

# RESOLUTION OF THE CITY COUNCIL

No. 360

Approved June 22, 2018

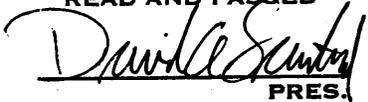
RESOLVED, That the Members of the Providence City Council  
hereby Authorize Approval of the following Contract Award by the Board of  
Contract and Supply, in accordance with Section 21-26 of the Code of Ordinances.

Blue Cross Blue Shield of Rhode Island                      \$10,400,000.00 for a term of three years  
(Human Resources)

IN CITY COUNCIL

JUN 21 2018

READ AND PASSED

  
PRES.

  
CLERK

I HEREBY APPROVE.

  
\_\_\_\_\_  
Mayor

Date: 6/22/18

City Hall, Room 310  
25 Dorrance Street  
Providence, RI 02903  
P: 401.421.7740, ext 577  
F: 401.351.1056



## Office of the Internal Auditor

May 23, 2018

Ms. Lori Hagen  
City Clerk's Office  
City of Providence  
25 Dorrance Street  
Providence, RI 02903

Dear Lori:

I am writing to request that the following requested contract award be submitted to the City Council and the Finance Committee for approval:

▪ **Human Resource:**

- Request to extend the administrative service only (ASO) contract with the **Blue Cross Blue Shield of Rhode Island (BCBSRI)** for a term of three years in an amount of **\$10,400,000** in accordance with Code of Ordinance Section 21-26.
- Request to extend the current pharmacy benefit management (PBM) contract with **CVS Caremark** for a term of three years for an amount of **\$19,900,000.00** in accordance with the Code of Ordinance Section 21-26.
- Request a one year extension with **Delta Dental of RI** for one additional year for an amount of **\$5,700,000.00** in accordance with the Code of Ordinance, Section 21-26.
- Request to extend the stop loss contract with **Blue Cross and Blue Shield of Rhode Island (BCBSRI)** for one year in an amount of **\$882,000.00** in accordance with the Code of Ordinance, Section 21-26.

▪ **Water Supply Board:**

- Request to engage services with Pure Technologies in an amount to exceed \$577,242 for a five year term in accordance with the Code of Ordinances, Section 21-26.

Sincerely,

A handwritten signature in black ink that reads "Gina M. Costa".

Gina M. Costa  
Internal Auditor

Cc: Margaret Wingate, Deputy Director of Human Resources & Benefits  
Ricky Caruolo, General Manager, Water Supply Board  
Al Buco, Acting Director of Public Property  
Sabrina Solares-Hand, Associate Director of Purchasing  
James Lombardi, Senior Adviser to the City Council  
CITY HALL • 25 DORRANCE STREET, ROOM 310 • PROVIDENCE, RHODE ISLAND 02903  
Phone: (401) 521-7477 • Fax: (401) 521-3920  
COUNCIL@PROVIDENCERI.COM



CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

May 23, 2018

The Honorable Mayor Jorge Elorza
Chairman, Board of Contract and Supply
City Hall
Providence, RI 02903

Dear Mayor Elorza:

The current administrative services only (ASO) contract between the City of Providence and Blue Cross Blue Shield of Rhode Island (BCBSRI) is set to expire June 30, 2018. We respectfully request authorization to renew this contract with Blue Cross Blue Shield of Rhode Island (BCBSRI) for a term of three (3) years beginning July 1, 2018 through June 30, 2021.

Mercer, as outlined in their contract with the City of Providence, has the responsibility of negotiating the City's healthcare contracts with our vendors. Based on a detailed comparison and cost analysis of relevant healthcare data between BCBSRI and United Healthcare, (the second Rhode Island carrier who has a similar geographical network), we are recommending the extension of the BCBSRI (ASO) contract for the following reasons:

