



SCHOOL BOARD ACTION REPORT

DATE: September 26, 2019
FROM: Denise Juneau, Superintendent
LEAD STAFF: Clover Codd, Chief Human Resources Officer
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Sheila Redick, Executive Director for HR Strategy & Operations
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For Introduction: October 16, 2019
For Action: November 6, 2019

1. TITLE

Contract for Sprague Israel Giles benefits administration services.

2. PURPOSE

Beginning January 1, 2020, all Washington school districts, ESDs, and charter schools will begin receiving employee benefits through the statewide School Employee Benefits Board (SEBB) Program, which is part of the Washington State Health Care Authority (HCA). SEBB was created to standardize benefit plans, rules, and costs throughout districts, ESDs and charter schools across the state. The legislature approved funding for SEBB at the end of the 2019 legislative session. All SPS employees will be required to re-enroll in October and November 2019, for new plans that will begin January 1, 2020.

This motion would approve the continuation of services with Sprague Israel Giles (SIG), the District's third-party benefits administrator under new terms and conditions as a result of the transition.

This Board Action Report details a new contractual relationship where the District will pay Sprague Israel Giles \$5.50 per eligible employee per month, plus the true cost of any mailing costs incurred by SIG. The number of eligible employees to be used to determine the monthly billing amount will be calculated based on the number of eligible employees reported to the Health Care Authority for the first month of each calendar quarter and will be adjusted at the beginning of each quarter. SIG shall submit an invoice itemizing actual Services and expenses after Services have been rendered. Payment will be made in one sum per month.

Estimating 7,300 eligible employees equates to an annual cost for benefits administration services of approximately \$481,800.

3. RECOMMENDED MOTION

I move that the School Board authorize the Superintendent to execute a contract with Sprague Israel Giles in the estimated amount of \$481,800 or \$5.50 per eligible employee, for benefits administration services in the form of the draft Agreement effective January 1, 2020, attached to

the School Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary actions to implement the contract.

4. BACKGROUND INFORMATION

a. Background

Since 2006, SPS has outsourced benefits administration to Sprague Israel Giles, Inc. (“SIG”), the District’s benefits broker for nearly fifty years. Existing SPS staff, with responsibility for over 7,000 benefits-eligible employees, is limited to a single Benefits and Compensation Analyst, whose time is split between compensation and benefits. Oversight of benefits administration is provided by the Manager of Classification and Compensation.

SIG is familiar with the District’s system of record, SAP, as well as benefits eligibility, communications, and all current benefits plans and practices. SPS and SIG have worked closely together in all departments that touch benefits including bargaining, legal, finance, Department of Technology Services (DoTs), and Human Resources (HR). SIG has daily working interactions with internal HR department staff that handle benefits, employment actions, leaves, and substitute staffing.

Over the last 15 years, SIG has developed and established a Benefits Helpline and Benefits Website, two highly valued and trusted resources for SPS employees and their families when they need information about employee benefits. As an experienced broker, SIG is an expert in explaining the differences between benefits plans and provider networks, and SPS employees know they can call SIG for friendly, knowledgeable assistance. SPS employees routinely visit the Benefits Website for quick and easy access to the benefits information they need. The website is updated regularly so the information is timely and relevant.

These services have contributed to a high level of customer service to which employees have become accustomed and will be even more crucial to maintain in the new SEBB environment.

b. Alternatives

Do not approve. This is not recommended. If the Board were to not approve this administrative services contract, current SPS HR staffing will have insufficient capacity to fully manage benefits administration. It is estimated that SPS would need 5.7 benefits staff internally to replace SIG. The result of not moving forward with the contract would mean a risk that employees would not receive benefits when eligible, would be offered benefits when ineligible, would not be properly notified, etc., and customer service would decline, exponentially. HCA could impose penalties, and the District could incur unnecessary costs for benefits offered unnecessarily.

Do not approve and hire internal HR staff to replace outside contract. This is not recommended. Open Enrollment begins October 1, 2019 and the new plans begin January 1, 2020. There is insufficient time and resources to hire the necessary staff with adequate system knowledge and expertise to handle SEBB administration or the transition of customer service.

c. Research

The increased administrative burden surrounding SEBB benefits is significant, and other metropolitan school districts have shared their concerns with the increased administrative load. Concerns include required dependent verification by district administrators, new required employee notifications, increased evaluation for determining benefits eligibility, increased employee confusion regarding new registration in two accounts for benefits enrollment, and a need for higher level customer service due to more benefits plans and vendors from which to choose.

