



MAGNOLIA PUBLIC SCHOOLS

MPS Personnel Committee

Board Agenda Item #	II C
Date:	March 7, 2016
To:	MPS Personnel Committee
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Terri Boatman, Director of Human Resources
RE:	Approval of Benefit's Broker Services

Proposed Board Recommendation

I move that the Personnel Committee recommend approval to the full board of the agreement with Montage Insurance Solutions to be the broker on record for Magnolia Public School's benefits program

Background

Benefits are a major part of an employee's total compensation with Magnolia. In 2015, our benefits costs were \$2.2 million dollars. Benefit's brokers no longer simply negotiate rates, but they also assist in open enrollment, assist employee in managing claims, and help an organization remain compliant with rapidly changing ACA laws which require frequent tax reporting.

Magnolia has used Healthcare Solutions for over 10 years. Since this contract is over \$25,000.00 and based on new internal guidelines, we recently created an RFP for brokerage services. A cross-functional team consisting of Operations, Human Resources, and Finance with the participation of the Regional Directors, interviewed all four companies who submitted responses. The companies who submitted responses:

- Healthcare Solutions
- Barney & Barney
- Dickerson & Associates
- Montage Insurance Solutions

We have selected Montage to be our service provider for several reasons:

- They have experience working with large CMO's including Alliance and PUC.
- They are highly recommended by their clients.
- They have a larger staff and have supported CMO's in their growth in other states.
- They are familiar with utilization of our HRIS system which will help in enrollment and communicating terms and new hires.
- They have the expertise to guide Magnolia through the 1095-A filings.
- Their commitment to customer service and quick response time



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Brokers are paid either through a flat fee or paid by commission from the carriers. Montage has agreed to a commission rate capped at \$75,000.00. Any commissions earned over this amount will be refunded back to Magnolia and can be allocated to programs or to offset benefits costs. The commission amounts will be listed on the Form 5500 annually.

Budget Implications

This move will result in a positive impact to the organization of approximately \$25,000.00 since Montage is capping their commissions at \$75,000.00. Estimated cost of benefits was \$2.2million.

Name of Staff Originator:

Terri F. Boatman, Director of Human Resources

Attachments

Montage Agreement



March 3, 2016

Terri Boatman
Magnolia Public Schools
13950 Milton Ave., Suite 200
Westminster, CA 92683

To Terri;

Montage Insurance Solutions (Montage) is very pleased to be selected as the broker of choice for Magnolia Public Schools (MPS).

Please accept this letter as notification of our acceptance of the offer to serve you and with small exception, we accept according to the terms outlined in the RFP document.

The exception to the services listed will be the subsidy for a benefits administration portal that was offered in the document and Montage would like to respectfully rescind only this part of the offer. In subsequent conversations, it became clear that was a service MPS did not need, and Montage could eliminate from the contract.

After removing that service offer, Montage is able to adjust the compensation structure. We are prepared to offer a commission-based compensation structure whereby Montage earns the standard commissions on the core lines of insurance (medical, dental, vision), up to a "not to exceed" value of \$75,000 annually. Should commissions on those lines exceed \$75,000, Montage will donate the overage amounts back to MPS.

If MPS were to add additional lines of voluntary (employee paid) coverage such as Critical Illness/Cancer insurance, Voluntary Life insurance or other "worksite" products, Montage would build in standard commissions on those products as they represent additional work needed and are funded by the employees, and therefore not included in the \$75,000 core insurance annual maximum commission amount.

Please note the RFP mentions the understanding that should MPS change substantially in size, both parties can reserve the right to re-negotiate the "not to exceed" limit on the commission structure annually to continue to ensure it is congruent with the size of the client. This offer is for one full year [beginning 5/1/2016](#).

Sincerely,

Tobias Kennedy

Tobias Kennedy
Executive Vice President

"Together We're Stronger"

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