



## Legislation Text

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**File #:** 21-2244, **Version:** 1

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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 (\$2,165,695)

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, 2022 through December 31, 2022. The annual estimated cost for claims administration provided by Blue Cross Blue Shield of Michigan is \$1,248,214. 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, 2022 through December 31, 2022. The annual estimated cost for the stop-loss insurance provided by BCS is \$917,481.

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 2020. BCBS remained the best option for medical claims processing. As for stop loss insurance, MMA bids this annually. In 2020 we switched providers from BCBS to BCS because BCS was able to include prescription costs in our stop loss coverage at a competitive rate. For plan year 2022, BCS remains the best option for stop loss coverage.

Budget/Fiscal Impact: The necessary funds were appropriated as part of the FY22 approved Risk Fund budget through June 30, 2022. Required funding for the portion of the contract term from July 1, 2022 through December 31, 2022 will be budgeted in the FY23 Risk Fund budget. The estimated annual cost for the calendar year of this employee benefit is \$2,165,695, which covers the medical 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 FY22 as currently underwritten.

**...Staff**

Prepared by: Jessica Hull, Employee Benefits Supervisor

Reviewed by: Margaret Radabaugh, Interim Director of HR & Labor Relations

Approved by: Milton Dohoney Jr., 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 claims cost of approximately \$15,753,947, inclusive of all recommended benefit designs;

Whereas, The City's contract with Blue Cross Blue Shield of Michigan ("BCBSM") is due for renewal on January 1, 2022;

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 2022 as they were in 2021;

Whereas, Necessary funding for the July 1, 2021 through June 30, 2022 portion of the contracts' term was approved as part of the FY22 Risk Fund budget and the remainder of the required funding will be budgeted in the FY23 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, 2022 to December 31, 2022;

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, 2022 to December 31, 2022;

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, 2022 to December 31, 2022, 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.