



Decision: Procurement Authorization – Benefit Plan Carrier for Provision of Employee and Pensioner Benefits

Meeting Date: July 11, 2016

The Board approved the recommendation in the staff report, as follows:

It is recommended that the Board:

1. Authorize the award of a contract for the provision of health and dental benefits (Category A) to Green Shield Canada on the basis that:
 - a. the initial contract term is a five year period commencing January 1, 2017 and ending December 31, 2021; and
 - b. the contract will result in TTC expenses of approximately \$13,766,000 not including applicable taxes (\$15,141,000 including applicable taxes) for administration fees, premiums, and stop loss pooling charges over the initial five year contract term; and
 - c. Green Shield Canada submitted the only qualified compliant bid on this benefit category; and
 - d. since this is a joint initiative between three participants (the TTC, the City of Toronto (City) and the Toronto Police Services Board (TPSB)), Green Shield's offer is contingent upon each of the three participants awarding Green Shield a contract. The approval for the City and TPSB contracts is being sought at City Council's July 12, 2016 meeting; and
2. Authorize the award of a contract for the provision of LTD, Group Life, and AD&D benefits (Category B) to The Manufacturers Life Insurance Company (Manulife) on the basis that:
 - a. the initial contract term is a five year period commencing January 1, 2017 and ending December 31, 2021; and
 - b. the contract will result in TTC expenses of approximately \$21,676,000 not including applicable taxes (\$23,786,000 including applicable taxes) for insurance premiums and administration fees, including stop-loss insurance, over the initial five year contract term; and;
 - c. Manulife submitted the only qualified compliant bid on this benefit category; and
 - d. since this is a joint initiative between three participants (the TTC, the City of Toronto (City) and the Toronto Police Services Board (TPSB)), Manulife's offer is contingent upon each of the three participants awarding Manulife a contract. The



approval for the City and TPSB contracts is being sought at City Council's July 12, 2016 meeting; and

3. Delegate authority to the CEO to exercise contract extension options, which allow up to a maximum of two additional years beyond the expiration of the initial five year term for each contract, from January 1, 2022 to December 31, 2023 on the basis that:
 - a. the maximum two year extension of the Green Shield contract will result in TTC expenses estimated at \$6,828,000 not including applicable taxes (\$7,510,000 including applicable taxes) for administration fees, premiums, and stop loss pooling charges; and
 - b. the maximum two year extension of the Manulife contract will result in TTC expenses estimated at \$11,110,000 not including applicable taxes (\$12,192,000 including applicable taxes) for insurance premiums and administration fees including stop-loss insurance; and
4. Authorize the hiring of two additional temporary staff resources for the period commencing not earlier than August 1, 2016 and ending on or before December 20, 2017 for the purpose of assisting the existing two staff members responsible for transitioning to a new health and dental benefit carrier. It is estimated the additional resources will result in an expense of \$200,000 to TTC over the approximate 17 month term.