opened on May 26, 2023. A five-member committee from the following departments reviewed and evaluated the qualifications:

- City Controller’s Office (1)
- City Manager’s Office (1)
- Department of Human Resources (1)
- Small Business Center Department (1)
- Office of Procurement Services (1)*

**The Office of Procurement Services evaluated cost and local preference, if applicable.*

The committee selected the successful respondent on the basis of demonstrated competence and qualifications. The Office of Procurement Services recommends the City Council award this service contract in its entirety to Holmes Murphy, the most advantageous proposer for benefits consulting services and auditing services of medical and pharmacy benefit plans for the Department of Human Resources for a term of five years, in an amount not to exceed \$1,143,750.00. This action includes authorization to pay pending invoices totaling \$69,812.61, which were incurred while completing the full solicitation processes and contrast negotiations.

Prior Council Actions

November 12, 2014, the City Council authorized a three-year contract, with two, one-year renewal options, to provide benefits consulting services and auditing services of medical and pharmacy benefit plans with Holmes Murphy & Associates, in an amount not to exceed \$675,000.00, by Resolution No. 14-1877; and

September 27, 2017, the City Council authorized Supplemental Agreement No. 1 to exercise the first of two, one-year renewal options to the consultant contract with Holmes

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Murphy & Associates, to provide benefits consulting services and auditing services of medical and pharmacy benefit plans, in an amount not to exceed \$225,000.00, from \$675,000.00 to \$900,000.00, by Resolution No. 17-1542; and

December 12, 2018, the City Council authorized Supplemental Agreement No. 2 to exercise the second of two, one-year renewal options to the consultant contract with Holmes Murphy & Associates to provide benefits consulting services and auditing services of medical and pharmacy benefit plans, extending the term from November 1, 2018 through October 31, 2019, in an amount not to exceed \$225,000.00, from \$900,000.00 to \$1,125,000.00, by Resolution No. 18-1762; and

October 23, 2019, the City Council authorized Supplemental Agreement No. 3 to the consultant contract with Holmes Murphy & Associates, LLC to provide benefits consulting services and auditing services of medical and pharmacy benefit plans and to extend the term from November 1, 2019 through June 30, 2020 in an amount not to exceed \$168,750.00, from \$1,125,000.00 to \$1,293,750.00, by Resolution No. 19-1677; and

June 10, 2020, the City Council authorized a three-year consultant service contract, with two one-year renewal options, for benefits consulting and auditing services of medical and pharmacy benefit plans for the Department of Human Resources with Holmes Murphy & Associates, LLC, in an amount not to exceed \$837,750.00, by Resolution No. 20-0914.

Please feel free to reach out to Nina Arias, Director of Human Resources at 214-671-9050 or Nina.Arias@Dallas.gov should you have any questions.

Putting Service First,



Kimberly Bizar Tolbert
Deputy City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors