

Negotiated Request for Proposals (nRFP) Doc3518771019 for the Provision of Administrative and Underwriting Services for Employee Benefit Programs

Date: May 15, 2023

To: General Government Committee

From: Controller and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to provide information on the results of a Negotiated Request for Proposal (nRFP) Doc3518771019, for the provision of administrative and underwriting services for employee benefit plans for the City of Toronto, (including Public Health) and the Agencies and Corporations along with Toronto Police Services (TPS) and Toronto Transit Commission (TTC) included in its benefits administration. The Agencies and Corporations (ABC's) which provide benefits to employees under the City's umbrella are as follows:

- The Board of Governors of Exhibition Place;
- TOLive;
- Toronto Zoo;
- Toronto Public Library; and
- Community Centres and Arenas.

A strategic consolidated procurement approach, in the form of a Negotiated Request for Proposals (nRFP) was adopted to increase efficiencies and leverage economies of scale resulting in the procurement of innovative administration of employee benefits that provide optimal plan member experience that is cost-effective and aligns with the organization's strategic approach and vision.

Upon conclusion of this procurement, finalized Master Service Agreement (MSA), Statement of Work (SOW), and Service Level Agreement (SLA) with defined outcomes, key performance measures, and penalties were realized prior to the start of the contract period. This is a significant achievement as typically the MSA and SLA are not finalized until after the start of the contract period.

This report requests authority to enter into agreements with the recommended proponents below, as the existing agreements are expiring at the end of 2023:

- Green Shield Canada – Categories A and E Services: Extended Health Care (EHC) and Dental Benefits and Wellness Portal Administrative Services Only (ASO)/Insurance Benefits and,
- The Manufacturers Life Insurance Company (Manulife) – Categories B and C Services: Group Life Insurance (GLI), Long-Term Disability (LTD) Administration and Accidental Death & Dismemberment (AD&D) Insurance, Line of Duty Death (LODD) and,
- Telus Health – Category D: Employee Family Assistance Program (EFAP)

The City partnered with Toronto Police Services Board (TPSB) and the Toronto Transit Commission (TTC) ("Stakeholder") in the issuance of a joint nRFP for the provision of benefit plan administration and underwriting services. The nRFP focused on the selection of a benefits carrier(s) with strong systems, reporting, fraud detection, diversity and cyber security processes in place, and the ability to mirror our existing benefit plan designs.

The recommended proponents' submissions met all mandatory technical requirements as outlined in the nRFP. All three of the successful proponents also worked with the Office of the CISO, and Deputy Chief Technology Officer on the provision of required documents for cyber risk, AODA and privacy assessments. The Office of the CISO will issue a Risk Treatment Plan (RTP) encompassing all risks found and recommendations for remediation. This report provides an overview of the joint process and the estimated cost impact for all Stakeholders.

The agreements to administer the plans for the City of Toronto and the relevant agencies and corporations over a five-year term contract with two (2) one-year extension options will result in City expenses of approximately \$133.74 million net of all applicable taxes and charges (\$136.10 million net of HST recoveries) for the provision of administrative and underwriting services for the City's employee benefit plans including administration fees, insured premiums, stop loss pooling charges and Employee Family Assistance Plan (EFAP) program fees over the initial five-year contract term; and approximately \$65.85 million net of all applicable taxes and charges (\$67.00 million net of HST recoveries) for the provision of administrative and underwriting services for the City's employee benefit plans including administration fees, insured premiums, stop loss pooling charges and EFAP program fees if both option years are exercised.

This agreement provides the flexibility to amend benefits as a result of Council direction and/or collective bargaining during the life of the contract.

Staff of the TTC and TPSB will be reporting to their Boards separately on the nRFP and the impacts of their agreements.

