



April 11, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Amendment to Agreement for Health Insurance Brokerage Services

Overview

On April 1, 2016, the Orange County Transportation Authority entered into an agreement with Burnham Benefits Insurance Services to assist the Human Resources Department in placing health benefits coverage for the administrative staff, as well as the parts clerks and facilities technicians represented by the Transportation Communications International Union. In order to address concerns regarding timeliness of coverage, premium payments, ability to waive coverage, and audit provisions, the Orange County Transportation Authority has assumed responsibility for the administration of health and life insurance benefits for coach operators beginning July 1, 2018. An amendment to the existing agreement is needed for Burnham Benefits Insurance Services to place health benefits coverage for coach operators and to extend the contract through March 31, 2020.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement C-5-3799 between the Orange County Transportation Authority and Burnham Benefits Insurance Services in the amount of \$192,500, for additional brokerage services for coach operator employee benefits, and to extend the current agreement term for an additional 12 months through March 31, 2020. This will increase the maximum obligation of the agreement to a total contract value of \$403,500.

Discussion

On April 1, 2016, the Orange County Transportation Authority (OCTA) selected Burnham Benefits Insurance Services (Burnham) as the broker of record to assist the Human Resources Department to implement and maintain OCTA's

benefit program for its administrative and Transportation International Communications Union (TCU) employees.

In addition to marketing and placing coverage, Burnham provides the following services: assists OCTA in developing comprehensive, cost-effective health and welfare programs; provides educational and informational meetings to employees; assists OCTA in resolving any insurance carrier issues; assists OCTA in enhancing Employee Wellness Program; keeps OCTA management informed of new legislation that may affect OCTA and assists in the implementation process of the new legislation; performs research and analysis as requested; develops benefit communication materials for employees; and assists in many aspects of open enrollment.

OCTA will assume the administration of employee benefits for coach operators in order to address concerns regarding timeliness of coverage, premium payments, ability to waive coverage, and audit provisions. An amendment to the existing agreement with Burnham is needed to provide the same insurance brokerage services for coach operator employees. The additional service provided by Burnham will also include a call center to address insurance questions, including claim and coverage issues specifically for coach operators. Staff recommends extending the term of Burnham's contract through March 31, 2020 so that the contract will include a full year of the additional new services. There will be no changes to the insurance brokerage services provided by Burnham for administrative and TCU employees.

Procurement Approach

This procurement was originally handled in accordance with OCTA Board of Directors (Board)-approved procedures for professional and technical services. The original agreement was awarded by the Contracts Administration and Materials Management (Camm) Department for a three-year term, in the amount of \$210,000 on a firm-fixed price basis. Camm has issued two amendments as described in Attachment A. The term of the agreement is through March 31, 2019. It has become necessary to amend the current agreement for additional services and to extend the agreement term to March 31, 2020.

Staff requested a price proposal from Burnham to provide the additional services. The proposal was reviewed by OCTA staff and it was found to be fair and reasonable for the work to be performed as the rates proposed by Burnham to provide health insurance brokerage services for coach operators are consistent with the rates OCTA pays for administrative employees. Amending the agreement will increase the maximum cumulative payment obligation by \$192,500, bringing the total contract value to \$403,500.

Fiscal Impact

The costs for additional health insurance brokerage health care benefits are included in the OCTA Fiscal Year 2018-19 Budget for coach operator benefits, which was previously paid to Teamsters/Labor Alliance. The request for additional contract authority has no fiscal impact; no additional budget authorization is needed.

Summary

Staff is recommending the Board authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-5-3799 with Burnham Benefits Insurance Services, in the amount of \$192,500, thereby increasing the total contract value to \$403,500, and to extend the current term of the agreement for an additional 12 months through March 31, 2020, for health insurance brokerage services.

Attachment

- A. Burnham Benefits Insurance Services, Agreement C-5-3799 Fact Sheet

Prepared by:



Bea Maselli
Section Manager, Benefits
714-560-5825

Approved by:



Karen DeCrescenzo
Human Resources Manager,
Human Resources and Organizational
Development
714-560-5547



Virginia Abadessa
Director, Contracts Administration and
Materials Management
714-560-5623