



Memorandum

DATE: July 29, 2011

TO: Claire Zvanski, Chair, San Francisco Health Service Board
San Francisco Health Service Board Members

FROM: Catherine Dodd PhD, RN
Director, San Francisco Health Service System

RE: AON Hewitt Actuary Selection, Recommendation for Health Service Board Ratification Hewitt

I recommend that the Health Service Board authorize HSS to proceed to award a contract with AON Hewitt for Actuarial, Healthcare Trust Fund Consulting, Audit, HealthCare Reform and General Services.

Background (from Request for Proposal (RFP) #CON2011-03 Process Summary)

The current HSS actuary's (Mercer) contract expired June 30, 2011. An open, competitive solicitation for actuarial, healthcare trust fund consulting, audit, healthcare reform and general services was required because the options to extend the contract were exhausted.

The Controller's Office issued an RFP on April 13, 2011, for:

- 1) GASB 45 Actuarial Valuation Services; and
- 2) Health Service System and Board for Actuarial, Healthcare Trust Fund Consulting, Audit, HealthCare Reform and General Services.

The Controller's Office posted the RFP on "Contract Opportunities" website, the Office of Contract Administration "Bid and Contract Opportunities" website, and emailed it to eight firms obtained via internet research.

Potential proposers had the opportunity to submit written questions by email by April 25, 2011. The City's responses were posted online on the Controller's Office "Contract Opportunities" website on May 2, 2011.

Selection Process

A total of four (4) proposals were received by the May 13, 2011 deadline for the HSS Actuarial, Healthcare Trust Fund Consulting, Audit, HealthCare Reform and General Services scope of services.

The Controller's Office screened the proposals for completeness, compliance with administrative requirements, and the RFP Minimum Qualifications.

On May 27, 2011, the City convened a panel (approved by HRC) to score the proposals based on the Evaluation Criteria stated in the RFP f: Proposer Firm Qualifications, Proposed Staff Qualifications, Project Approach, and Project Cost. The panel composition was reviewed by the Human Rights Commission.

Prior to disclosure of RFP materials, all panelists were required to review and sign a Panel participant Acknowledgement specifying responsibilities for due diligence, independence, impartiality, and confidentiality. Based on the panel’s review, the two highest scoring firms, Mercer and AON Hewitt, were invited to finalist interviews. The RFP score summary is set forth below:

Score Summary:

	Section	Panelist 1	Panelist 2	Panelist 3	Average
AON Hewitt	Firm Qualifications	23	20	18	20
	Staff Qualifications	15	15	20	17
	Project approach	23	25	28	25
	Project Cost	10	10	8	9
	Completeness of Submission	10	10	8	9
	Total	81	80	82	81

	Section	Panelist 1	Panelist 2	Panelist 3	Average
Mercer	Firm Qualifications	23	23	25	24
	Staff Qualifications	20	23	25	23
	Project approach	26	28	27	27
	Project Cost	3	8	6	6
	Completeness of Submission	7	5	7	6
	Total	79	27	90	85.3

The City convened a panel on June 20, 2011 to score the finalist interviews. Per the RFP, the scoring for interviews was separate from (rather than added to) the scoring of the written proposals. Therefore, the highest ranked proposal was the finalist with the highest oral interview score, not the proposal with the highest cumulative written proposal plus interview score.

Finalists were provided with questions developed by HSS and established guidelines for scoring in advance of their interview. Based on the panel’s review, in accordance with HSS guidelines, AON Hewitt achieved the higher score. The interview score summary is set forth below:

Interview Score

Summary:

	Question	Panelist 1	Panelist 2	Average
AON Hewitt	1	9	3	6
	2	8	6	7
	3	8	6	7
	4	8	6	7
	5	8	8	8
	6	5	5	5
	7	14	12	13
	8	11	10	11
	9	12	11	12
	Total	83	67	75.0

	Question	Panelist 1	Panelist 2	Average
Mercer	1	8	5	7
	2	7	3	5
	3	9	8	9
	4	7	8	8
	5	7	5	6
	6	4	1	3
	7	8	8	8
	8	13	8	11
	9	9	5	7
	Total	72	51	61.5

HSS conducted reference checks for AON Hewitt as the apparent highest ranked proposer, to confirm, among other things, the applicability of AON Hewitt's experience to the Health Service System's service needs, the quality of services and staffing AON Hewitt provided to other clients, such as adherence to schedules/budgets, problem-solving, project management and communication abilities, and the reference's overall satisfaction with AON Hewitt's performance on deliverables and outcomes.

Notice of Intent to Award Contract

Following completion of the reference checks, on June 28, 2011, the Controller's Office issued to all Proposers a Notice of Intent to Award a Contract (to begin contract negotiations) to AON Hewitt for Service Area 2 of the RFP: actuarial, healthcare trust fund consulting, audit, healthcare reform and general services. No protests were filed.

The Health Service Board is responsible for ratifying the contractor selected to perform work for HSS.

Under City procurement law, and reiterated in the Notice of Intent to Award and the RFP which states, selection for contract negotiations does not guarantee a contract with the City, in order for the City to finalize a negotiated agreement with AON Hewitt for the Service Area 2 scope of services, the Health Service Board must authorize HSS to proceed to award a contract with AON Hewitt for Service Area 2 in accordance with the results of the RFP selection process.