The estimated number of staff needed to handle benefits administration for the District's 7,300 employees is approximately 5.7 [four (4) year-round, with up to seven (7) during Open Enrollment].

5. FISCAL IMPACT/REVENUE SOURCE

Fiscal impact to this action will be \$5.50 per employee, currently estimated at \$481,800, but could increase or decrease depending on the number of eligible employees.

The revenue source for this motion is General Fund.

Expenditure: One-time Annual Multi-Year N/A

Revenue: One-time Annual Multi-Year N/A

6. COMMUNITY ENGAGEMENT

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

Tier 1: Inform

Tier 2: Consult/Involve

Tier 3: Collaborate

SIG is already performing duties related to SEBB administration as part of the current benefits administration contract, due to expire on December 31, 2019. When Open Enrollment begins on October 1, 2019, the level of community engagement is expected to increase significantly as employees and their families turn to the comfort and familiarity of calling SIG's Benefits Helpline for assistance with navigating the new SEBB plans. During the most historically busy Open Enrollment periods, Helpline call volumes averaged nearly 100 calls per day. Because this change in benefits affect every eligible employee, we expect even more need for SIG's knowledge and expertise.

7. EQUITY ANALYSIS

SEBB benefits will affect an estimated 7,300 eligible employees; 67% of which are female and 34.5% people of color. Sprague Israel Giles provides direct support to SPS multi-cultural staff. While paper enrollment is still an option, most employees will enroll electronically, where SEBB requires registration in two different systems adding a new layer of complexity. In addition, SIG will explain how to enroll, the differences in plan choices, new rules, and firm deadlines. Their messaging is consistent to all employees and critical in ensuring understanding by all staff of differing ethnicities and gender. The continuation of services provided by SIG support our employees who may need additional support as they transition to SEBB. They provide one on one support, that does not exist with the state provided model through SEBB.

8. STUDENT BENEFIT

When teachers and staff have their benefits issues fully addressed, they can shift their focus from the burden of enrollment to the priority of students. SIG services will be instrumental in reducing the administrative burden of benefits enrollment and addressing ongoing benefits needs of staff.

9. WHY BOARD ACTION IS NECESSARY

- Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)
- Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)
- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. _____, [TITLE], provides the Board shall approve this item
- Other: _____

10. POLICY IMPLICATION

Board Policy No. 5530 “Employee Benefits” addresses the District’s benefits offerings, governance under the Joint Insurance Committee (JIC), payroll deductions, FMLA (Family Medical Leave Act) provisions and compliance with federal COBRA (Consolidated Omnibus Budget Reconciliation Act) law. The agreement with Sprague Israel Giles is in line with the stated policy and will allow the District to transition all eligible employees to the new state-run School Employees Benefits Board (SEBB).

11. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the A&F Committee meeting on October 7, 2019. The Committee reviewed the motion and moved the item forward for consideration by the full Board.

12. TIMELINE FOR IMPLEMENTATION

Upon approval of this motion, Sprague Israel Giles will operate under the new revised Scope of Work (SOW) effective January 1, 2020, when SEBB goes into effect statewide.

13. ATTACHMENTS

- Contract Amendment (for approval)
- Benefits Brokerage and Administration Services (for approval)
- Revised Scope of Work (for approval)

JUSTIFICATION FOR CONTRACT AMENDMENT

This form is to be included if the contract amendment amount is greater than twenty-five percent (25%) of the original contract amount.

CONTRACT INFORMATION

Contractor Name: Sprague Israel Giles, Inc. ("SIG")	Purchase Order No./Amendment No.: 75-16381 / Amendment 3
SPS Contract Owner: Sandra Philbrook	SPS Contract Owner Phone/E-mail: 2-0221 / splilbrook@seattleschools.org

JUSTIFICATION SUMMARY

1. **Amendment Purpose.** Describe the type of services that is to be included under this amendment. Amended services must align with the original contract's purpose and scope of work:

Revise SIG scope of work to provide benefits administration only, due to the District moving over to WA State HCA SEBB benefits.

2. **Specific Problem or Need.** What is the business problem or need that requires this amendment?

The District requires a continuation of benefits administration services, and does not have the internal resources to fill this need.

3. **Contract Amendment.** State the rationale for amending an existing contract rather than competitively procuring the good and/or services and awarding a new contract.

