

**CITY COUNCIL REGULAR SESSION**

Resolution authorizing the execution of Amendment #1 to the administrative services contract between the City of Bellevue and Premera Blue Cross extending the term through December 31, 2019 and establishing rates and terms for calendar year 2019 medical and prescription drug third party administrator services, in an amount not to exceed \$780,000, plus all applicable taxes.

Michelle Robinson, Benefits Administrator, 452-4585  
*Human Resources Department*

**EXECUTIVE SUMMARY**

This Resolution authorizes the Human Resources Department to execute an Amendment to the existing administrative services agreement for calendar year 2019 medical and prescription drug third party administrator services originally approved by Council on December 11, 2017.

**RECOMMENDATION**

Move to adopt Resolution No. 9508

If approved, effective date: 12/10/2018

**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 and 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 (Teladoc).

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

Bellevue City Code

BCC 4.28 provides for the fair and equitable treatment of all persons involved in the purchasing process. Council approval is required to award the bid where the cost exceeds \$90,000.

The City purchasing policy for professional services agreements greater than \$50,000 requires that staff solicit proposals or review Statements of Qualifications from consultants from the City's Professional Services Roster. As the Roster did not specifically include this specialized type of professional services, staff instead sought analysis of competitive firms from the City's health and welfare consultant/broker and consultant, Gallagher Benefit Services.

### **Fiscal Impact**

The City will pay Premera Blue Cross a fee not to exceed \$780,000, plus all applicable taxes, over a one-year period (2019) for administration of the City's self-insured medical and prescription drug program. Vendor administration fees are based on enrollment; the actual fee may fluctuate slightly as enrollment changes. Funding has been requested as part of the 2019-2020 Health Benefits Fund Operating Budget.

## **OPTIONS**

1. Adopt the Resolution authorizing the execution of Amendment #1 to the administrative services contract between the City of Bellevue and Premera Blue Cross extending the term through December 31, 2019 and establishing rates and terms for calendar year 2019 medical and prescription drug third party administrator services, in an amount not to exceed \$780,000, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

Proposed Resolution No. 9508

## **AVAILABLE IN COUNCIL LIBRARY**

Amendment #1

Administrative Services Contract