

Town of Paradise Valley

HEALTHCARE REQUESTS FOR PROPOSALS

October 23, 2025



PURPOSE OF PRESENTATION





Healthcare Benefits: Review the recent history of employee healthcare benefits administration and current state.

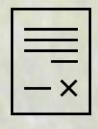
Self-Insurance Options: Provide explanation between self-insured options (pooled and full) in preparation for the healthcare benefits RFP process scheduled to begin in November 2025, in consultation with *Capital Financial Consulting*.



Council "Ask": Seeking Council consensus to issue RFP for healthcare benefits that includes both self-insured pools and fully self-insured options for bidders.



CONSULTANT RETAINED





- Capital Financial Consulting (dba Capfi Consulting) was retained (through a linking agreement) to support RFP process for healthcare benefits.
- Contract not to exceed \$21,125. Statement of Work (SOW) includes:
 - ✓ Fully self-funded feasibility study: \$6,750
 - ✓RFP preparation for medical, dental, vision, life, wellness, and employee assistance programs: \$14,375.
 - Bid cost analyses and recommendation preparation.
 - Presentations to Town and Council, as needed.



TOWN HEALTHCARE BENEFITS PROVIDER

- Effective 07/01/2017, Council approved the Town's membership with the *Arizona Metropolitan Trust* (*AzMT*), a **self-insured pool**.
- Currently 10 entities in AzMT: Apache Junction, Cave Creek, El Mirage, Fountain Hills, Guadalupe, Litchfield Park, Paradise Valley, Sun City Fire District, Wickenburg and Youngtown
- Each entity has one representative on the board of trustees (city/town manager).
- Current contract expires 06/30/2025. If contract is terminated effective 07/01/2026, *AzMT* will pay the Town \$320,830 (as of 06/30/2025) of premiums surplus (premiums paid less actual claim costs) in 2 installments: 6 months and 27 months following termination of contract.



SELF-INSURANCE POOL What is it?

- Hybrid between traditional fully insured and fully selfinsured benefit programs.
- Comprised of multiple government entitles who collectively pool resources to self-insure employee benefit programs (ARS § 11-952.01).
- Requires board of trustees, annual audits, actuarial services, and legal services.
- Provides greater control over costs and administration of benefits than traditional fully-insured insurance benefits.
- Claims are paid as they are incurred.



SELF-INSURANCE POOL Considerations

- Costs and risk affected by claims activity of all entities in pool. Entities may benefit from subsidized costs; or may be subsidizing the costs of other member entities.
- Individual entity limited on decision-making regarding cost allocations, plan design, and administration of benefits.
- Any surpluses/deficits may be maintained by the pool and reconciled upon termination of contract with the entity.
- Fiduciary responsibility rests with board of trustees.



FULLY SELF-INSURED What is it?

• Sole government entity that insures itself for employee benefit programs (ARS § 11-981).

 Similar in scope and responsibilities to self-insured pool, only with one entity responsible for all requirements.



FULLY SELF-INSURED Considerations

- Fiduciary responsibility as plan sponsor.
- Potentially more risk, higher maximum expense exposure.
- Monthly expense variability that requires sufficient cash flow.
- More administrative responsibilities.
- Costs and risk affected by claims activity of sole entity.
- Reserves are maintained by the sole entity.
- Customized plan design and plan delivery, and network carve-outs and optimization.
- Lower fixed costs.
- Improved cash flow and budget flexibility (rate setting).
- Full transparency of premium and claim reports.



FULLY SELF-INSURED FEASIBILITY STUDY



In preparation for the RFP and as part of the *Capfi Consulting* SOW, a feasibility study was conducted to determine if the Town could potentially benefit from a fully self-funded insurance program.