RECOMMENDATIONS

The Controller and Chief Procurement Officer recommend that:

1. City Council grant authority to the Controller to enter into an agreement with Green Shield Canada for the provision of Category A and E Services – Extended Health Care and Dental Benefits and Wellness Portal; having met all requirements as it applies to the specific Categories of Service within the nRFP, for the provision of the administrative and underwriting services for employee benefits plans on the basis that:
 - (a) the initial term of the agreement will be for five years, effective January 1, 2024 and ending December 31, 2028;
 - (b) the administration fees will be fixed for the entire term of the initial five year agreement;
 - (c) the agreement will result in City expenses of approximately \$43.67 million net of all applicable taxes and charges (\$44.44 million net of HST recoveries) for administration fees, premiums and stop loss pooling charges over the initial five-year contract.
2. City Council grant authority to the Controller to enter into an agreement with The Manufacturers Life Insurance Company (Manulife) for the provision of Category B and C Services - Group Life Insurance, Long Term Disability and Accidental Death & Dismemberment, Line of Duty Death (LODD) Insurance Administration/Insurance Benefits; having met all requirements as it applies to the specific Categories of Service within the nRFP, for the provision of the administrative and underwriting services for employee benefits plans on the basis that:
 - (a) the initial term of the agreement will be for five years, effective January 1, 2024, and ending December 31, 2028;
 - (b) the Long Term Disability administration fees will be fixed for the entire term of the initial agreement;
 - (c) The insured rates will be fixed for the first three years of the agreement with the final 2 years of the agreement the insured rates will be determined by applying appropriate weight to the claims experience under the agreement on the basis of the number of employees and the years of experience;
 - (d) the agreement will result in City expenses of approximately \$81.82 million net of all applicable taxes and charges (\$83.26 million net of HST recoveries) for insurance premiums and administration fees over the initial five-year contract; and

3. City Council grant authority to the Controller to enter into an agreement with Telus Health Solutions Inc (Telus) for the provision of Category D Services Employee Family Assistance Programs; having met all requirements as it applies to the specific Categories of Service within the nRFP, for the provision of an Employee Family Assistance Program (EFAP) on the basis that:
 - (a) the initial term of the agreement will be for five years, effective January 1, 2024, and ending December 31, 2028;
 - (b) the program fees will be fixed for the first three (3) years of the agreement;
 - (c) for the final 2 years of the agreement charges will be determined by applying appropriate weight to the utilization experience based on the number of employees accessing the services over the initial three years of the contract;
 - (d) the agreement will result in City expenses of approximately \$8.26 million net of all applicable taxes and charges (\$8.40 million net of HST recoveries) for program fees over the initial five-year contract; and
4. City Council grant authority to the Controller to exercise the options to extend for up to two (2) additional separate one (1) year extensions, from January 1, 2029 to December 31, 2030, on the basis that:
 - (a) the maximum two-year extension of the Green Shield agreement will result in City expenses of approximately \$24.63 million net of all applicable taxes and charges (\$25.07 million net of HST recoveries) for administration fees, premiums and stop loss pooling charges; and
 - (b) the maximum two-year extension of the Manulife agreement will result in City expenses of approximately \$37.63 million net of all applicable taxes and charges (\$38.30 million net of HST recoveries) for administration fees and premiums; and
 - (c) the maximum two-year extension of the Telus agreement will result in City expenses of approximately \$3.58 million net of all applicable taxes and charges (\$3.64 million net of HST recoveries) for program fees.

FINANCIAL IMPACT

The total consolidated value of the contract over the initial five-year contract term and 2 option years is \$387.1 million (net of HST recoveries), which includes the City portion (\$203.1 million as referenced in Table 2), the TTC portion of \$99.3 million and the TPSB portion of \$84.7 million.

Overall, the contract represents a savings of \$0.35 million (net of HST recoveries) in 2024 over 2023 Approved Operating Budget, including a decrease of \$5.29 million (net of HST recoveries) as referenced in Table 1 for the City partially offset by an increase of \$0.1 million (net of HST recoveries) to TTC and an increase of \$4.84 million to TPSB (net of HST recoveries).

