

SERVICES CONTRACT

ITEM: 2-S **Agency Contact:** Anne Timmons
410-767-4710
atimmons@dbm.state.md.us

DEPARTMENT/PROGRAM: Budget and Management (DBM)
Office of Personnel Services and Benefits
Employee Benefits Division

CONTRACT ID: Consultant and Actuarial Services for State
Employee Retiree Health and Welfare Benefits
Program
ADPICS #: F10B2400023 (Consultant);
F10B2400024 (Actuarial)

CONTRACT DESCRIPTION: Provide consultant and actuarial services to support
the administration of the State Employee and Retiree Health and Welfare Benefits Programs.

AWARD: The Segal Company
Washington, DC

TERM: 6/7/2012 - 5/31/2015 (w/2 one-year renewal
options)

AMOUNT: \$3,424,994 NTE (3 Years; Base Contract)
\$1,324,462 NTE (1 Year; 1st Renewal Option)
\$1,357,174 NTE (1 Year; 2nd Renewal Option)
\$6,106,630 NTE Total (5 Years)

PROCUREMENT METHOD: Competitive Sealed Proposals

BIDS OR PROPOSALS: See Attachment

MBE PARTICIPATION: 22% (See Requesting Agency Remarks below)

PERFORMANCE SECURITY: None

INCUMBENT: Gabriel, Roeder, Smith & Co. (GRS)
Irving, TX

REQUESTING AGENCY REMARKS: A notice of the availability of the Request for Proposals (RFP) was advertised on *eMarylandMarketplace.com*, the DBM website, and the DBM Bid Board located at 45 Calvert Street in Annapolis. Copies of the solicitation notice were sent directly to 56 prospective vendors, 25 of which are Maryland firms and 18 are MBEs. A copy of the solicitation was also sent to the Governor's Office of Minority Affairs.

Four proposals were received in response to the RFP, all of which were determined to be reasonably susceptible of being selected for award. The Segal Company (Segal) was ranked overall #1 with the second technically ranked offer and second lowest price. Although Segal was ranked second technically, it was judged to be very close to the #1 ranked technical offeror. Financially, there was an 8% difference between the financial price offered by Segal and the #1 ranked technical offeror. The narrow technical superiority of the #1 ranked technical offeror was not judged to outweigh the 8% higher price. Segal had the second lowest financial price. There was only a 1% difference in the price between the #1 financially ranked offeror and Segal; however, this lowest priced offeror was ranked technically #4. The technical differences between Segal and the #4 ranked technical offeror were judged to outweigh the 1% difference in price. Therefore, award is recommended to The Segal Company as having submitted the most advantageous offer to the State.

The purpose of this contract is to provide consultant and actuarial services to the State Employee and Retiree Health and Welfare Benefits Program. These services include: assistance with annual health plan rate setting; annual OPEB (Other Post-Employment Benefits) valuation, Retiree Drug Subsidy, technical assistance and support in connection with the re-procurement of various State health plan contracts; assistance with compliance and regulatory changes; in addition to trend analysis of healthcare legislation.

The #1 ranked technical Offeror, who was ranked #3 overall, filed a protest on 10/3/2011 in response to the new contract award recommendation to another vendor. On 10/14/2011, this same Offeror filed a supplemental protest. DBM denied both protests on 11/9/2011. On 11/21/2011, the Offeror filed an appeal of the protest denial with the Maryland State Board of Contract Appeals (MSBCA). The Offeror, without explanation, withdrew its appeal, and on 5/15/2012, the MSBCA dismissed the appeal with prejudice. Therefore, at this time, DBM is moving forward with the new contract award recommendation in order to begin new vital projects for the Employee Benefits Division.

The MBE participation goal established in the RFP was for 13% of the consultant services fees only. However, The Segal Company proposed 27% MBE participation for the consultant services. The consultant services portion of the contract is estimated to be \$4,991,500 for the base contract period and the two renewal option years. The MBE Participation goal is estimated to be \$1,347,705. This calculates to an overall 22% MBE participation goal attributed to the entire contract.

FUND SOURCE: 100% Reimbursable

APPROP. CODE: F10A02.02

RESIDENT BUSINESS:

No

MD TAX CLEARANCE:

12-1010-0011

Board of Public Works Action - The above referenced Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION

ITEM: 2-S (Cont.)

ATTACHMENT

BIDS OR PROPOSALS (Cont.):

<u>Offerors</u>	<u>Tech. Rank</u>	<u>Fin. Price 3 Yrs. Base</u>	<u>Fin. Price 1 Yr. Option #1</u>	<u>Fin. Price 1 Yr. Option #2</u>	<u>Financial Price (5 Yrs.)/Ranking *</u>	<u>Overall Rank **</u>
The Segal Company Washington, DC	2	\$3,424,994	\$1,324,462	\$1,357,174	\$6,106,630 (2)	1
HayGroup Arlington, VA	4	\$3,337,900	\$1,334,800	\$1,373,900	\$6,046,600 (1)	2
Buck Consultants Berwyn, PA	1	\$3,723,000	\$1,450,000	\$1,450,000	\$6,623,000 (3)	3
Gabriel, Roeder, Smith & Co. Irving, TX	3	\$3,797,800	\$1,433,200	\$1,449,200	\$6,680,200 (4)	4

Note: * The Financial Price is based upon a combination of a fixed price to provide Actuarial Services and an estimated price to provide Consultant Services based upon a model, contained in the RFP, of labor hours for fixed unit hourly rates.

** Technical factors and financial factors were given equal weight in the overall award determination.