

Date of Action:	
Approved <input checked="" type="checkbox"/>	Denied <input type="checkbox"/>
By: <i>K. Smith</i>	

CITY COUNCIL ACTION MEMORANDUM

AM No. 14-15: Awarding a three (3) year contract to Combs Insurance Agency, Inc. in the amount of \$108,000 for Employee Benefits Consulting/Brokerage Services.

Originator: April Dwyer, Purchasing/Contracting Officer
 Date: 4/30/2014 Agenda of: 5/12/2014

Route to:	Department Head	Signature	Date
X	Chief of Police	<i>Bill Balder</i>	5/5/14
X	Public Works Director	<i>[Signature]</i>	4/30/14
X	Recreation & Cultural Services Director	<i>[Signature]</i>	4-30-14
X	Finance Director	<i>[Signature]</i>	4-30-14
X	Deputy Administrator	<i>[Signature]</i>	5/12/14
X	City Clerk	<i>K. Smith</i>	5/16/14

Reviewed by Mayor Verne E. Rupright: *Verne Rupright*

Fiscal Impact: yes or no Funds Available: yes or no

Account name/number/amount:

Purchased Services – Insurance xxx-xxxx-xxx-50-20 (multiple accounts) \$108,000

Attachments: Excerpt from Combs Insurance Agency Proposal (13 pages)
 Combs Insurance Agency Cost Proposal (1 Page)

Summary Statement: In accordance with WMC 5.08.120, on February 28, 2014, the City of Wasilla issued Request for Proposal 0228-1-2014/AD for Employee Benefits Consulting/Brokerage Services. The objective is to secure a broker that will seek the best benefits and rates for the City, and serve as an independent focal point for all employee benefits and health insurance related matters.

On April 14, 2014 two proposals were received; from Alaska USA Insurance Brokers and Combs Insurance Agency, Inc. The proposal from Alaska USA Insurance Brokers was deemed non-responsive as it was missing the required Proposal Certification form (Attachment D), the Certification of Indemnification and Compliance form (Attachment A), and the acknowledgement of the addendum issued.

The fee proposed by Combs Insurance Agency, Inc. is net of commission (i.e., if the broker presented insurance carrier chosen by the City pays a commission, that amount will be deducted from the amount due by the City to Combs Insurance. The city's current broker is Combs

Insurance Agency. The fee proposed will not increase with this contract award, nor will it increase over the second and third year term.

Staff Recommendation: Adopt AM No. 14-15.



April 11, 2014

April Dwyer, Purchasing Officer
City of Wasilla
290 E Herning Avenue
Wasilla, AK 99654

Re: Request for Proposal #0228-1-2014/AD
Narrative/Technical and Cost Proposal
Employee Benefits Consulting/Brokerage Services

Dear Ms. Dwyer,

Please find enclosed our written response to your request for proposals – Employee benefits consulting/brokerage services. We certainly hope that you find the submission informative and qualifying for your consideration.

As an authorized representative of Combs Insurance Agency, Inc. I am requesting that you select our firm to represent the City of Wasilla as your broker providing employee benefits consulting/brokerage services. Our firm will provide all of the services as outlined in your solicitation dated February 28, 2014 including those described in sections 3. – 3.15 using our dedicated and licensed staff.

We have been providing property & casualty insurance along with employee benefits insurance and risk management services since 1967 including municipal exposures for the following governmental agencies:

City of Wasilla (2008 to current)
Lower Kuskokwim School District (2002 to current),
Lower Yukon School District (2002 to current),
Lake & Peninsula School District (2002 to current),
Aleutian Region School District (2005 to current).
Northwest Arctic Borough School District (2009 to current)
Denali Borough School District (2013 to current)

Several of the largest employers in the Matanuska Susitna Valley rely on our firm for their insurance broker services, including:

Matanuska Telephone Association, Inc. (1980 to current),
Mat-Su Services for Children & Adults, Inc. (1993 to current),
Mat-Su Health Services, Inc. (1995 to current)
Alaska Family Services, Inc. (1997 to current)
Alaska State Fair, Inc. (1978 to current)

Not only are they some of the larger businesses but they also offer some of the most complex and variety of exposures for risk analysis and required services.