Staff of the TTC and TPSB will be reporting to their Boards separately on the details of the nRFP and the impacts of their agreements.

Based on the new rates and the current claims utilization patterns, the total estimated potential contract award identified in this report, including the two option years for the provision of administrative, underwriting services and program fees for the City's employee benefit plans is outlined in Table 2.

In addition, the City would be responsible for the actual cost of Health, Dental and Long Term Disability (LTD) claims.

Funding in the amount of \$24,507,036 (net of HST recoveries) for the provision of administrative and underwriting services for the City's employee benefit plans including Administrative Services Only (ASO) administration fees, insured premiums, stop loss pooling charges and EFAP program fees will be included in the respective Programs' 2024 Operating Budgets for active employees and through Employee/Retiree Benefit Reserve Fund XR1002 for retired employees. Annual funding increases from 2025 to 2028, and to 2030 if both option years are exercised, will be provided for in the respective Programs' annual Operating Budget submissions for active employees and in Employee/Retiree Benefit Reserve Fund XR1002 for retired employees.

Identified Savings in the City's 2024 Operating Budget:

The estimated cost for the provision of administrative and underwriting services for the City's employee benefit plans including ASO administration fees, insured premiums, stop loss pooling charges, and EFAP program fees in 2024 of \$24,507,036 (net of HST recoveries) represents a decrease of \$5,291,278 over 2023 budgeted cost of \$29,798,314 (net of HST recoveries) as illustrated in Table 1 below, which is currently budgeted in the respective Programs' Council Approved 2023 Operating Budgets for active employees and Employee/Retiree Benefit Reserve Fund XR1002 for retired employees.

Table 1 – City's 2024 Estimated Service Cost Compared to 2023 Council Approved Budget

Benefit Type	Estimated ASO, Insured Benefits and Program Fees Net of HST Recoveries		
	2023	2024	Impact
Health Dental Wellness - ASO	\$7,279,674	\$7,279,179	-\$495
LTD - ASO	\$3,308,489	\$3,317,350	\$8,861
Insured Premiums	\$18,457,568	\$12,260,226	-\$6,197,342
EFAP - Program Fees	\$752,583	\$1,650,282	\$897,699
Total	\$29,798,314	\$24,507,036	-\$5,291,278

The overall decrease in costs due to lower negotiated ASO fees and insured benefit rates, off sets in the cost increase for the enriched Employee Family Assistance (EFAP) Program.

Funding details for the provision of administrative and underwriting services for the City's employee benefit plans including ASO administration fees, insured premiums, stop loss pooling charges, and EFAP program fees for the City are provided in Table 2 below (all amounts are net of HST recoveries):

Table 2 – Estimated costs for the provision of administrative and underwriting services for the City's and ABC employee benefit plans (net of HST recoveries)

Year (January 1 – December 31)	Green Shield Canada	Manulife		Telus Health	Total
	EHC/Dental/Wellness ASO Fee and Out-of-Country Pooling	LTD: ASO Fee	Insured Premium	EFAP Fee	
2024	\$7,279,179	\$3,317,350	\$12,260,225	\$1,650,282	\$24,507,036
2025	\$8,007,097	\$3,350,523	\$12,628,033	\$1,650,282	\$25,635,934
2026	\$8,807,806	\$3,384,028	\$13,006,874	\$1,650,282	\$26,848,990
2027	\$9,688,587	\$3,417,869	\$13,798,992	\$1,699,790	\$28,605,238
2028	\$10,657,446	\$3,452,047	\$14,639,351	\$1,750,784	\$30,499,628
Five Year Total	\$44,440,114	\$83,255,292		\$8,401,419	\$136,096,826
2029 - Optional Year 1	\$11,936,339	\$3,556,299	\$15,078,531	\$1,803,307	\$32,374,477
2030 - Optional Year 2	\$13,129,973	\$3,663,699	\$15,996,814	\$1,839,374	\$34,629,860

