



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** January 24, 2017

**TO:** Mayor and Councilmembers

**FROM:** Human Resources, Administrative Services Department

**SUBJECT:** Approval of Benefits Administration Contract

### **RECOMMENDATION:**

That Council Authorize the City Administrator to enter into a three and one half year agreement with Businessolver.com, Inc. for employee benefits administration services effective January 1, 2017.

### **DISCUSSION:**

Recently, in an effort to improve the employee benefits administration process, a request for proposals was completed to consider alternate benefits administration vendors. The City had previously contracted for benefits administration services with Empyrean Benefit Solutions since January 2013. Contract benefits administration includes on-going processing of benefits transactions for employees and retirees; weekly carrier eligibility file updates; monthly consolidated premium accounting; monthly carrier premium distribution and reporting; a web application site for employee and retiree plan elections and data history; and COBRA (continuation health insurance coverage) administration.

Staff reviewed proposals and viewed demonstrations from selected vendors. Staff found that Businessolver.com, Inc. (Businessolver) offers a robust system that best meets the City's benefits administration requirements. Due to a very short timeline prior to the 2017 benefits open enrollment period, staff entered into a Letter of Intent with Businessolver in December of 2016, in order to begin the transition process for a January 1, 2017 effective date.

The contract with Businessolver contains three main cost elements:

- A one-time fee for implementation services of \$16,000, which includes Fall 2016 open enrollment costs;
- A monthly fee of \$8.34 for each enrolled employee and retiree; the same fee that was charged by the previous administrator (this fee is included in employee health premiums); and

- Open enrollment costs for future benefit years of \$1.50 per enrollment worksheet and retiree confirmation form.

The initial agreement term is for three and one half years, expiring on July 1, 2020.

**BUDGET/FINANCIAL INFORMATION:**

No additional appropriations are needed. As indicated in the September 27, 2016 report to Council for adoption of the 2017 benefit plans, the monthly benefits administration fee of \$8.34 per enrolled employee or retiree was built into the medical premium rates to cover the monthly costs associated with these services. The \$16,000 implementation costs have been paid for by Blue Shield of California as part of a wellness credit established when City's medical plans were transitioned to Blue Shield of California on January 1, 2016. Cost for future open enrollment periods will be included in the next two year budget cycle.

A copy of the agreement is available for public review in the City Clerk's Office.

**PREPARED BY:** Karla Torres, Benefits Analyst

**SUBMITTED BY:** Kristine Schmidt, Administrative Services Director

**APPROVED BY:** City Administrator's Office