We offer a fully trained and knowledgeable staff that have embraced the continuing education requirements of our firm and of the State Division of Insurance. We enjoy the following certified personnel within our employ:

One: Certified Risk Manager/Certified Insurance Counselor (CRM/CIC)
One: Certified Insurance Service Representative/Human Resource
Management Certificate (CISR/HRM)
Three: Certified Insurance Counselors (CIC)
One: Certified Insurance Service Representatives (CISR)
One: Human Resource Management Certificate/Fundamentals of Payroll
Certificate (HRM/FPC)

Seven of ten employees have engaged in exceeded standard educational requirements of our industry as a commitment to excellent service.

I will personally supervise and manage this account from our Palmer office. I offer over 40 years of experience in the insurance industry, most of which involved the analysis and placement of complex insurance accounts such as yours. I look forward to continuing our long term mutually satisfying relationship with the City of Wasilla.

Sincerely,



Michael F. Combs, CIC, CRM
President
(907) 745-2144
(FAX) 745-7275
mike@combsinsurance.com

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4. Statement of qualifications.

4.2 Name of firm and brief company history.

Combs Insurance Agency, Inc.

341 South Alaska Street

Palmer, AK 99645

Telephone: (907) 745-2144

Facsimile: (907) 745-7275

Website: <http://www.combsinsurance.com>

History

Combs Insurance Agency was founded in 1967 by Earl & Mary Combs. In 1977 Combs Insurance Agency was incorporated in the State of Alaska. During the 47 plus years since we began offering insurance services to the Matanuska Susitna Borough we have grown to become one of the largest insurance firm in the valley providing all available commercial insurance including the corresponding risk management services along with primary and self funded employee benefits coverage.

At Combs Insurance we focus on the clients needs, not ours. We have integrated into the community over the last 47 years, knowing our clients personally while working with them to make the most appropriate risk management decisions.

Our area of expertise encompasses governmental entities including municipalities, school districts, village organizations, as well as public/private utilities, construction contractors, retail & wholesale operations and the entertainment industry.

Combs Insurance has been providing group medical including dental and prescription drug programs for private and governmental clients in Alaska since 1980. Since being selected as their broker in 2006 we have provide group supplemental medical indemnity coverage for the 400+ Emergency Responders of the Matanuska Susitna Borough, Inc. We have provided full employee benefit services including medical, dental, vision, audio and life insurance to the City of Wasilla since 2008 and the Lower Kuskokwim and Lower Yukon School District since 2013. We have numerous private companies including Alaska Family Services, Inc., the Alaska State Fair, Inc. and Alaska Roteq Corporation that have been clients for employee benefit services for over ten years.

(Rider #3, TAB 4) Organization chart

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4.2. continued.

Our key corporate officers and owners are as follows:

Michael F. Combs, President	Major stockholder.
Aaron E. (Ron) Combs, Vice President	Major stockholder.
Cheryl R. Combs, Secretary/Treasurer	Minor stockholder.
Tamara M. Combs, Director	Minor stockholder.
David H. Combs, Director	Minor stockholder
Valerie A. Saunders (not active)	Minor stockholder

4.3. Proof of appropriate licensing and insurance coverage.

Principals and support staff licenses:

Combs Insurance Agency, Inc. was incorporated in the State of Alaska on May 12, 1967

Combs Insurance operates under Wasilla license # 14 00000205.

Matanuska Susitna Borough license # MLB-05969.