- Capfi Consulting utilized the Windsor Strategy Partners' Risk Decision Support Model, built on a database of nearly 3.8 million commercially insured lives, representing over \$35 billion in medical and pharmacy charges to demonstrate potential outcomes and the factors behind those outcomes.
- Ran 5,000 plan year simulations to predict some plan years with high aggregate claims, some with low claims, and some years with expected claims, based on the following assumptions:



FULLY SELF-INSURED FEASIBILITY STUDY



ASSUMPTIONS

Specific Deductible

\$240,000 and **\$150,000**

(current and recommended stop loss attachment point)

Stop Loss Premium

\$110.47 PEPM and \$173.93 PEPM*

(\$240k ISL and \$150k ISL respectively)

Administration

\$74.48 PEPM*

Includes TPA, network access, medical management, PBM, EAP, wellness

Claim Credibility

100%

Actual claims provided July 2022 through June 2025 Combined medical/Rx trend – 8.0%

Employees/Members

108 EE's/212 members

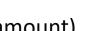
Aggregate Corridor

125%



FULLY SELF-INSURED FEASIBILITY STUDY

POOLED vs SF ANALYSIS - FUTURE YEAR PROJECTIONS



\$150k ISL = Individual Stop Loss (recommended amount)

CAPFI CONSULTING	

Year	AzMT Premium	Stop Loss Premium	Administration	Claims Under SL	SF Cost	SF > Pool
2026-27	1,598,650	143,169	99,422	1,201,405	1,443,996	78.9%
2027-28	1,739,491	143,169	102,405	1,297,517	1,543,091	87.6%
2028-29	1,892,740	143,169	105.477	1,401,319	1,649,965	91.0%
2029-30	2,059,490	143,169	108,641	1,513,424	1,765,234	93.5%

Projected Savings	
\$154,654	
\$196,400	
\$242,775	
\$294,256	

\$240k ISL = Individual Stop Loss

Year	AzMT Premium	Stop Loss Premium	Administration	Claims Under SL	SF Cost	SF > Pool	Projected Savings
2026-27	1,598,650	225,413	99,422	1,066,870	1,391,706	79.9%	\$206,944
2027-28	1,739,491	225,413	102,405	1,152,220	1,480,038	88.4%	\$259,453
2028-29	1,892,740	225,413	105.477	1,244,398	1,575,288	91.4%	\$317,452
2029-30	2,059,490	225,413	108,641	1,343,949	1,678,004	93.9%	\$381,486



RFP MARKET CONDITIONS



Summary: The expectation is that the Town will see a positive response to RFP based upon the following factors.

1 Scarcity

Commentary

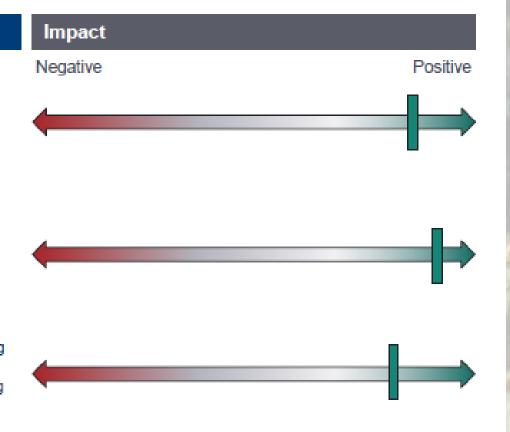
- Scarce "asset" with critical mass and regionally appealing employee population
- Multiple years since last RFP to the market; extremely "sticky" client profile
- ~Top 10% municipal employer most are currently locked in with trusts/pools



- · Client becomes a "must have" asset for buyers
- . Two new statewide trusts launching in '25
- Significant movement between competing trusts in '24 & '25



- Feasibility study results 72.6% chance of outperforming fully-insured in '25/26
- A very strong, competitive process could create a bidding war





RFP TIMELINE











November 2025

- Finalize RFP and go to market.
- Identify Town RFP review committee members.

December 2025

- 12/10/2025 RFP deadline and bid opening.
- Capfi Consulting conducts cost analysis of bids.

January 2026

- RFP committee reviews cost analysis.
- Best and final vendor presentations (as needed).

February 2026

Final scoring of proposals by Town RFP Committee.

March 2026

Present bid recommendation to Council.



COUNCIL "ASK"

The Town would like the option to consider becoming fully self-insured.

Therefore, the Town is seeking Council consensus to issue RFP for healthcare benefits that includes both self-insured pools and fully self-insured options for bidders.





Questions?