- The claims discounts available from BCBSRI are more financially competitive
- Mercer was able to successfully negotiate a 0% increase or rate pass to the PEPM admin fee for FY19, whereas the average industry trend is a 3% increase
- Mercer was able to negotiate lower than trend rate caps for FY20 (1.5%) and FY21 (3.0%) (since 2010, the City has only seen a 1.6% PEPM increase (rates would be negotiated each year)
- BCBSRI has partnered with the City of Providence in streamlining the complicated and ongoing process of moving all eligible retirees to Medicare, as well as with the Coordination of Benefits (COB) initiative which provides substantial savings (\$5M annually) to the City
- The City of Providence hopes to continue our multi-year partnership with BCBSRI, working together on our latest strategic initiatives such as a comprehensive wellness program, behavioral health strategies and telemedicine
- In the renewal BCBSRI is including a \$55,000 claims audit allowance (to be used during FY20) as well as a \$30,000 annual wellness programming allowance (recurring over 3 years - \$90,000 in total)

Respectfully Submitted,

Margaret M. Wingate

Margaret M. Wingate
Deputy Director of Human Resources - Benefits

Table with account numbers and amounts: Account: 891-891-51576 (Actives), Account: 891-892-51576 (Retirees), Amount: \$10,400,000.00

Financial Approval: Sara A. Silveria
Deputy Director of Finance

## Medical Administrative Service Contract Proposal Sheet Effective July 1, 2018 through June 30, 2021

This Medical Administrative Service Contract Proposal Sheet ("Proposal") shall serve as the basis for a more detailed Medical Administrative Service Contract ("Agreement") that will be entered into by the Parties.

**PARTIES:**

1. City of Providence ("GROUP")
2. Blue Cross & Blue Shield of Rhode Island ("BCBSRI")

**MONTHLY PER-EMPLOYEE CHARGES:**

The Monthly Per-Employee Charges for each Rating Period is as follows:

Items	July 1, 2018 through June 30, 2019	July 1, 2019 through June 30, 2020	July 1, 2020 through June 30, 2021
Administrative Fee Base Price <sup>1,2,3</sup> - Per-Employee Per Month	\$38.04	\$38.62	\$39.79
TeleMedicine – Per Employee Per Month	\$0.50	\$0.50	\$0.50
<b>Total Monthly Per-Employee Charges</b>	<b>\$38.54</b>	<b>\$39.12</b>	<b>\$40.29</b>

<sup>1</sup>The Administrative Fee Base Price presumes that GROUP carves out Rx and Group utilizes BCBSRI as its Stop Loss Carrier. In the event GROUP chooses a Third Party Stop-Loss Carrier, GROUP understands and agrees the Administrative Fee Base Price shall increase by \$1.00 per employee per month, which increase shall be effective as of the effective date of a Stop-Loss agreement with a Third Party Stop-Loss Carrier.

<sup>2</sup>The Administrative Fee Base Price presumes that GROUP pays claims billing via ACH debit. In the event GROUP chooses to pay Claims billing by bank wire transfer, GROUP understands and agrees the Administrative Fee Base Price shall increase by \$1.50 per employee per month, which increase shall be effective on the first of the month following the first bank wire transfer payment and shall be applied to each month in which bank wire transfer is in effect through June 30, 2021.

<sup>3</sup>The Administrative Fee Base Price presumes that GROUP utilizes a Third Party Dental Carrier. In the event GROUP chooses BCBSRI as its Dental Carrier, GROUP understands and agrees that the Administrative Fee Base Price shall decrease by \$1.00 per employee per month, which decrease shall be effective as of the effective date of a Dental agreement with BCBSRI.

**Administrative Fee Base Price also includes:**

- \$55,000 Claim Audit Allowance to be used in Year 2 only
- \$30,000 Annual Wellness Allowance to be used at GROUP's discretion

**LIQUIDATED DAMAGES**

In the event that during the term of the agreement, the agreement is terminated by GROUP other than for cause, then GROUP shall pay to BCBSRI an amount calculated by multiplying the average number of enrolled employees during the final three (3) months before the term times the then-current Monthly Per-Employee Administrative Fee times three (3) months.

BCBSRI Underwriting Department  
Issued on: April 20, 2018

This is for illustrative purposes only. This is not a legally binding document.

