



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Bonnette and Members of Council

FROM: Laura Lancaster, Acting Commissioner of Corporate Services &
Director of Human Resources

DATE: September 17, 2021

REPORT NO.: CORPSERV-2021-0033

SUBJECT: Award of Contract – Healthcare Benefits Carrier

RECOMMENDATION:

THAT Report No. CORPSERV-2021-0033, regarding Award of Contract – Healthcare Benefits Carrier dated September 17, 2021 be received;

AND FURTHER THAT the contract to provide healthcare benefits to the Town be awarded to Sun Life Financial, 1 York Street, Toronto, ON M5J 0B6 in the upset amount of \$2,600,000 plus PST for 2021 and to carry into subsequent years, subject to successful pricing and service negotiations;

AND FURTHER THAT the Mayor and Town Clerk be authorized to execute any documentation related to the award of contract.

KEY POINTS:

The following are key points for consideration with respect to this report:

- In June 2021, the Town's benefit broker, Dobson & Tonic Financial Services Limited (Dobson & Tonic), issued an RFP on the Town's behalf to market test the cost of the Town's healthcare benefit package for price competitiveness.
- Testing the competitiveness of a benefit plan against the market on occasion is healthy for an organization to ensure that the plan remains affordable and is providing good value for the money.
- The RFP was sent to four insurance carriers which the broker felt would be the best fit for our business. Our current benefit provider was also given the chance to respond through their annual rate renewal proposal. Responses were then vetted for completeness and competitiveness by Dobson & Tonic and presented to staff for consideration.

- In September 2021, a staff panel interviewed the three (3) leading proponents, including the current provider. The interviews were an opportunity to weigh additional considerations such as customer service excellence, member experience and technological innovation.
- After the interviews were complete, the interview panel unanimously chose Sun Life as the preferred new provider.
- It is recommended that the Town move its benefits business to Sun Life with a target transition date of December 1, 2021.

BACKGROUND AND DISCUSSION:

The healthcare benefit plan is a vital component of the Town's attraction and retention strategy. The Town's healthcare benefit contract has been held by the same insurance company (now known as Canada Life) since 1982. Over the intervening years, many improvements have been made to the plan content so that it remains an attractive part of the Town's compensation package.

The provision of the healthcare plan is a significant budget item, costing approximately \$2.9M in 2021. In order to ensure that the healthcare plan remains good value for the money spent, it is healthy to undertake a market review from time to time to test that the price remains competitive. This is also a chance to measure other components of the business relationship, such as technologic improvements, customer service excellence and member experience with the plan. The last market review was conducted in 2010.

In June 2021, the Town's broker, Dobson & Tonic Financial Services Limited (Dobson & Tonic) sent an RFP to four competing insurance carriers, as well as invited our current provider to provide a bid. Each of the four external insurance carriers responded with bids and our current provider included their bid with the Town's annual rate renewal proposal. All proposals were vetted by the broker for completeness and competitiveness and presented to staff for consideration of an interview. The main factors considered were the broker's knowledge and past experience with the carriers, their ability to match the level of benefits that are in the current plan, history of responsiveness and flexibility when administering a plan, position in the market (top tier) and willingness to negotiate benefit rates at renewal times. Three proponents (Canada Life, Manulife and Sun Life Financial) were selected for an interview.

The interview panel consisted of the Acting Commissioner of Corporation Services & Director of Human Resources, Payroll & Pension Supervisor, and the Payroll & HCM Systems Administrator, and each interview was facilitated by the Town's benefits broker. The interview format consisted of a presentation by each of the proponents followed by a question period.

Based on the competitiveness of their bid and the innovation, member experience and customer service excellence that they were able to demonstrate in their interview, the interview panel has selected Sun Life Financial as the new preferred provider. Staff is confident that Sun Life Financial is best suited to provide the level of customer service and benefits experience we strive to provide for our plan members. Barring any

unexpected delays, staff will work with Dobson & Toncic and Sun Life Financial to complete the transition by December 1, 2021.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

This report also identifies fiscal and corporate management as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

The Senior Management team and Senior Manager, Purchasing & Risk Management were consulted on this report.

FINANCIAL IMPLICATIONS:

This report will be funded through an existing approved budget source.

Reviewed and approved by,

Chris Mills, Acting Chief Administrative Officer