

CITY COUNCIL REGULAR SESSION

Resolution authorizing execution of a one-year agreement between the City of Bellevue and Premera Blue Cross with the option to extend for additional contract terms, in an amount not to exceed \$1,930,000, plus all applicable taxes, for medical and prescription drug third party administrative services.

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Human Resources Department

EXECUTIVE SUMMARY

This Resolution authorizes execution of an agreement with Premera Blue Cross to provide administrative services for employee medical and prescription drug benefit programs.

RECOMMENDATION

Move to adopt Resolution No. 10184

BACKGROUND/ANALYSIS

Medical and prescription drug benefit coverage is provided as part of the City of Bellevue's benefits package for staff. Historically, the City has retained third party administrators to pay claims under its 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.

In 2022, the City conducted a competitive bidding process with the assistance of the City's health and welfare broker and consultant, Gallagher Benefit Services. Selection criteria identified in the request for proposals 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, Regence Blue Shield, and First Choice.

Premera Blue Cross was selected based on the following qualifications:

- Blue Cross has one of the largest provider networks in the country, with deep provider discounts;

- Competitive quote for services, reducing its base administrative fee by over 20 percent while providing three years of rate guarantees;
- Accurate claims adjudication processing based upon accepted insurance industry practices;
- Strong reporting capabilities and benchmarking data;
- Dedication to customer service for members by phone, online, and mobile platforms; and
- Virtual care (for example, Doctor on Demand, 98point6, TalkSpace, Omada) and disease management programs.

If approved, the initial agreement term will begin January 1, 2023 and terminate December 31, 2023. The City can extend the agreement for additional contract terms. The base administration fees are guaranteed for the first year three years of services, through December 31, 2025.

POLICY & FISCAL IMPACTS

Policy Impact

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

Fiscal Impact

The City will pay Premera Blue Cross a fee not to exceed \$1,930,000, plus all applicable taxes, to administer the City's self-insured medical and prescription drug program. Staff estimate this amount will cover three years of services. Because the administration fees are based on enrollment, the actual fee may fluctuate slightly as enrollment changes. Sufficient funds exist in the 2023-2024 Health Benefits Fund Operating Budget to cover the first two years of services. Funding for any additional years will be requested in future Health Benefits Fund Operating Budgets.

OPTIONS

1. Adopt the Resolution authorizing execution of a one-year agreement between the City of Bellevue and Premera Blue Cross with the option to extend for additional contract terms, in an amount not to exceed \$1,930,000, plus all applicable taxes, for medical and prescription drug third party administrative services.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

Proposed Resolution No. 10184

AVAILABLE IN COUNCIL LIBRARY

Premera Blue Cross Administrative Services Agreement