State of Alaska license # 7758

Individual licenses are issued to the following personnel:

Michael F. Combs	03445
Aaron E. Combs, Jr.	03448
Cheryl R. Combs	04021
Tamara M. Combs	19599
Kathy L. Jackson	34504
Melissa J. Haxton	60408
Melissa A. Visker	65569

(Rider #4, TAB 5) Licenses

Attached are insurance coverage certificates as described in the specifications under

8.20. and Attachment E—Contract, Section 15. as corrected in Addendum #1.

The certificates include information on all required liability, workers compensation and professional liability as described.

(Rider #5, TAB 6) Certificate of insurance

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4.4 Relevant experience.

We continually monitor our clients program for insurance and they receive hands on expertise, including but not limited to:

- ◆ We evaluate the selection process for employee benefit programs regarding coverage, policy provisions, deductibles, co-payments and out-of-pocket expenses,
- ◆ We assist in the benefit plan design to help contain costs and maximize benefit effectiveness,
- ◆ We annually review the existing benefit program and provide comments and suggestions regarding areas of concern and potential improvement, including future compliance,
- ◆ We assist with claims problems including administration issues,
- ◆ We review deductible/retention programs in an effort to formulate the most cost effective approach for your program, without benefit sacrifice,
- ◆ We monitor claims administration, including negotiation of loss settlements for members if benefits are not being processed properly,
- ◆ We provide daily administration, such as Plan document and Summary of Benefits and Coverage booklet review,
- ◆ We stay up to date and informed on current legislative issues that directly relate and affect client employment issues and insurance benefits in Alaska,
- ◆ We offer assistance with employee enrollment processes, including routine plan administration,
- ◆ We provide assistance with questions or concerns regarding federal regulations and state laws relating to employment practices,
- ◆ We currently provide an internet connection portal “**Combs Connect**” and “**HR Connection**” that allows the City administration and authorized employees access to a limitless buffet of risk management documents, surveys, brochures, training and informational tools for their use 24 hours a day, 365 days a year. These services are at no additional cost to the City,
- ◆ We provide risk management services upon request in the area of Employment Practices which include comprehensive compliance reviews relating to:

ADA (Americans with Disabilities Act)

COBRA (consolidated omnibus budget reconciliation act)

FMLA (family and medical leave act)

HIPAA (health insurance portability and accountability act)

IRC Section 105 and 125 applicable to plan programs.

OSHA (occupational health and safety administration)

(Rider #6, TAB 7) Compliance services

Combs Insurance Agency, Inc.

4.4 Relevant experience, continued.

The services described have been implemented with the following clients during the submission, evaluation and processing of their employee group medical, dental, vision, employee assistance, life and disability programs. This includes the placement of Stop Loss Insurance Coverage for excess claims protection and Third Party Administrator selections for claims and loss analysis processing.

Alaska Family Services, Inc.	Medical, Dental, Vision, Audio, Life
Alaska Roteq Corporation	All welfare benefit plans.
City of Wasilla	Medical, Dental, Vision, Audio, Life.
Lower Kuskokwim School District	All welfare benefit plans, except STD.
Lower Yukon School District	All welfare benefit plans, except STD.
Matanuska Susitna Borough, Inc.	Supplemental medical indemnity plans.

Welfare benefit plans, include medical, dental, vision, audio, life & accident death, short term (STD) and long term disability. Self funded plans include the purchase of Stop Loss insurance in excess over the assumed retention and selection of the Third Party Administrator for claims services and statistical compilation.

4.5 List available staff and resources assigned to the City.

The list includes the following dedicated personnel:

Michael F. Combs, CIC, CRM Primary Day to Day contact.
40 years experience, 34 with employee benefit accounts.

Melissa A. Visker, Secondary Day to Day contact.
7 years experience, 7 with employee benefit accounts.

Judy D. Berberich, Primary Contact regarding
informational source processes of the
Combs Connect and HR Connection Portals.

