



PORT OF TACOMA COMMISSION

CONSENT AGENDA

Item No. 6D

Date of Meeting: May 20, 2021

DATE: May 7, 2021

TO: Port of Tacoma Commission

FROM: Eric Johnson, Executive Director

Sponsor: Jean West, Chief Human Resources Officer

SUBJECT: Benefit Vendor Contracts

A. ACTION REQUESTED

Commission ratification of three current benefits vendor contracts: First Choice Health Administrators, Reliastar Life Insurance Company and Regence Blue Shield. Upon approval, a memorandum documenting the Commission's ratification action will be retained with each contract.

B. SYNOPSIS

The Port contracts with a variety of benefits vendors to provide and administer a comprehensive package of benefits package for our employees. We have historically approved budgets for these vendors through the budgeting process

At staff's request, the Port's General Counsel recently reviewed these practices against the Master Policy and concluded that any vendor benefit contract which exceeds \$300,000 needs to be approved by the Commission.

Based on this recommendation, staff reviewed its current benefits vendor contracts and identified three approved with the budget that should have been approved by the Commission, as detailed below. Since these contracts are already in force, Commission ratification for these three agreements is requested. Future vendor benefit contracts exceeding the \$300,000 threshold will be brought before the Commission for approval.

First Choice Health Administrators:

The Port entered an agreement on April 1, 2019 with First Choice to administer the Port's self-insured medical plan. The agreement provided for two years with three one-year options to extend. The first two years were authorized under the Executive Director's delegation. In April 2021, the Port exercised the first of three one-year extensions through the Executive Director. Although the total contract cost will not exceed \$300,000, the contract specified Commission authorization was required for approval of extensions. The cost for April 1, 2021 thru March 31, 2022 is projected to be \$90,600.

Reliastar Life Insurance Company:

Reliastar provides individual and aggregate stop loss insurance for our self-insured medical plan:

Individual stop loss insurance pays claims costs when individual claims exceeds \$135,000.

Aggregate stop loss provides protection for a group's overall claims costs and caps the employer's liability for the entire group. Underwriting projects a group's future expected claims by using such factors as historical claims experience, inflationary trend, and enrollment/migration adjustments to generate an expected claims cost. From the expected claims cost, a corridor (typically 25%) is applied to develop a maximum claims factor (i.e. 125% of expected claims). Aggregate stop loss insurance pays when overall claims exceed the projected maximum claims factor. The Port enters agreements annually for this service.

The premium for the April 1, 2021 through March 30, 2022 plan year is \$661,462 and is billed through First Choice Health Administrators.

Regence Blue Shield:

The Terminal Security Officers have medical coverage through a fully insured plan provided by Regence Blue Shield. These premium costs are reimbursed by SSA. The current plan year of February 1, 2021 through January 31, 2022 is the first year where premiums have exceeded \$300,000. Total premiums for current plan year is estimated to be \$347,546. The Port enters agreements annually for this service.

C. BACKGROUND

At staff's request, the Port's General Counsel reviewed the Port's Master Policy Resolution (MPR) and has determined that neither state law nor Port policy exempt benefit vendor contracts from the MPR requirements for delegated authority for Commission approval and review of personal or

professional services contracts. As a class formally waived from the competitive solicitation process by Resolution 2010-15, the MPR authorizes the Executive Director to approve benefit vendor contracts totaling less than \$300,000. Consequently, a benefit vendor contract exceeding \$300,000 must be approved by a vote of the Commission in public session. Similarly, any amendment to a benefit vendor contract originally totaling less than \$300,000 must be approved by a vote of the Commission and subject to public inspection if the cumulative contract amount will exceed \$300,000 once amended.

D. SUMMARY OF CHANGES

Commission ratification of three current benefits vendor contracts: First Choice Health Administrators, Reliastar Life Insurance Company and Regence Blue Shield.

E. FINANCIAL IMPACT

The costs of the three contracts are as follows:

Vendor	Contract/ Policy Number	Contract Period	Cost
First Choice Administrators	071133	Apr 1, 2021 thru Mar 31, 2022	\$90,600
Reliastar Life Insurance Company	66606-08	Apr 1, 2021 thru Mar 31, 2022	\$661,462
Regence Blue Shield	071137	Feb 1, 2021 thru Jan 31, 2022	\$347,546