Total Optional Years	\$25,066,312	\$38,295,344	\$3,642,681	\$67,004,337
Total Award	\$69,506,426	\$121,550,636	\$12,044,101	\$203,101,163

*These costs assume an estimated utilization usage increase for Health & Dental Benefits and Consumer Price Index (CPI) increases for insured benefits for each year.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council, at its meeting of March 3, 4, and 5, 2008, approved report number AU6.3 Employee Benefits Review. Following is a link to the report and decision document: <http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-03-03-cc17-dd.pdf>

City Council, at its meeting of June 8 and 9, 2010, approved report number GM31.8 Administration and Underwriting Services for Employee Benefit Plans Agreement – Request for Extension. Following is a link to the report and decision document: <http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=3290>

City Council, at its meeting of May 17, 18, and 19, 2011, approved report GM3.8 Request for Proposal 9105-10-7033 – Provision of Administration and Underwriting Services for Employee Benefit Plans and adopted this item on May 17, 2011, without amendments and without debate. Following is a link to the report and decision documents: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM3.8>

City Council, at its meeting on November 3 and 4, 2015, adopted AU4.1, Management of the City's Long-Term Disability Benefits Phase One: Improving City Management to Address Growing Trends in Long-Term Disability Benefits. Following is a link to the report and decision documents: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU4.1>

City Council, at its meeting on July 12, 13, 14, and 15, 2016, approved report GM13.7, Request for Proposal 9105-16-7020 - Provision of Administrative and Underwriting Services for Employee Benefit Plans and adopted this item on July 12, 2016, without amendments and without debate. Following is a link to the report and decision documents: <https://secure.toronto.ca/council/agenda-item.do?item=2016.GM13.7>

COMMENTS

Issue Background

The City and the Agencies and Corporations which fall under its benefits administration umbrella provide benefits coverage to approximately 37,471 employees and retirees and their spouses and eligible dependents.

The City provides, through its benefits carrier, extended health care, dental care and long-term disability coverage on an Administrative Services Only (ASO) basis. This means that the City is responsible for paying to the carrier the amounts of the benefit claims themselves plus an administration fee to the carrier for adjudicating and paying the claims. In addition, life insurance and accidental death & dismemberment insurance are provided on an insured basis which means that the City is responsible for paying the insurance premiums to the carrier in its capacity as an insurer.

The benefit plans are provided to 27,576 active employees and 9,895 retirees and their spouses and eligible dependents in accordance with the applicable collective agreements and Council-approved policies. The current benefit carriers for the City of Toronto are GSC - Extended Health Care (EHC) and Dental and Wellness Portal; Manulife - Long-Term Disability (LTD) Administration, Group Life Insurance and Accidental Death & Dismemberment (AD&D) Insurance. The Employee Family Assistance Program services are currently limited to City staff and dependents through the City's Occupational Health, Safety & Wellness Division and external supplier Ottawa Family Services.

In 2022, the City and its agencies spent approximately \$ 244.47 million (net of HST recoveries) to provide these benefits for the provision of administrative and underwriting services for employee benefit plans (reference Table 3 below). This includes Administration Services Only (ASO) fees, paid claims, insured premiums, stop loss pooling charges and EFAP expenses (which include the total compensation of six City EFAP staff positions and the third-party EFAP provider expenses).