Account Team and Resumes'

(Rider #7, TAB 8) Account team/resumes'

4.6 Experience in all key component areas of consulting performance.

Michael F. Combs, CIC, CRM has over 34 years experience with employee benefit accounts. He has received extensive training through classroom instruction involving employment practices regulations and laws. Training included general compliance techniques involving Open Enrollment, ADA, COBRA, EEOC, FMLA, FLSA, Section 125, Section 105, Sexual Harassment, OSHA, HIPAA and Employee Operations and Personnel Manuals.

Complete research and support services are augmented by **Combs Connect** and **HR Connection** Portals that are shared with the City of Wasilla. The information available through this portal is current, legally researched and timely to the current topics being faced by employee benefit and human resource departments.

Combs Insurance requires all employees, including the owners to attend a minimum of 20 hours of continuing education training each year. This is 40% higher than required by the Division of Insurance to maintain their insurance license. Our knowledge is shared with our wide scope of clients as a value added benefit of our insurance brokerage services.

Melissa A. Visker has over 7 years experience with employee benefit accounts. She has received extensive training through classroom instruction involving employment practices Regulations and laws. Training included general compliance techniques involving Open Enrollment, ADA, COBRA, EEOC, FMLA, FLSA, Section 125, Section 105, Sexual Harassment, OSHA, HIPAA and Employee Operations and Personnel Manuals.

Judy D. Berberich is responsible for Zywave training and implementation of Zywave resource tools including Broker Briefcase (Combs Connect), AMC, HR Connections. Client training in deployment of risk management and human resource portal access to help manage OSHA Compliance, Workplace Policies and Forms, Industry Exposures, Safety Program Development and Maintenance, and Employee Benefits Administration.

She received her Broker Briefcase Partner Certification in December, 2013 and completed Zywave partner training courses in both **Combs Connect** and **HR Connections** database support. She has passed licensing test for Alaska Life and Accident and Health Insurance and is waiting license processing.

4.7 Size of staff in south central Alaska area office.

Combs Insurance has 10 employees to effectively service all clients needs. Exclusive operations for the City of Wasilla will be managed at our Palmer location at 341 S Alaska Street . We have designated the full-time key personnel listed above in **4.5** to be assigned to the City's team.

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***4.8 Experience during the past five years working with state, borough,
and local government.***

We have been providing the following contract services to these Alaskan Municipal and School District Agencies during the past five years.

Lower Kuskokwim School District	Contract Services
2002 to present:	Full Property/Casualty including accident medical insurance.
2013 to present:	Full Welfare Benefit plans except Short Term Disability.
# of employees:	850
Estimated maximum cost:	\$10,790,000.00 for 2013/2014 plan year.
Contact:	Blair Alden, Business Manager
Telephone:	(907) 543-4820
E-mail:	blair_alden@lksd.org

Lower Yukon School District	Contract Services
2002 to present:	Full Property/Casualty including accident medical insurance.
2013 to present:	Full Welfare Benefit plans except Short Term Disability.
# of employees:	420
Estimated maximum cost:	\$7,820,000.00 for 2013/2014 plan year.
Contact:	Jenny Martens, Director of Budget & Finance
Telephone:	(907) 591-2411
E-mail:	jmartens@loweryukon.org

City of Wasilla	Contract Services
2008 to present:	Full Property/Casualty insurance.
2008 to present:	Full Welfare Benefit plans except Short & Long Term Disability.
# of employees:	115
Estimated maximum cost:	\$2,650,000.00 for 2013/2014 plan year.
Contact:	Troy Tankersley, Finance Director
Telephone:	(907) 373-9084
E-mail:	ttankersley@ci.wasilla.ak.us

Matanuska Susitna Borough, Inc.	Contract Services
2006 to present:	Supplemental Indemnity Medical insurance.
# of employees:	400 Volunteer Emergency Responders
Estimated annual cost:	\$256,000.00 for 2013/2014 policy term.
Contact:	Lisa Reeves, Benefits Specialist
Telephone:	(907) 861-8504
E-mail:	lisa.reeves@mtasugov.us

4.10 Provide a list of carriers that we would approach by line for quoting the City of Wasilla's coverage.

Combs Insurance has a strong presence in the insurance community. Underwriters know that we represent the client's interest in the marketplace. They respect our complete and thorough submissions and welcome the opportunity to work on our insurance business. This approach to maintaining these underwriting partnerships has allowed Combs Insurance to deliver superior results for our clients even during difficult times.