The general scope of work is already currently included in their existing contract; we are revising the contract to remove the insurance benefits brokerage services, which are currently compensated through commissions and therefore impact the contract fees.

4. Are the proposed services under this amendment within the scope of the original contract? If the answer is "no", explain what conditions have changed since the original contract and other applicable information that clearly justifies the decision to amend the contract.

Yes

SEATTLE PUBLIC SCHOOLS CONTRACT AMENDMENT FORM

CONTRACTOR NAME AND ADDRESS (Legal Name – MUST match registered Name with Tax ID Number)	CONTRACT AMENDMENT MUST BE FULLY EXECUTED IN ADVANCE OF SERVICES	
PO Number (Ex: 7500000001): 75000016381	Amendment Number: 3	RFP/RFQ/Contract Number: RFP07483
Name: Sprague Israel Giles, Inc.	WA Business License (UBI#): 578035580	
DBA:	Phone: (206) 957-7055	Fax: (206) 682-4993
Address: 1501 4th Ave. Suite 730	E-mail: mwhite@siginsures.com	
City/State/Zip: Seattle, WA 98101	Vendor Number: 205155	

This Contract Amendment is made between the Seattle School District (“the District”) and the above-named contractor (the “Contractor”) under the above-referenced PO Number. All terms and conditions in the above referenced contract shall apply.

District employees, other than personnel in the District Financial Services Department, are not authorized to make promises for contractual services, promises for a particular period of time or promises of a particular level of payment. Any verbal or written statements to that effect by District employees other than Financial Services personnel are null and void.

CHANGE to an existing Contract - Identify the nature of amendment (Check all that apply): <input checked="" type="checkbox"/> Extension of Time (1) <input checked="" type="checkbox"/> Dollar Amount Increase (3) <input type="checkbox"/> Dollar Amount Decrease (3) <input type="checkbox"/> Cost Center Revision (2) <input type="checkbox"/> Other (4):							
Explain the change in conditions since the initial contract and other applicable considerations that clearly justify the decision to amend the original contract or last approved amendment: District is moving over to WA State's Benefits program as of January 1, 2020. The District will still require benefit administration services, which SIG currently provides. Attached Scope of Work includes revised scope for benefit administration services with a fee rate of \$5.50 per eligible employee per month, plus reimbursable costs.							
For sections 1-4 below, complete only what is relevant to the nature of your change noted above.							
1) Last Approved End of Service Date: 12/31/2019 Revised End of Service Date: 12/31/2020	2) Last Approved Cost Center: 17597141F0 Revised Cost Center: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 70%;">Cost Center</th> <th style="width: 30%;">Amount (\$)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Cost Center	Amount (\$)				
Cost Center	Amount (\$)						
3) Original Approved Contract Amount (\$): \$159,000 Total Amount Added From Previous Mods (\$): \$97,166.70 Amount of Increase/Decrease for this Mod (\$): Estimated \$500,000	4) Contract Language to Add or Revise (attach separate document(s), listing new exhibits, if needed): Attachment 1 - Benefits Administration, Revised Scope of Work 2020. Includes updated fee rate of \$5.50 per eligible employee per month, plus reimbursable costs.						
REVISED Total Contract Amount Not to Exceed (\$): Estimated to be: 756,166.70							

1. Capital funds may not be combined with grant or general funds; a separate Contract Amendment should be established.
2. If the modification is solely to revise budget coding, it is considered an administrative change and the contractor is not required to sign the amendment.

**SEATTLE PUBLIC SCHOOLS
CONTRACT AMENDMENT FORM**

3. A certificate of insurance will be required if the revised total contract amount now exceeds \$50,000.

SEATTLE PUBLIC SCHOOLS CONTRACT AMENDMENT FORM

CONTRACTOR ACCEPTANCE:

Signature

Date

Printed Name

E-mail

DISTRICT USE ONLY

Except as specifically modified above, the original contract remains in force. This amendment becomes a part of the original contract when signed by the Contractor and the Seattle School District Accounting Director for amendments up to \$75,000, Chief Financial Officer (CFO) for amendments \$75,000 to \$100,000. Amendment amounts in excess of \$100,000 require the additional approval of the Superintendent. Amendments which exceed \$250,000 require the additional approval of the School Board. Amendments with an increase of more than 25% of original contract amount are required to be signed by the CFO.