Table 3 – 2022 Total Spend Net of HST Recoveries

Fee Type	Health, Dental Wellness	LTD	Insured Benefits	EFAP	2022 Total
ASO/Premium	\$5,856,059	\$3,158,011	\$18,269,338	\$982,490	\$28,268,898
Paid Claims	\$169,311,799	\$48,896,614			\$216,208,413
Total	\$175,167,858	\$50,054,625	\$18,269,338	\$982,490	\$244,474,310

The Toronto Police Service Board (TPSB) is responsible for the benefits coverage for the largest municipal police service in Canada, with more than 12,925 employees and retirees, as well as their eligible spouses and dependents. The TPSB provides, through its benefits carriers, extended health care, dental care, and long-term disability on an ASO basis. In addition, life insurance, accidental death & dismemberment insurance, and some retiree benefits are provided on an insured basis. The current benefit carriers for the TPSB are GSC - Extended Health Care (EHC) and Dental and Wellness Portal; Manulife - Long-Term Disability (LTD) Administration, Group Life Insurance and Accidental Death & Dismemberment (AD&D) Insurance; Telus Health – Employee Family Assistant Program.

In 2022, the TPSB spent approximately \$53.6 million (net of HST recoveries) to provide these benefits.

The Toronto Transit Commission (TTC) is responsible for benefits coverage for approximately 15,836 active employees, 8,096 retirees, and their eligible spouses and dependents. The TTC provides, through its benefits carriers, extended health care, dental care, and long-term disability on an ASO basis. In addition, life insurance and accidental death & dismemberment insurance are provided on an insured basis, and an Employee Family Assistance Program with a set fee per employee. The current benefit carriers for TTC: GSC - Extended Health Care (EHC) and Dental and Wellness Portal; Manulife - Long-Term Disability (LTD) Administration, Group Life Insurance and Accidental Death & Dismemberment (AD&D) Insurance; Telus Health – Employee Family Assistant Program

In 2022, the TTC spent approximately \$121.47 million (net of HST recoveries) to provide these benefits.

Procurement Overview

Background: Joint Request for Proposal (RFP) Process

In 2010, the City, the TTC and TPSB undertook the first joint RFP for the provision of administrative and underwriting services for employee benefit plans which resulted in the three (3) Stakeholders awarding the contract for all benefit services to Manulife for the five (5) year period from January 1, 2012 to December 31, 2016. The City, TTC and TPSB conducted this joint RFP based on an Auditor General recommendation from 2008.

In 2015, the City, TPSB and TTC once again embarked on the issuance of a joint RFP for the provision of administrative and underwriting services for employee benefit plans for the 2017 to 2021 period. The resulting RFP, which was released on January 11, 2016, included enhanced requirements from the prior RFP, specifically as it relates to systems, fraud detection controls and reporting, disability management processes, which included the recommendations outlined within the Auditor General's Report

AU4.1 – Management of the City's Long-Term Disability Benefits Phase One: Improving City Management to Address Growing Trends in Long-Term Disability Benefits.

In 2021, City staff established a working team with TPSB and TTC staff to begin the process of issuing a joint Negotiated Request for Proposals (nRFP) for benefits services. The intent was to award a joint nRFP with sufficient time to transition to a new provider, if required, by the expiry of the existing agreements on December 31, 2023.

Given the size and financial impact of the joint nRFP, the team determined that it would be prudent to retain a fairness consultant to oversee the process, including the development of the nRFP documentation and provision of oversight and advice. This ensured that the entire process was carried out in a fair and transparent manner and the Fairness Consultant has provided a report indicating the nRFP process was carried out in accordance with the nRFP, the City's procurement rules, and was fair and reasonable. A copy of the Fairness Monitor's report is included as Attachment 1.