FY 19 Providence ASO Proposed Renewal

BCBS RI

	FY18	FY19
	Self Funded Plans	Self Funded Plans
Current Enrollment (2/2018)	6,985	6,985
Premium PMPM	\$38.54	\$38.54
Annual Premium per Product	\$3,230,423	\$3,230,423
\$ Change vs. Current	NA	\$0
% Change vs. Current	NA	0.0%

Note:

Annual premiums assume enrollment outlined in document, shifts in enrollment will impact premium

EFFECTIVE WITHOUT THE MAYOR'S SIGNATURE

City of Providence  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

# RESOLUTION OF THE CITY COUNCIL

No. 505

EFFECTIVE November 17, 2014

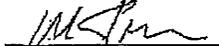
RESOLVED, That the Members of the Providence City Council hereby Authorize Approval of the following Three-Year Contract Extension by the Board of Contract and Supply, in accordance with Section 21-26 of the Code of Ordinances.

Blue Cross Blue Shield of Rhode Island  
(Human Resources)

IN CITY COUNCIL

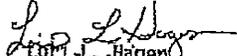
NOV 06 2014

READ AND PASSED

  
PRES.

  
ACTING CLERK

~~EFFECTIVE WITHOUT THE~~  
Mayor's Signature

  
Lori L. Hagen  
City Clerk  
ACTING



**Medical Administrative Service Contract Proposal Sheet**  
**Effective July 1, 2017 through June 30, 2018**

This Medical Administrative Service Contract Proposal Sheet ("Proposal") shall serve as the basis for a more detailed Medical Administrative Service Contract ("Agreement") that will be entered into by the Parties.

**PARTIES:**

1. City of Providence ("GROUP")
2. Blue Cross & Blue Shield of Rhode Island ("BCBSRI")

**MONTHLY PER-EMPLOYEE CHARGES:**

The Monthly Per-Employee Charges for each Rating Period is as follows:

Items	July 1, 2017 through June 30, 2018
Administrative Fee Base Price <sup>1,2,3</sup> - Per-Employee Per Month	\$38.54
Total Monthly Per-Employee Charges	\$38.54

<sup>1</sup>The Administrative Fee Base Price presumes that GROUP carves out Rx and Group utilizes BCBSRI as its Stop Loss Carrier. In the event GROUP chooses a Third Party Stop-Loss Carrier, GROUP understands and agrees the Administrative Fee Base Price shall increase by \$1.00 per employee per month, which increase shall be effective as of the effective date of a Stop-Loss agreement with a Third Party Stop-Loss Carrier.

<sup>2</sup>The Administrative Fee Base Price presumes that GROUP pays claims billing via ACH debit. In the event GROUP chooses to pay Claims billing by bank wire transfer, GROUP understands and agrees the Administrative Fee Base Price shall increase by \$1.50 per employee per month, which increase shall be effective on the first of the month following the first bank wire transfer payment and shall be applied to each month in which bank wire transfer is in effect through June 30, 2018.

<sup>3</sup>The Administrative Fee Base Price presumes that GROUP utilizes a Third Party Dental Carrier. In the event GROUP chooses BCBSRI as its Dental Carrier, GROUP understands and agrees that the Administrative Fee Base Price shall decrease by \$1.00 per employee per month, which decrease shall be effective as of the effective date of a Dental agreement with BCBSRI.

**Administrative Fee Base Price also includes:**

- \$55,000 Annual Claim Audit Allowance
- \$30,000 Annual Wellness Allowance to be used at GROUP's discretion

**LIQUIDATED DAMAGES**

In the event that during the term of the agreement, the agreement is terminated by GROUP other than for cause, then GROUP shall pay to BCBSRI an amount calculated by multiplying the average number of enrolled employees during the final three (3) months before the term times the then-current Monthly Per-Employee Administrative Fee times three (3) months.

BCBSRI Underwriting Department  
Issued on: March 21, 2017  
Revised on: April 25, 2017

This is for illustrative purposes only. This is not a legally binding document.

