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## AGENDA ITEM DETAILS

**Subject:** Consideration of Contract Award Recommendation for Benefits Consultant Services for the Texas Employees Group Benefits Program - (Action)

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### **RECOMMENDED ACTION:**

Move that the Board of Trustees authorize the Executive Director to negotiate and execute a satisfactory contract with [RESPONDENT NAME]. In the event that ERS is not able to timely negotiate a satisfactory contract with [RESPONDENT NAME], or if [RESPONDENT NAME] will not be capable of providing the required **Benefits Consultant Services** to ERS' satisfaction during the contract term, then the Board authorizes the Executive Director to resume any necessary due diligence processes and contract negotiations with the next top-ranked qualified Respondent and to execute a satisfactory contract.

### **Background**

ERS staff is seeking a qualified consultant for certain benefits services and projects within the Texas Employees Group Benefits Program (GBP). The benefits consultant will provide the GBP will augment the expertise of existing staff and the consulting actuary by providing assistance with contemporary issues, updates related to industry trends, benchmarks and specific projects as needed. Staff is seeking a firm with a national presence, experience with governmental plans and in-house expertise in a wide variety of policy topics and plan design.

### **Current Contract**

A current contract is not in place.

### **Issuance of Solicitation**

On June 1, 2021, ERS issued a Request for Qualifications (RFQ) seeking a qualified entity.

The solicitation provided that the benefits consultant contract would be for approximately six years, which begins upon execution of the contract by ERS and extends through December 31, 2027, subject to the terms of the contract.

### **Responses to Solicitation and Evaluation**

As described in Section B of the RFQ, ERS evaluated Respondent responses in three phases: (1) Preliminary Review Phase, (2) Qualifications Review Phase and (3) Finalists Review Phase.

#### 1. **Preliminary Review Phase**

ERS received responses from five entities (the Respondents):

1. Aon Consulting, Inc.;
2. Gallagher Benefit Services, Inc.;
3. Milliman, Inc.;
4. The Segal Company (Southeast), Inc.; and
5. Willis Towers Watson US LLC.

The Preliminary Review Phase included an evaluation of the minimum requirements, compliance with the RFQ, responsiveness, and certain required vendor checks. All five Respondents passed the Preliminary Review Phase and participated in the Qualifications Review Phase.

## 2. **Qualifications Review Phase**

For the Qualifications Review Phase, ERS conducted a substantive review of the Respondents' responses. The RFQ evaluation team, which included subject matter experts (SMEs) in multiple ERS divisions including Group Benefits, Strategic Initiatives, Finance, and the Office of the General Counsel, reviewed the Firm and Staff Qualifications and Services portions of each response.

Firm and Staff Qualifications scores represented 40 points of each Respondent's final score. Services accounted for 60 points of the total score in the Qualifications Review Phase.

Certain pass/fail items may be preliminarily reviewed or evaluated in full during the Qualifications Review Phase. These items include contractibility, legal requirements and regulatory compliance, and financial stability.

Based on the Qualifications Review Phase of the evaluation, ERS selected the following entities as finalists (Finalists):

1. Milliman, Inc.; and
2. Willis Towers Watson US LLC.

## 3. **Finalist Review Phase**

During the Finalist Review Phase, ERS staff scored responses using the same criteria and weights used in the Qualifications Review Phase and made any necessary updates based on new information gathered through clarification questions and video conference interviews. ERS also finally evaluated any outstanding pass/fail items from the Qualifications Review Phase and scored past performance on a pass/fail basis. ERS also reviewed pricing for reasonableness.

Video conference interviews with finalists occurred on October 4 and 7, 2021, and included a prepared presentation by each finalist with further questions posed by SMEs.

### **ERS Recommendation**

Based on the evaluation process and results outlined above, ERS recommends awarding the contract to the most-qualified benefits consultant firm offering a fair and reasonable price to ERS.

### **ATTACHMENTS:**

1. Slides – Contract Award for Benefits Consultant