CONTRACT ADMINISTRATOR:

Signature

Printed Name

Date

ADDITIONAL DEPT. APPROVAL (if required):

Signature

Printed Name

Date

ACCOUNTING DIRECTOR (All amendments):

Signature

Printed Name

Date

PROCUREMENT (Amendments more than \$20,000 or 25% greater than original contract amount):

Signature

Printed Name

Date

LEGAL (Amendments more than \$20,000 or 25% greater than original contract amount):

Signature

Printed Name

Date

CHIEF FINANCIAL OFFICER (Amendments more than \$20,000 or 25% greater than original contract amount up to \$100,000):

Signature

Printed Name

Date

SUPERINTENDENT (Over \$100,000)

Signature

Printed Name

Date

BOARD APPROVAL DATE (Required if amendment is over \$250,000):

Date

BOARD COMMITTEE INFORM DATE (For amendments with a total aggregate that exceeds \$250,000):

Date

FOR ACCOUNTING USE ONLY

Grant Review Approval: _____

Date: _____

Funds Encumbered (\$): _____

Date: _____

Accounting Initials: _____

**SEATTLE PUBLIC SCHOOLS
AMENDMENT NO. 3
ATTACHMENT 1
CONTRACT NO. RFP07483
BENEFITS BROKERAGE AND ADMINISTRATION SERVICES**



THIS AMENDMENT is made between the Seattle School District No. 1, (hereinafter called “District”), and Sprague Israel Giles (hereinafter called “Vendor”) regarding RFP07484, Benefits Brokerage and Administration Services.

Whereas, the District and the Vendor entered into a contract dated March 1, 2015, and later amended on January 23, 2018 and February 28, 2019 herein incorporated by this reference; and,

Whereas, on January 1, 2020, the Washington State School Employees Benefits Board (SEBB) Program will provide health insurance and other benefits for eligible school district employees and their dependents, which would replace the benefits brokerage services the Vendor has provided in this contract; and

Whereas, the District will need the Vendor to continue providing employee benefits administration services for the District under the new Washington state plans.

NOW, THEREFORE, District and Vendor agree as follows:

1. Contract Term. The term of the contract is extended from January 1, 2020 to December 31, 2020.
2. Scope of Work. Exhibit A, Scope of Services, of the original contract is deleted and replaced with Amendment 3, Attachment 2, Revised Scope of Work 2020.
3. Fees. Commissions and Total Compensation Targets (TCT) are deleted for this extension and replaced with “Compensation” as described in the revised scope of work for the benefits administration services in Attachment 2.

Amendment 3, Attachment 2, Revised Scope of Work, 2020
Seattle Public Schools
Sprague Israel Giles, Inc.

Sprague Israel Giles, Inc. (“SIG”) shall provide accurate, efficient, and timely professional services to Seattle Public Schools (SPS), and to its employees and their covered family members, in the administration of employee benefits plans authorized by the Washington State Health Care Authority’s School Employee Benefits Board (“SEBB”).

SIG shall perform services related to implementation, maintenance, communication and improvement of Benefits Administration, including the following:

1. Identify benefits-eligible employees in SAP via action notices, new eligibility reports, and other methods as mutually identified by SPS and SIG.
 - a. Send appropriate/required notification(s) to these employees regarding their new eligibility
 - b. Perform daily and weekly reviews, with monthly audits
2. Identify individuals who are losing their eligibility and provide appropriate notification to HCA/SEBB
3. Maintain Benefits Website with updated information, forms, links, and contact information for such period of time as SPS deems appropriate
 - a. Provide to SPS periodic summaries of Website usage
4. Maintain SPS Benefits Helpline with dedicated SIG employees, minimum of 5 days per week, 9 hours per day, with reasonable exceptions allowed for meetings, holidays, etc.
 - a. Provide employees and their family members with personal assistance to compare health plans, dental plans, and vision plans, and provider networks
 - b. Assist employees with navigating outside websites for enrollment on health, supplemental life and disability plans, and FSA plans
 - c. Explain qualifying events, including changes of employment, new eligibility, leaves of absence, new employment, retirement, marriages or qualifying domestic partnerships, newborns, Medicare eligibility, etc.
 - d. Assist employees with both paper enrollment and online enrollment questions
 - e. Assist employees and their family members with questions about the claims process with HCA, spousal surcharge and tobacco surcharge
 - f. Provide to SPS periodic summaries of Benefits Helpline utilization
5. Provide Open Enrollment support, including but not limited to:
 - a. With DoTS, Payroll, and HCA, facilitate coordination of data entry and programming of rate changes and plan changes
 - b. Receive electronic Open Enrollment materials and communications from Health Care Authority. To best support SPS’ diverse population, work with SPS HR to prepare supplemental support materials to be sent via email or other methods as determined by SPS and SIG
 - c. Update SPS Benefits Website with new materials for the plan year
 - d. Coordinate with DoTS regarding mailing lists to be provided for HCA’s paper mailings. Work with DoTS (and Payroll) to maintain and keep current addresses for all benefits-eligible employees