Combs Insurance continues to develop relationships with the following markets, including but not limited to:

Insurance Market	Lines of insurance coverage
ACE American Insurance Company	Stop Loss
AETNA Insurance Company	All lines
Alaska Public Entity Insurance	Accident/Travel Medical
American Alternative Insurance	Stop Loss
American International Group	Accident/Travel Medical
Assurant Health (John Alden)	All lines
Berkley Insurance Company	Stop Loss
Blue Cross/Blue Shield (Premera)	All lines
HCC Life Insurance	Stop Loss
Humana	Dental
Integrity Administrators	Third Party Administrator
Lifewise Assurance Company	Stop Loss
Magellan	Employee Assistance Programs
Meritain Health	Third Party Administrator
MODA Health	All lines
OPTUM Health	Stop Loss
Symetra Financial	Life, Disability, Supplemental, Stop Loss
USABLE Life Insurance	Life, Disability
United Health Care	All lines
UNUM Provident	Life, Disability
Vision Service Plan (VSP)	Vision
Westport Insurance Corp.	Stop Loss

"All lines" includes Stop Loss and Third Party Administration

Due to relationships with general agents, we have virtually unlimited access to every insurance market in Alaska. The current list of markets used by the City of Wasilla are under active assignment to Combs Insurance.

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4.11 Anticipated problems with the implementation of the current program.

Combs Insurance has continually been updated and kept informed of the City of Wasilla insurance program since we began servicing your account in 2008. We have met with the City continually during the year to discuss changes that will have to occur to maintain compliance with the Affordable Care Act as well as desired changes to the plan for ease of administration. The plan document is scheduled for a few minor changes to adhere to the compliance requirements effective January 1, 2014. These changes can be made in the due course of the renewal process.

By keeping in touch with the City and the insurance market for this critical employee benefit we were able to change from a fully insured plan ending on June 30, 2011 to a partially self funded insurance plan. The renewal offered from the AETNA Political Subdivision pool was marked for a 45% increase in rates over the 2010 plan. We worked feverishly with the City to secure and implement a partially self-funded plan in the short time prior to the July 1, 2011 effective date.

The renewal offer from the AETNA Political Subdivision pool was quoted at \$2,229,084.00 for the annual premium. The partially self-funded plan including the maximum exposure was secured at \$1,887,437.00 annual estimated cost.

The 2012 partially self-funded plan was secured at a maximum cost of \$2,281,765.00 an 18% increase from the prior year. Using this same 18% increase the AETNA plan would have come in at \$2,630,319.00. For 2013 the numbers increase for the self-funded plan to \$2,650,193.00 a 15% increase. Again using this same increase for the AETNA plan the cost could have been \$3,051,117.00.

The actual cost for the self-funded plan of the City is less than the amount listed due to lower than expected costs for the City's portion of the expense but with the self-funded program, the savings are kept by the City instead of by the insurance company AETNA.

Overall the minimum three year savings by moving to the self-funded plan against the potential AETNA cost to the City was over **\$1,000,000.00** See Rider #6.

	AETNA	City Partially Self Funded
2011	\$2,229,084.	\$1,887,437.
2012	\$2,630,319. (+18%)	\$2,281,765. (+18%)
2013	<u>\$3,051,117.</u> (+15%)	<u>\$2,650,193.</u> (+15%)
	\$7,910,520.	\$6,819,395.

We feel that the City of Wasilla is well positioned for continuation of your insurance risk placement going forward. We do not anticipate any renewal implementation problems.

