

ACITY COUNCIL REGULAR SESSION

Resolution authorizing execution of Amendment No. 2 to the administrative services contract between the City of Bellevue and Premera Blue Cross extending the term through December 31, 2022, and establishing rates and terms for calendar year 2022 medical and prescription drug third party administrator services, in an amount not to exceed \$820,000, plus all applicable taxes.

Michelle Robinson, Benefits Administrator, 452-4585

Human Resources Department

EXECUTIVE SUMMARY

This Resolution authorizes an amendment to an existing agreement for medical and prescription drug third party administrator services to extend the term of the agreement through calendar year 2022.

RECOMMENDATION

Move to adopt Resolution No. 10041

BACKGROUND/ANALYSIS

Medical and prescription drug benefit coverage is provided as part of the City benefits package for staff. Historically, the City has retained third party administrators to pay claims under the City of Bellevue self-insured medical and prescription drug benefit programs.

Responsibilities of the third-party administrator include:

- Processing covered employee and dependent medical, hospital and prescription drug claims;
- Establishing and maintaining provider networks by negotiating with providers (physicians, hospitals, labs, etc.) for claims discounts, which are passed along to the City;
- Providing case and disease management programs, including utilization reviews; and
- Reporting and benchmarking on City of Bellevue claims data.

For 2018, the City conducted a competitive bidding process with the assistance of the City's benefits broker, Gallagher Benefit Services. Selection criteria identified in the request for proposal included:

- Ability to administer the current City of Bellevue medical and prescription drug plan designs, which consist of custom plan designs and a standard plan design; and
- Ability to process City of Bellevue claims electronically (adjudication).

Proposals were received from the following medical claims third party administrators: Premera Blue Cross, Aetna, and United Healthcare. Premera was selected based on the following qualifications:

- As part of Blue Cross, they offer the largest provider network in the country;
- Deep provider discounts;
- Accurate claims adjudication processing based upon accepted insurance industry practice;
- Strong reporting capabilities;
- Dedication to customer service for their members by phone, online, and mobile platforms; and
- Offering virtual medicine (for example, Doctor on Demand, 98point6, TalkSpace, Physera).

Council authorized execution of a one-year administrative services contract with Premera at the end of 2020 for calendar year 2021. The contract includes the option to extend the term for an additional contract period by means of an amendment. This amendment would be effective January 1, 2022 through December 32, 2022. The contract was previously amended in 2021 to add the SaveOnSP pharmacy coupon copay offset program to the plan.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue City Code chapter 4.28 provides for the fair and equitable treatment of all persons involved in the purchasing process. Council approval is required to execute agreements in excess of \$90,000.

Fiscal Impact

The City will pay Premera Blue Cross a fee not to exceed \$820,000, plus all applicable taxes, over a one-year period (2022) for administration of the City's self-insured medical and prescription drug program, for a total contract value of \$1,630,000, plus all applicable taxes. Vendor administration fees are based on enrollment; the actual fee may fluctuate slightly as enrollment changes.

Agreement	Dollar Value
Original Contract	\$810,000
Amendment #1	\$0
Amendment #2	\$820,000
Total Contract Value	\$1,630,000

Funding has been requested as part of the 2022-2023 Health Benefits Fund Operating Budget.

OPTIONS

1. Adopt the Resolution authorizing execution of Amendment No. 2 to the administrative services contract between the City of Bellevue and Premera Blue Cross extending the term through December 31, 2022, and establishing rates and terms for calendar year 2022 medical and prescription drug third party administrator services, in an amount not to exceed \$820,000, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10041

AVAILABLE IN COUNCIL LIBRARY

2022 Amendment No. 2 to Administrative Services Contract