- e. Coordinate with SPS regarding employee communications, reminders, and important notices during the Open Enrollment period
- f. For employees who are not able to use SEBB My Account, review paper forms for Open Enrollment changes for dental, vision, medical, supplemental life and LTD, FSA, and HSA into SEBB MyAccount
- g. Contact employees by phone, email or mail when enrollment forms are incomplete
- h. Assist employees with benefits questions through the Benefits Helpline and email
- i. Assist in uploading and auditing enrollment into SAP as needed
- j. Manage enrollment of voluntary/supplemental plans
6. Assist employees with application for Long Term Disability Benefits and Life Insurance Claims
 - a. Complete Employer's Statement on behalf of SPS
 - b. Coordinate with insurer to submit required payroll records
 - c. Explain claims process to employees and their family members
7. Manage paper enrollment form process, including direct contact with employees who have provided incomplete information
8. Assist with dependent verifications, including working with HCA to follow up with employees who have incomplete information
9. Manage communication to employees with insufficient pay ("short-pay") to cover their benefits costs
 - a. Pull required reports to identify employees with insufficient pay to cover benefits
 - b. Inform employees when premium is due
 - c. When notified by SPS that premium is unpaid, cancel coverage and notify employees
 - d. Coordinate with HR and SPS collections if a collections process is required
10. Coordinate with SPS HR and HCA to manage retroactive enrollment changes
11. Handle Qualified Medical Support Order Notices, as they are forwarded to SIG for processing
12. Coordinate with SEBB regarding benefits for employees who transfer to and from other school districts
13. Coordinate with SPS HR to reconcile separate billings and payments for voluntary plans including supplemental life, supplemental LTD, flexible spending plans, and health savings accounts.
14. Provide continued claims advocacy to employees and families for claims and services incurred on SPS employee benefits contracts that were in effect prior to January 1, 2020
15. Perform other reasonable benefits administration services as agreed by both SIG and SPS.

Seattle Public Schools ("SPS") shall maintain appropriate and sufficient administrative points of contact to support the day-to-day activities related to the Benefits Administration Services to be provided by SIG, and shall provide administrative services including, but not limited to:

1. Provide SIG with secure access to the SPS HRIS necessary to perform the Scope of Work
2. Notify SIG whenever access to the SPS HRIS is to be restricted (e.g., payroll processing)
3. Provide to HCA permissions and data necessary to grant SIG sufficient access to SEBB My Account and other HCA/SEBB related websites necessary to perform work on behalf of SPS
4. Respond to check and wire transfer requests from SIG so that insurance carriers and vendors may be paid in a timely manner
5. Provide SIG with timely notices of employment changes that affect benefits ("Action Notices")

6. Maintain employee benefits files on site and pull items from these files in a timely manner when requested
7. Mail to employees, or make timely and reasonable reimbursement for mailing costs to SIG, documents that SPS and SIG agree are appropriate to send to employees via USPS
8. Make weekday deliveries to an assigned SIG mail stop, or mail benefits enrollment materials to SIG via USPS each weekday, and fax or securely deliver documents when requested
9. Allow and enable SIG to send email notices to all eligible employees regarding their benefits eligibility and enrollment
10. Provide SIG with timesheet data, employment leave status, and job descriptions as necessary for the completion and processing of life and disability claim forms.
11. Provide other reasonable administrative assistance as agreed to by both SIG and SPS

Compensation:

SPS will pay \$5.50 per eligible employee per month, plus reimburse to SIG the true cost of any mailing costs incurred by SIG in the course of SPS benefits administration.

The number of eligible employees to be used to determine the monthly billing amount will be calculated based on the number of eligible employees reported to the Health Care Authority for the first month of each calendar quarter, and will be adjusted at the beginning of each quarter thereafter.

SIG shall submit a monthly invoice itemizing actual Services for the number of eligible employees and mailing costs after Services have been rendered. Payment by SPS to SIG will be made in one sum per month.