The City selected an nRFP from the more standard types of procurements available (e.g. Contract A RFP, Requestion for Quotation) for the 2022 solicitation, which was structured differently than the previous RFP in 2016. The nRFP allows for greater flexibility and negotiations with the selected proponents. In the 2016 RFP, the intent was to select one supplier to provide administrative and underwriting services for all employee benefits and would be the single provider for all benefit services (Health, Dental and Insured benefits). In order to increase the potential for savings by combining requirements and leveraging the competitive market, the 2022 nRFP was broken into five categories of benefits services: Category A - Health and Dental, Category B – Long Term Disability and Group Life Insurance, Category C – Accidental Death & Dismemberment and In Line Of Duty Death, Category D – Employee Family Assistance Program and Category E – Health and Wellness. Leveraging Purchasing and Materials Management Division's (PMMD) Category Management and Strategic Sourcing (CMSS) team this structure was put in place as a means to consolidate multiple scopes of work across Stakeholders and service providers to seek competitive pricing/lower costs with plan design flexibility and encourage the use of joint ventures and subcontractors, all whilst promoting competition and broadening a pool of competitive bids. Additionally, adopting a negotiation-based sourcing approach provided an opportunity for Stakeholders to discuss avenues to reduce cost and risks as well as identify potential efficiencies. To be noted, though Suppliers were mandated to submit proposals and pricing on a per-category basis, they were also given the opportunity to provide a combined pricing bid (on Categories A & B) which allowed them to secure additional points in the respective evaluation process through improved competitive pricing, with an increased ability to secure a top ranked position in multiple categories. This process was noted in the respective evaluation process of nRFP Ariba Document No. 3518771019 and approved by the Fairness Monitor prior to solicitation.

In the 2016 RFP process, only two (2) companies submitted bids for Health and Dental Benefits, with one (1) submission received for Long Term Disability and Group Life Insurance and Accidental Death and Dismemberment. In the 2022 nRFP, 18 submissions were received (inclusive of one [1] proponent submitting alternate pricing on two [2] categories) from a total seven (7) Suppliers across five (5) categories of scope.

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Based on a unique sourcing approach, the nRFP outlined submission requirements across five (5) categories, along with an opportunity to submit alternative pricing submissions for two (2) categories (A & B), whereby the respective evaluation was performed in a two-envelope process; envelope one contained the technical proposal submission, inclusive of mandatory submissions and technical requirements and envelope two contained the cost of services. The cost of services envelope was only opened for proponents who passed Stages 1 and 2 of the respective evaluation process.

Evaluation Process

The nRFP was issued on August 31st, 2022 and reflected an initial closing date for submissions on October 19th, 2022, whereby at request, an extension was granted for an additional five (5) business days for a closing of October 26th, 2022. 38 Suppliers confirmed to have seen/reviewed the nRFP, 19 of which confirmed an intent to respond, and seven (7) Suppliers which provided submissions across the five (5) respective required categories. Six (6) addenda were released to communicate required updates on the solicitation and provided for a questions and answers period between the Stakeholders and Suppliers. The nRFP included the selection criteria for the evaluation and the solicitation closed on October 26th, 2022 whereby a total of 18* (inclusive of 2 alternate pricing submissions) bids were submitted seven (7) Suppliers.

P1 Consulting Inc. was retained in July 2022 through a separate procurement process to perform fairness monitoring services and provide an independent attestation on the nRFP procurement process. Their mandate was to review and monitor the bid documents and communications, provide advice on best practices, review and monitor the evaluation and decision-making processes that are associated with the nRFP to ensure fairness, equity, objectivity, transparency, and adequate documentation throughout the evaluation process.

A formal evaluation committee was established for the purpose of reviewing responses received from the seven (7) Suppliers. The proposals were evaluated in compliance with the criteria set out in the nRFP.

The evaluation process described in the nRFP consisted of three (3) stages, and each of the proposals were evaluated against its respective category criteria prescribed in Part 4 - Form B Technical Proposal and Qualifications Form, Appendix B. The evaluation of Bids, per category, were completed as per the stages stated below;

- Stage 1 - Mandatory Submission Requirements
- Stage 2A - Mandatory Technical Requirements
- Stage 2B - Rated Evaluation, Technical proposal
- Stage 2C - Rated Evaluation, Interview/Presentation (if required)
- Stage 3 - Pricing and ranking
- Stage 4 – Contract Negotiations

Stage 1 Mandatory Submission Requirements was accepted on a pass/fail basis and mandated that Suppliers had to provide submissions by the closing time through the City's online procurement system, with the appropriate bid submission form, technical proposal and qualification forms, pricing form and which satisfied all mandatory technical submission requirements. Suppliers failing to satisfy the requirements of Stage 1 were given an opportunity to rectify any deficiencies. All proponents successfully proceeded to Stage 2, which was further subdivided as follows:

