



Legislation Text

File #: 16-0102, **Version:** 2

Resolution to Approve the Renewal Contracts with Blue Cross Blue Shield of Michigan to Provide Health Care Coverage, Third Party Administrator Services and Excess Insurance Coverage to City Employees and Retirees and Their Dependents and Authorize the City Administrator to Execute the Necessary Documentation (\$1,320,352.00)

The attached Resolution authorizes the City Administrator to execute the renewal of health care services contracts with our health care service provider. The plan is administered by Blue Cross Blue Shield of Michigan for the period of January 1, 2016 through December 31, 2016

Budget/Fiscal Impact: The necessary funds were appropriated as part of the FY16 approved budget through June 30, 2016. Required funding for the portion of the contract term from July 1, 2016 through December 31, 2016 will be budgeted in the FY17 budget. The estimated annual cost of this employee benefit is \$1,320,352.

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.

New fees and premium effective 1/1/16 through 12/31/16 are:
\$55.73 total Base Administration (All inclusive fee)
\$20.10 specific Stop loss premium (\$350,000.00 deductible)

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 FY16 and FY17 as currently underwritten.

...Staff

Prepared by Kelly Beck, Employee Benefits Supervisor

Reviewed by: Robyn Wilkerson, Director of Human Resources and Labor Relations

Approved by: Tom Crawford, Interim 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 cost of approximately \$12,889,507.00;

Whereas, The City's contract with Blue Cross Blue Shield of Michigan was due for renewal on January 1, 2016;

Whereas, Human Resources Services recommends renewal of this contract;

Whereas, There is a decrease in the administrative fees for the 2016 plan year, as well as a

decrease in the stop loss premium due to the increase in deductible from \$300,000.00 specific to \$350,000.00 specific;

Whereas, Necessary funding for the July 1, 2015 through June 30, 2016 portion of the contract term was approved as part of the FY16 budget and the remainder of the required funding will be budgeted in the FY17 budget; and

Whereas, Blue Cross Blue Shield of Michigan complies with the requirements of the City's Non-Discrimination and Living Wage Ordinances;

RESOLVED, That City Council approve renewal of the Third Party Administrator (TPA) services and excess insurance coverage for the period January 1, 2016 to December 31, 2016, with Blue Cross Blue Shield of Michigan in the amount of \$1,320,352.00 to provide health care coverage to City employees, their eligible dependents, retirees, and their eligible dependents,

RESOLVED, That City Council approve Blue Cross Blue Shield of Michigan as the City's medical claim provider for the period ending December 31, 2016 for health care coverage to City employees, their eligible dependents, retirees, and their eligible dependents at an approximate annual self-insurance claim amount of \$12,889,507.00; and

RESOLVED, That the City Administrator be authorized and directed to execute the necessary contract documentation after approval as to form by the City Attorney and take any further necessary administrative actions to implement this resolution.