4.12 Indicate if the insurance can be effective July 1, 2014 if we are selected to continue with your broker services.

As described in **4.11** the current plan can be renewed effective July 1, 2014 with any necessary changes that avail themselves to the City prior to that date. The City of Wasilla Employee Health Plan Group No. 12860 is currently in effect and designed for the continuation of this major portion of your employee benefit plan.

The current group dental and group life insurance are fully insured plans and can be renewed through the incumbent insurance company or if prudent, moved to an alternative market offering the superior cost or form.

4.13 Describe the steps you would take in reviewing the City of Wasilla's current insurance program and designing changes to the program.

REVIEW PROCESS FOR CURRENT PLAN:

Combs Insurance will request a meeting with the City to discuss the options that are available to you regarding the renewal of the current plan or alternate plans outside of the current group.

We will schedule the review, strategy and implementation of the following process steps:

1. Planning Phase/Meeting
2. Information Gathering
3. Discuss Potential Plan Design Changes
4. Develop Vendor Bid Specifications
5. Discuss Vendor Solicitation
6. Discuss Vendor Selection
7. Plan and Implement Wellness Initiatives
8. Discuss Enrollment Process
9. Implement Enrollment
10. Provide HR Support
11. Provide Compliance Assistance

Please find the detailed implementation schedule attached within **Rider #6**.

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4.15 Complete disclosure of any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigations pending which involves the proposer or in which the proposer has been judged guilty or liable.

Combs Insurance Agency, Inc. has never been involved with any prior or ongoing contract failures, contract breaches, or any civil or criminal litigation or investigations described above.

4.16 Proposer shall include any existing or potential conflict of interest relative to the performance of the contractual services resulting from the RFP.

Combs Insurance Agency, Inc. does not have any existing or potential conflict of interest relative to the performance of the contractual services resulting from the RFP.

4.17 Provide at least two client references.

Please contact the following entities for reference responses to the City of Wasilla. At least two have remitted the required Attachment B directly to the City.

Lower Kuskokwim School District

Contact: Blair Alden, Business Manager
Telephone: (907) 543-4820
E-mail: blair_alden@lkسد.org

Lower Yukon School District

Contact: Jenny Martens, Director of Budget & Finance
Telephone: (907) 591-2411
E-mail: jmartens@loweryukon.org

Alaska Family Services, Inc.

Contact: Donn Bennice, Chief Executive Officer
Telephone: (907) 746-6231
E-mail: donn@akafs.org

Alaska State Fair, Inc.

Contact: Kirsten Mason, Accounting Manager
Telephone: (907) 746-7163
E-mail: Kirsten@alaskastatefair.org

5.1. Cost & payment.

Combs Insurance has included the "COST PROPOSAL" under separate cover as outlined under submittal requirements **6.3**.

5.2. Payment of services.

Combs Insurance has included the payment information in the "COST PROPOSAL" under separate cover as outlined under submittal requirements **6.3**.

5.3. Payment by purchasing card.

Combs Insurance has included the purchasing card payment information in the "COST PROPOSAL" under separate cover as outlined under submittal requirements **6.3**.

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5. Cost and payment.

Combs Insurance has included the 'COST PROPOSAL' under separate cover as outlined under submittal requirements 6.3

We propose the following broker services fee schedule:

First Term: July 1, 2014 through June 30, 2015 - \$36,000.00 USD

Second Term: July 1, 2015 through June 30, 2016 - \$36,000.00 USD

Third Term: July 1, 2016 through June 30, 2017 - \$36,000.00 USD

This fee is a fixed amount and it is anticipated that all insurance will be "net" cost to the City with commission removed from the premium. If any commission is inadvertently received by Combs Insurance it will be credited against the current or future fees.

Combs Insurance will invoice the City the broker services fee for each term as scheduled above. All insurance coverage premiums that are not directly invoiced by the market will be invoiced to the City as requested by the market and unless specifically noted on the invoice, remittance is expected during the normal course of accounts payable process by the City. This fee cannot be paid with a purchasing card.