



Legislation Details (With Text)

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Title: Resolution to Approve the Renewal of the City’s Contract with Blue Cross Blue Shield of Michigan (BCBSM) to provide administrative claims processing services for Group Medical and Group Pharmacy benefits, and related Stop-Loss Insurance through BCS Insurance Company for the City’s Health Care Plan on Behalf of Employees and Retirees and Their Dependents, and to Authorize the City Administrator to Execute the Necessary Documentation (\$2,050,146.00)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Rx Guarantee Addendum 2024 Signatures.pdf, 2. Schedule - City of Ann Arbor - Signatures.pdf, 3. BCBSM Contract -Signatures.pdf, 4. BCS MMA Signed Proposal 2024.pdf, 5. BCS Rate Proposal Signatures.pdf

Date	Ver.	Action By	Action	Result
12/18/2023	1	City Council	Approved	Pass

Resolution to Approve the Renewal of the City’s Contract with Blue Cross Blue Shield of Michigan (BCBSM) to provide administrative claims processing services for Group Medical and Group Pharmacy benefits, and related Stop-Loss Insurance through BCS Insurance Company for the City’s Health Care Plan on Behalf of Employees and Retirees and Their Dependents, and to Authorize the City Administrator to Execute the Necessary Documentation (\$2,050,146.00)

The attached Resolution authorizes the City Administrator to execute the renewal of the City’s contract for administrative claims processing services for the City’s group health care plan, group pharmacy plan, and purchase of a related stop-loss insurance policy. Blue Cross Blue Shield of Michigan will continue to provide administrative claims processing services for the City’s health plan for the period of January 1, 2024 through December 31, 2024. The annual estimated cost for claims administration provided by Blue Cross Blue Shield of Michigan is \$1,343,827.00, which includes the administrative costs associated with the pharmacy benefit, which was transitioned to Blue Cross Blue Shield of Michigan and their pharmacy benefit management partner, Optum, as of January 1, 2023. BCS Insurance Company, a subsidiary of Blue Cross Blue Shield of Michigan, will continue to provide stop-loss insurance for the period of January 1, 2024 through December 31, 2024. The annual estimated cost for the stop-loss insurance provided by BCS is \$706,319.00.

Public Act 106, requires the City to competitively bid our medical, dental and vision coverage every three years. Marsh & McLennan Agency LLC (“MMA”), our healthcare benefits advisor, conducts the bidding on our behalf and recommends a service provider. We completed this bidding process for plan year 2023. BCBS remained the best option for medical claims processing. As for stop loss insurance, MMA bids this annually. For plan year 2024, BCS remains the best option for stop loss coverage.

Budget/Fiscal Impact: The necessary funds were appropriated as part of the FY24 approved Risk Fund budget through June 30, 2024. Required funding for the portion of the contract term from July 1, 2024 through June 30, 2025 will be budgeted in the FY25 Risk Fund budget. The estimated annual cost for the calendar year of this employee benefit is \$2,050,146.00, which covers the medical / pharmacy administrative claims processing and stop-loss insurance coverage.

The Blue Cross Blue Shield Community Blue Preferred Provider Network (or its equivalent) is provided for under our current labor agreements and our employee benefits program. This contract continues services now in effect.

The overall costs for the program will fluctuate monthly depending both on the number of employees and retirees enrolled in the program during any given month, and the amount of incurred claims actually paid during any given month.

The BCBSM benefit coverage levels will remain the same as currently underwritten with the addition of the following: provide autism benefits for dependent children to the retiree plans that cover employees who retired starting in 2020 when the autism benefits were added to active employee plans, and to all new retiree plans going forward; continue coverage for COVID-19 testing administered by a healthcare provider, a testing facility, or a lab after the Public Health Emergency ends; finally, there is a slight change as to how Marsh & McLennan Agency LLC (“MMA”), our healthcare benefits advisor, is compensated. Previously MMA earned a small percentage based on a per member per month rate which was filtered through the Keenan / Express Scripts Inc. pharmacy contract. Since the Keenan / Express Scripts Inc. pharmacy contract terminated January 1, 2023, MMA will be compensated an equivalent amount through the BCBSM contract.