Stage 2A Mandatory Technical Requirements consisted of proposals satisfying the requirements of Stage 1 which were then evaluated in Stage 2A on a pass/fail basis. Compliance reviews of Mandatory Technical Requirements were conducted by evaluators and of the proposals received. Only proponents satisfying requirements of both Stages 1 and 2A, proceeded to have their technical proposals rated by the respective evaluation teams.

Stage 2B Rated Evaluation, Technical Proposal, consisted of a maximum scoring grade of 120 points for Categories A & B, and for Categories C, D & E, a maximum scoring grade of 75 points on the basis of the rated criteria set out in the nRFP. Evaluators first scored proposals independently, then convened as a group for discussion on criteria, and using a hybrid approach of both the average and consensus methods finalized scores in their respective categories for this stage.

Only proponents meeting a minimum technical threshold of 75% from Stage 2B could advance to either Stage 2C – Rated Evaluation, Interview / Presentation and/or Stage 3 – Pricing and Ranking. To clarify, all proponents meeting or exceeding this minimum threshold were pushed forward through to the next stage. As specified in the nRFP, should a category have less than three (3) proponents meeting the required minimum of 75% in Stage 2B, only then, and at Stakeholder's discretion, did they reserve the right to decrease the threshold in the amount of a 5% decrement (with no score less than 70%) to ensure up to a minimum three (3) proponents per category were qualified to proceed to either Stage 2C (if required), or Stage 3.

Furthermore, once the committee finalized the scores for Stage 2B, they had the discretionary right to elect to move forward with Stage 2C – Rated Evaluation, Interview / Presentation, if required. In cases where the selection committee chose to waive the following Stage 2C, proponents meeting the approved thresholds proceeded to Stage 3 – Pricing and Ranking.

Proponents meeting their category technical minimum thresholds proceeded to either Stage 2C – Interview / Presentation and/or Stage 3 – Pricing and Ranking.

Stage 2C Rated Evaluation, Interview/Presentation, Stakeholders only elected to exercise Stage 2C for the following categories:

- Category A – Health and Dental,
- Category B – Long Term Disability and Group Life Insurance, and
- Category E – Health and Wellness

Proponents satisfying the requirements of Stage 2B for Categories C & D proceeded to Stage 3.

During the interview/presentation, proponents were able to provide important aspects of their proposal which allowed them to respond to evaluator questions (if any).

Proponents were expected to address the major elements of their bid to provide clarification and to allow the selection committee to ask questions of the key representatives of the proponents proposed team, so as to validate and make final adjustments to the evaluations. This process was not scored, however used as a mechanism to review, revise and refine scoring of the provided proposal content.

Once interviews concluded, evaluators worked independently to review, revise and refine their scores, then convened as a group for discussion on criteria, and using a hybrid approach of both the average and consensus methods finalized scores in their respective categories for this stage.

Only proponents scoring a minimum of 75% from Stages 2A, 2B and 2C could advance to Stage 3 – Pricing and Ranking. To clarify, ALL proponents meeting or exceeding a minimum of 75% from Stage 2 progressed to Stage 3 – Pricing and Ranking. Should a category have less than (3) proponents meeting the required minimum of 75% in Stage 2, only then would Stakeholders at their sole discretion, reserve the right to decrease the threshold in the amount of a 5% decrement (with no score less than 70%) to ensure up to a minimum three (3) proponents per category are qualified to proceed to Stage 3.

After conducting Stage 2C, no proponent was declared unsuccessful in this stage of the evaluation process.

