



Legislation Details (With Text)

File #: 21-0033 **Version:** 2 **Name:** 2/1/21 - Resolution to Approve the Amendment and Renewal of Blue Cross Blue Shield Contract

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File created: 2/1/2021 **In control:** City Council

On agenda: 2/1/2021 **Final action:** 2/1/2021

Enactment date: 2/1/2021 **Enactment #:** R-21-028

Title: Resolution to Approve the Renewal of the City’s Contract with Blue Cross Blue Shield of Michigan to Provide Administrative Claims Processing Services and Related Stop-Loss Insurance Coverage 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 (\$2,051,303)

Sponsors:

Indexes:

Code sections:

Attachments: 1. BCBS Schedule A-2021.pdf, 2. BCS - City of Ann Arbor Application.pdf, 3. BCS - Proposal Final Revised.pdf, 4. BCS - FINAL REVISED Schedule.pdf, 5. BCS - Stop Loss Ins Policy.pdf

| Date | Ver. | Action By | Action | Result |
|----------|------|--------------|----------|--------|
| 2/1/2021 | 2 | City Council | Approved | Pass |

Resolution to Approve the Renewal of the City’s Contract with Blue Cross Blue Shield of Michigan to Provide Administrative Claims Processing Services and Related Stop-Loss Insurance Coverage 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 (\$2,051,303)

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 health care plan and purchase of a related stop-loss 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, 2021 through December 31, 2021. The annual estimated cost for claims administration provided by Blue Cross Blue Shield of Michigan is \$1,208,909. 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, 2021 through December 31, 2021. The annual estimated cost for the stop-loss insurance provided by BCS is \$842,394.

Public Act 106, requires the City to competitively bid our medical, dental and vision coverage every three years. MMA, our healthcare advisor, conducts the bidding on our behalf and recommends a service provider. We completed this bidding process in the fall of 2019 for plan year 2020. BCBS remained the best option for medical claims processing. As for stop loss insurance, MMA bids this annually. Last year we switched providers from BCBS to BCS because BCS was able to include prescription costs in our stop loss coverage at a competitive rate.

Budget/Fiscal Impact: The necessary funds were appropriated as part of the FY21 approved Risk Fund budget through June 30, 2021. Required funding for the portion of the contract term from July

1, 2021 through December 31, 2021 will be budgeted in the FY22 Risk Fund budget. The estimated annual cost for the calendar year of this employee benefit is \$2,051,303, which covers the administrative claims processing and stop-loss 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 benefit coverage levels will remain the same for the FY21 as currently underwritten. Also, the City is adding the following benefits beginning in 2021: Telemedicine benefits for all active employee medical plans; coverage for the COVID-19 vaccination for all plan participants (employees, retirees and their covered dependents) at no cost share. Also, the stop-loss benefit coverage will prospectively include a no new laser provision which prohibits BCS from excluding members with pre-existing conditions for the calendar year 2021 whereas such provision was excluded in 2020;

...Staff

Prepared by: Jessica Hull, Employee Benefits Supervisor
Reviewed by: John Fournier, Interim Director of HR & Labor Relations
Approved by: Tom Crawford, City Administrator

...Body

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 \$13,577,982, inclusive of all recommended benefit designs

Whereas, The City's contract with Blue Cross Blue Shield of Michigan ("BCBSM") was due for renewal on January 1, 2021;

Whereas, For the renewal period, the administrative fees 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, Benefit coverage levels will be the same for the calendar year 2021 as they were in 2020, except that: 1) telemedicine benefits will be added for active employee medical plans in 2021; 2) coverage for COVID-19 vaccinations will be covered for all plan participants including actives, retirees and their covered dependents; and 3) no new laser provision will be added to the stop loss coverage in 2021;

Whereas, Necessary funding for the July 1, 2020 through June 30, 2021 portion of the contracts' term was approved as part of the FY21 Risk Fund budget and the remainder of the required funding will be budgeted in the FY22 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 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, 2021 to December 31, 2021;

RESOLVED, That the City Council approve the attached BCS Insurance Company Schedule for Stop Loss Insurance, ratifies 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, 2021 to December 31, 2021;

RESOLVED, That the City Council approve the addition of: 1) Telemedicine benefits for active employee medical plans; 2) coverage of the COVID-19 vaccination for all active and retiree medical plans, and 3) no new laser provision will be added to the stop loss coverage; Also, the City Council will allow for the City Administrator's authorization for the Telemedicine and Vaccination benefits.

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, 2021 to December 31, 2021, 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.