The BCS benefit coverage levels will remain the same as currently underwritten with inclusion of an aggregating specific deductible, which if incurred, will be offset by corresponding premium reduction, and therefore provides no additional risk to the City; the deductible will remain per family, not per individual member. Pharmacy Benefit Manager rebates attributable to claims paid in excess of the specific and aggregate stoploss deductible will not be earned and credited to the plan, but against the total excess claims liability; enrollment in the experience refund program is included at no additional cost, which is an opportunity for the City to be reimbursed up to 15% of the stop loss premium as a dividend for favorable claims experience.

Prepared by: Kimberly Barry, Employee Benefits Supervisor

Reviewed by: Marc Thompson, Interim Director of Human Resources & Labor Relations

Approved by: Milton Dohoney Jr., City Administrator

Whereas, The City provides health care coverage to City employees, their eligible dependents, and retirees and their eligible dependents, in accordance with the employee benefits program and various labor contracts at an estimated annual claims cost of approximately \$27,461,659.00, inclusive of both group medical and group pharmacy claims, and inclusive of all required benefit designs;

Whereas, The City’s contract with Blue Cross Blue Shield of Michigan (“BCBSM”) is due for renewal on January 1, 2024;

Whereas, For the renewal period, the administrative fees will remain the same and stop loss premium will increase in accordance with the attached BCBSM Administrative Services Contract Renewal (Schedule A) and the attached BCS Insurance Company (“BCS”) Stop Loss Schedule;

Whereas, the BCBSM benefit coverage levels will be the same for the calendar year 2024 as they

were in 2023 with the additions of the following: provide autism benefits for dependent children to the retiree plans that cover employees who retired starting in 2020 and to all new retiree plans going forward; continue coverage for COVID-19 testing administered by a healthcare provider, a testing facility, or a lab after the Public Health Emergency ends; and continue to compensate Marsh & McLennan Agency LLC (“MMA”) through the BCBSM contract in an amount unchanged from 2023 to 2024. The BCS benefit coverage levels will remain the same as currently underwritten, including continuation of the specific and aggregating specific deductibles;

Whereas, Necessary funding for the January 1, 2024 through June 30, 2024 portion of the contracts’ term was approved as part of the FY24 Risk Fund budget and the remainder of the required funding will be budgeted in the FY25 Risk Fund budget;

Whereas, BCBSM complies with the requirements of the City’s Non-Discrimination and Living Wage Ordinances; and

Whereas, Human Resources Services recommends approval of both the attached BCBSM renewal and the BCS Stop Loss schedule;

RESOLVED, That City Council approve the attached renewal of the contract with Blue Cross Blue Shield of Michigan (“BCBSM”) to provide administrative claims processing services, and the expenditure of the fees outlined therein for the City’s health care plan for all eligible City employees, their eligible dependents, retirees, and their eligible dependents, for the period January 1, 2024 to December 31, 2024;

RESOLVED, That the City Council approve the attached BCS Insurance Company Schedule for Stop Loss Insurance, ratify the application for stop loss insurance that MMA filed on the City’s behalf, and the expenditure of fees outlined therein for the City’s health care plan for all eligible City employees, their eligible dependents, retirees, and their eligible dependents, for the period January 1, 2024 to December 31, 2024;

RESOLVED, That the City Council approves the expenditure of the fees in the attached BCBSM Renewal (Schedule A), the attached BCS Stop Loss Schedule, for each eligible City employee, family, or contract (respectively), from January 1, 2024 to December 31, 2024, payable from the Risk Fund in accordance with Chapter 11 of the City Code, Section 1:265(7);

RESOLVED, That the City Council approve a ten percent (10%) contingency to be expendable from the Risk Fund with City Administrator approval, in accordance with Chapter 11 of the City Code, Section 1:265(7);

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized to take all necessary actions to implement this resolution including execution of: any documents to add the benefits authorized herein, any renewals, and any changes or amendments that do not exceed the amount authorized herein.