Stage 3 Pricing and Ranking, the cost of services envelope was only opened for proponents which passed Stages 1 and 2. Stage 3 consisted of a maximum scoring grade of 40 points for Categories A & B, and for Categories C, D & E, a maximum scoring grade of 25 points, whereby Supplier pricing points were determined based on a relative pricing formula using the rates set out in the Pricing Form. To clarify, the lowest bid per its category received the highest score allocated for this stage and all other proponents' proposals in that category were pro-rated against the highest-scoring Supplier's proposal accordingly. Supplier pricing submissions were calculated by CMSS, and then verified and reaffirmed by all Stakeholder leads. Following stakeholder alignment, the top-ranked proponents for each category are as follows:

Category A: Health and Dental - Green Shield Canada

Category B: Long Term Disability and Group Life Insurance - Manulife Financial

Category C: Accidental Death and Dismemberment and In Line of Duty Death - Manulife Financial

Category D: Employee Family Assistance Program - Telus Health Solutions Inc.

Category E: Health and Wellness Programs - Green Shield Canada

Stage 4 Contract Negotiations were held with three (3) proponents across five (5) required categories of services. As a direct result of these negotiations, the City was able to achieve the following:

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Category A: Health and Dental - Green Shield Canada

- Reduction on ASO rates
- Extension on Pricing Terms

Category B: Long Term Disability and Group Life Insurance - Manulife Financial

- Extension on Pricing Terms for ASO fees
- Reduction on ASO rates for City of Toronto and Toronto Transit Commission
- Pricing stability over a five-year period for LTD ASO Fee
- Pricing stability over a three-year period for GLI

Category C: Accidental Death and Dismemberment and In Line of Duty Death - Manulife Financial

- Pricing stability over a three-year period

Category D: Employee Family Assistance Program - Telus Health Solutions Inc.

For City of Toronto, Toronto Police Service Board and Toronto Transit Commission – Pricing stability over a three-year period

All Stakeholders will now have full access to LifeWorks platform and full suite of WorkLife Services (inclusive of self-directed tools, newsfeed, support and resources (from legal, financial, nutrition, childcare, eldercare, etc.), perks and more

Category E: Health and Wellness Programs - Green Shield Canada

- Extension on Pricing Terms
- Core services provided at \$0.00 charge on successful award of Green Shield Canada for Category A: Health and Dental

Based on the above outcomes, the following proponents are being recommended for award, and contracts are to be issued reflecting budgetary amounts and their respective terms as outlined in Attachment 2 – Contract Funding Amounts.

Proponent's scores by criteria, financial comparison and staff analysis of the evaluation results can be provided in an in-camera presentation if requested by Committee members.

The Fair Wage Office has reported that the recommended firms have indicated that they reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

Next Steps

Following council approval, the selected benefits providers will continue to and/or transition into providing benefits as follows;

Transition – Categories A and E Services:

Green Shield Canada, is the existing benefits provider for the City of Toronto's Categories B and E Services, as such, there will be no transition requirement for these benefits

Transition – Categories B and C Services:

Manulife is the existing benefits provider for the City of Toronto's Categories B and C Services, as such, there will be no transition requirement for these benefits.

Transition – Category D Services:

Transition plans of Category D services to the recommended supplier, Telus Health, will commence immediately following Council approval. Due to the length of the nRFP process, the transition period has been significantly reduced.

TEAM (Toronto Employee and Manager) Central will continue to support City staff queries related to their benefit coverage including inquiries on the new category of service and its supplier.

CONTACT

La-Verne Georgiadis, Manager, Policy and Program Management, Pension, Payroll and Benefits Division. Phone: 416-392-3901, email: la-verne.georgiadis@toronto.ca

David Bishay, Manager, Category Management and Strategic Sourcing, Purchasing and Materials Management Division. Phone: 416-392-7486, email: david.bishay@toronto.ca

SIGNATURE

Geneviève Sharkey
Chief Procurement Officer

Andrew Flynn
Controller

ATTACHMENTS

Attachment 1 – Fairness Monitor's Report
Attachment 2 – Contract Funding Amounts.