

December 11, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing the execution of a one-year administrative services contract (currently in substantial form) between the City of Bellevue and Premiera Blue Cross for calendar year 2018 medical and prescription drug third party administrative services, in an amount not to exceed \$470,000, plus all applicable taxes.

FISCAL IMPACT

This action obligates the City to approximately \$470,000 over a one-year period (2018) 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. Sufficient funds exist in the 2018 Health Benefits Fund Operating Budget to cover this cost.

STAFF CONTACT

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

POLICY CONSIDERATION

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.

Shall the City engage Premiera Blue Cross for medical and prescription drug third party administrator services and enter into a one-year contract with Premiera Blue Cross?

BACKGROUND

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 and services, 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 (Teladoc).

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the authorizing the execution of a one-year administrative services contract (currently in substantial form) between the City of Bellevue and Premera Blue Cross for calendar year 2018 medical and prescription drug third party administrative services, in an amount not to exceed \$470,000, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9347 authorizing the execution of a one-year administrative services contract (currently in substantial form) between the City of Bellevue and Premera Blue Cross for calendar year 2018 medical and prescription drug third party administrative services, in an amount not to exceed \$470,000, plus all applicable taxes.

ATTACHMENTS

Proposed Resolution No. 9347

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Administrative Services Contract