



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 10/21/2025

ALL

Item Creation Date:

Doc1145745814 RFP - Medicare Advantage and Prescription Drugs Health Plans (KS Plan Administrators LLC dba KelseyCare Advantage, Emphesys Insurance Company (Humana)) - Ordinance

Agenda Item#: 16.

**Summary:**

ORDINANCE approving and awarding contracts between City of Houston and (1) **KS PLAN ADMINISTRATORS, LLC, DBA KELSEY CARE ADVANTAGE**, and (2) **EMPHEYSYS INSURANCE COMPANY (HUMANA)** to provide Medicare Advantage and Prescription Drug PPO, and HMO Health Plans for the Human Resources Department; providing a maximum contract amount - 3 Years with 2 one-year options - \$151,660,000.00 - Health Benefits Fund

**Background:**

**Request for Proposals (RFP) received on October 3, 2024 for Doc1145745814 - Approve an ordinance awarding contracts to KS Plan Administrators LLC, dba KelseyCare Advantage and Emphesys Insurance Company (Humana) in the maximum contract amount of \$151,660,000.00 for Medicare Advantage and Prescription Drugs PPO and HMO Health Plans for a three (3) year contract, with two (2) one-year renewal options for the Human Resources Department.**

**Specific Explanation:**

The Director of the Human Resources Department (HR) and the Chief Procurement Officer recommend that City Council approve an ordinance awarding a **three (3) year contract, with two (2) one-year renewal options, for a total of five (5) years to KS Plan Administrators LLC, dba KelseyCare Advantage and Emphesys Insurance Company (Humana)** in the maximum contract amount of **\$151,660,000.00** to provide Medicare Advantage and Prescription Drugs Health Plans to City covered retirees and their eligible dependents.

Since 2021, the City has successfully sponsored two Medicare Advantage Plan for its Medicare-covered retirees and their Medicare-covered dependents. These contract terms were for three years with two one-year options, all of which will expire at 12:00 midnight on December 31, 2025. These Medicare plans are the only plans available for over 10,000 Medicare-covered City retirees and their dependents.

The Strategic Procurement Division, on behalf of the Human Resources department, published a Request for Proposals (RFP) on June 14, 2024. The Scope of Work required the contractors to provide Medicare health plans, pharmacy benefits, and all related services to eligible City retirees and their eligible dependents who are covered by Medicare. Services will include, but are not limited to, network management, claims processing, plan design and administration, customer service, and Medicare and City-required reporting.

The RFP was advertised in accordance with the requirements of the state of Texas bid laws, and proposals were received from KS Plan Administrators LLC, dba KelseyCare Advantage, Aetna Life Insurance Company, and Emphesys Insurance Company (Humana). The evaluation committee consisted of employees from HR, and the Finance and Legal Departments.

The proposals were evaluated based on the following criteria:

- 1. Responsiveness of Proposal;
- 2. Technical Competence; and
- 3. Price Proposal.

KS Plan Administrators LLC, dba KelseyCare Advantage and Emphesys Insurance Company (Humana) received the highest overall scores and were deemed the best-qualified firms to meet the requirements outlined in the RFP.

Vendor	FY2026 Amount	Out Years Amount	Total
KS Plan Administrators LLC, dba KelseyCare Advantage	\$5,500,000.00	\$57,470,000.00	\$62,970,000.00
Emphesys Insurance Company (Humana)	\$5,600,000.00	\$83,090,000.00	\$88,690,000.00
		<b>Total</b>	<b>\$151,660,000.00</b>

**M/WBE Participation:**

The RFP was advertised with a 10% M/WBE participation goal. Below is a breakdown of participation by each vendor.

**KS Plan Administrators LLC, dba KelseyCare Advantage** submitted a M/WBE participation plan calculating to **10% M/WBE** participation.

Company	Type of Work	Percentage
Gunter Creative	Graphic Design Services	5%
Ann Lee & Associates dba The Lee Group	Marketing Consulting Services Advertising Agency	5%

**Empheys Insurance Company (Humana)** submitted a M/WBE participation plan calculating to **10% M/WBE** participation.

Company	Type of Work	Percentage
Brand IQ, LLC.	Advertising Materials, Communications and distribution services	10%

**Pay or Play**

The proposed contract requires compliance with the City's 'Pay or Play' program regarding health benefits for employees of City contractors. In this case, KS Plan Administrators dba KelseyCare Advantage and Empheys Insurance Company (Humana) provide health benefits to eligible employees in compliance with City policy.

**Hire Houston First**

The proposed contract requires compliance with the City's 'Hire Houston First' (HHF) ordinance that promotes economic opportunity for Houston businesses and supports job creation. In this case, KS Plan Administrators LLC dba KelseyCare Advantage is a designated HHF company, but they were the successful awardee without application of the HHF preference. Empheys Insurance Company (Humana) does not meet the requirements for HHF designation.

**Fiscal Note:**

Funding for this item is included in the FY2026 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

**Jedediah Greenfield, Chief Procurement Officer,** \_\_\_\_\_ **Department Approval Authority**  
**Finance/Strategic Procurement Division**

Department	FY 2026	Out Years	Total
Human Resources	11,100,000.00	140,560,000.00	151,660,000.00

**Amount and Source of Funding:**

\$151,660,000.00 – Health Benefits Fund (9000)

**Contact Information:**

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Jedediah Greenfield, Chief Procurement Officer	Finance / SPD	(832) 393-9126

**ATTACHMENTS:**

Description	Type
Contract-Specific Goal	Backup Material
Kelsey_Certification of Funds	Financial Information
Kelsey_CIQ	Backup Material
Kelsey_Ownership Form	Backup Material
Kelsey_1295 Form	Backup Material
Kelsey_MWBE Forms	Backup Material
Kelsey_Drug Forms	Backup Material
Kelsey_POP Forms	Backup Material
Kelsey_PR10346299	Backup Material
Kelsey_TX SoS	Backup Material
Kelsey_Harris County Tax Screenshot	Backup Material
Kelsey_AM Best	Backup Material
Empheys-Humana_Certification of Funds	Financial Information
Empheys-Humana_CIQ	Backup Material
Empheys-Humana_Ownership Form	Backup Material

Empnesys-Humana_Ownership Form	Backup Material
Empnesys-Humana_1295 Form	Backup Material
Empnesys-Humana_MWBE Forms	Backup Material
Empnesys-Humana_Drug Forms	Backup Material
Empnesys-Humana_POP Forms	Backup Material
Empnesys-Humana_Harris County Tax Screenshot	Backup Material
Empnesys-Humana_Certificate of Authority	Backup Material
Empnesys-Humana_Certificate of Insurance	Backup Material
Empnesys-Humana_AM Best	Backup Material
Empnesys-Humana_PR10346341	Backup Material
Funding Verification	Financial Information
OA number Empnesys-Humana	Financial Information
OA number Kelsey Care	Financial Information
Ordinance - revised	Ordinance/Resolution/Motion
No Tag Request Memo	Backup Material