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Memorandum

Date : December 6, 2011
TO : Marty Salazar, Hidalgo County Purchasing Officer
From : Gary Looney REBC
RE : Blue Cross Blue Shield renewal 2012

Marty,

I have reviewed the Request for Proposals (RFP) as submitted by the vendors for the 2011 plan year for the Medical Plan Claim Administration Services, Stop Loss Insurance, and the Basic Group Term Life insurance policies. The RFP that I reviewed stated that:

"DURATION OF CONTRACT: Effective date to commence is February 1, 2011. The term of the contract is for a three (3) year period, on one of the following basis;

Fixed Price for the three (3) year period, or

Two (2) Annual renewal adjustments determined by formula at the time the contract is awarded; or

One (1) year contract with two (2) annual renewal options for rate and premiums deemed to be favorable to Hidalgo County."

In another section of the RFP it stated that "HIDALGO COUNTY desires to receive proposals for a three (3) year period on one of the following basis"

The RFP solicited multi-year quotes that were either a fixed rate for three years or a rate determined by formula for three years. After review of the submitted proposals it was apparent that the offer from Blue Cross for a one year contract with two annual renewals that were favorable to the County was the best option for the County.

The RFP requires that a vendor submitting a proposal state any objections or variations to the proposal. Blue Cross submitted their proposal based on a one year contract without future rate guarantees. (Pages 8,9 of Questionnaire) Blue Cross also complied with the RFP requirement that they provide renewal information at least 90 days prior to the anniversary date of the plan. The 90 day period allows enough time to evaluate the renewal to determine if it is in the best interest of the County. I presented the renewal information to the Court in September. I recommended that the County accept the Blue Cross renewal offer.

It is clearly the intent of the RFP to award the contract on a three year basis that is in the best interest of the County.

Gary Looney
Sr VP Alamo Insurance Group