



## Legislation Text

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**File #:** 20-0063, **Version:** 2

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Resolution to Approve the Amendment and 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 (\$1,871,851.00)

The attached Resolution authorizes the City Administrator to execute the amendment and 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, 2020 through December 31, 2020. The stop-loss policy will be provided through a subsidiary of Blue Cross Blue Shield of Michigan - BCS Insurance Company (BCS). Previously, such insurance was underwritten by Blue Cross Blue Shield, however such insurance encompassed only medical claims. By engaging BCS to provide these services, Rx claims will now also be included in the stop loss coverage therefore limiting the liability for those high dollar claims as well for the City. The annual estimated cost for the stop-loss insurance provided by BCS is \$705,983.00.

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. BCBSM remains the best option for medical claims processing. As for stop loss insurance, MMA bids this annually. This year we are switching providers from BCBSM 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 FY20 approved budget through June 30, 2020. Required funding for the portion of the contract term from July 1, 2020 through December 31, 2020 will be budgeted in the FY21 budget. The estimated annual cost for the calendar year of this employee benefit is \$1,871,851.00, 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 FY20 as currently underwritten. Also, the City is adding the following benefits beginning in 2020: autism benefits for children up to the age of 18 to all active employee medical plans; unlimited mental health benefits for retiree-only medical plans that are not Affordable Health Care compliant to match the coverage of retiree-only plans that

are compliant with the Affordable Care Act. Finally, the stop-loss benefit coverage will prospectively include Rx benefits for the calendar year 2020 whereas such coverage was excluded in 2019;

**...Staff**

Prepared by: Jessica Hull, Employee Benefits Supervisor  
Reviewed by: John Fournier, Interim Director of HR & Labor Relations  
Approved by: Howard Lazarus, 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 \$13,633,001.00, 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, 2020;

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 2020 as they were in 2019, except that prescription claims will be added to the stop loss coverage and the following healthcare benefits will be added in 2020: autism benefits for active employees and add unlimited mental health benefits for the retiree only groups that are not subject to ACA;

Whereas, Necessary funding for the July 1, 2019 through June 30, 2020, portion of the contracts terms were approved as part of the FY20 budget and the remainder of the required funding will be budgeted in the FY21 budget;

Whereas, BCBSM and BCS comply 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 amendment and 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, 2020 to December 31, 2020;

RESOLVED, That the City Council approve the attached BCS Insurance Company Schedule for Stop Loss Insurance, 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, 2020 to December 31, 2020;

RESOLVED, That the City Council approve the addition of: 1) autism benefits for children up to the age of 18 for all active employee medical plans; and 2) unlimited mental health benefits for retiree-only medical plans to which Affordable Care Act ("ACA") requirements do not apply, to match the

mental health coverage of retiree-only plans to which ACA requirements apply;

RESOLVED, That the City Council approve 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, 2020 to December 31, 2020, payable from the Risk Fund;

RESOLVED, That the City Council approve a ten percent (10%) contingency to be expendable from the Risk Fund, subject to City Administrator approval;

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.