**FY 18 Providence ASO Proposed Renewal  
BCBS RI**

	<b>FY17</b>	<b>FY18</b>
<b>Current Enrollment (3/2017)</b>	<b>Self Funded Plans 6942</b>	<b>Self Funded Plans 6942</b>
<b>Premium PEPM</b>	<b>\$38.54</b>	<b>\$38.54</b>
<b>Annual Premium per Product</b>	<b>\$3,210,536</b>	<b>\$3,210,536</b>
<b>\$ Change vs. Current</b>	<b>NA</b>	<b>\$0</b>
<b>% Change vs. Current</b>	<b>NA</b>	<b>0.0%</b>

Note:

Annual premiums assume enrollment outlined in document, shifts in enrollment will impact premium



CITY OF PROVIDENCE  
Jorge O. Elorza, Mayor

April 25, 2017

The Honorable Mayor Jorge Elorza  
Chairman, Board of Contract and Supply  
City Hall  
Providence, RI 02903

Dear Mayor Elorza:

The Department of Human Resources, Benefits Division hereby respectfully requests permission to extend the November 17, 2014 award of Administrative Services Only (ASO) to administer the City's self-insured Medical Plan to:

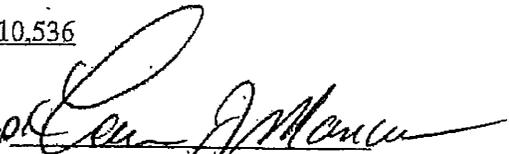
Blue Cross Blue Shield of Rhode Island  
500 Exchange Street  
Providence, RI 02903

The current contract is in effect through June 30, 2017 and we are requesting a one year extension through June 30, 2018. We are requesting the extension of this contract be awarded in a total amount not to exceed \$3,210,536 which represents a 0% increase or rate pass to the current contract rate of \$34.58 (PEPM).

Account: 101-800-51602

Amount: \$3,210,536

Financial Approval:

  
Lawrence J. Mancini  
Director of Finance

Respectfully Submitted,



Margaret M. Wingate  
Manager of Employee & Retiree Benefits

**HUMAN RESOURCES**

Providence City Hall | 25 Dorrance Street, Room 401, Providence, Rhode Island 02903  
401 421 7740 ph | 401 273 9510 fax  
[www.providenceri.com](http://www.providenceri.com)



CITY OF PROVIDENCE  
Angel Taveras, Mayor

October 1, 2014

The Honorable Angel Taveras  
Chairman, Board of Contract and Supply  
City Hall  
Providence, RI 02903

Dear Mayor Taveras:

The City is currently in the final year of (3) three year agreement with Blue Cross Blue Shield of RI (BCBSRI). The current contract is set to expire June 30, 2015.

We are respectfully requesting permission enter into renewal of the BCBSRI contract for an additional three years. We submit the following reasons to support our request:

- There is a great administrative cost involved in changing medical administrators
- The claims discount available from BCBS is equal to or better than that from United Healthcare
- The City is looking to create a multi-year partnership with BCBSRI, working together on long-term strategic initiatives (such as Patient Centered Medical Homes and High Deductible Consumer Driven Plans) in order to achieve further savings to the COP
- BCBSRI has partnered with the COP in streamlining the complicated processes of the shift of all eligible retirees to Medicare and the Coordination of Benefits process; moving carriers would cause disruption in an already vulnerable population

In addition, BCBSRI has made a competitive financial offer:

ASO (Administrative Services Only)

- The proposed ASO rates for FY15, FY16, and FY17 are \$36.68, \$37.60, and \$38.54 respectively (This translates into a 0% increase in FY15 and a 2.5% increase in FY16 and FY17).
- The proposed admin fees are all below Mercer's book of business benchmark for ASO fees (The average ASO fee across all vendors in 2013 was \$39.36, while the average ASO fee for BCBS was \$42.82)

Stop Loss

- 19.1% increase to non WRI (down from 22.4%)
- Mercer utilized Stop Loss Center of Excellence to negotiate with BCBSRI
- WRI Stop Loss: 17.8% increase (down from 20.0%)

Plan 5k

- Experience rated product
- Final increase +4.5% (down from 5.8%)

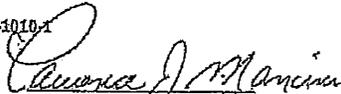
By accepting the multi-year agreement, BCBSRI would also fund \$55,000 towards a claims audit to be conducted during both FY15 and FY17. In addition, BCBSRI would also fund \$29,000 in each year of the multi-year agreement towards wellness offerings. This would include both a Wellness Account Representative and an online Wellness Portal.

Respectfully submitted,

Account Code: 891-900-1010-1

  
Margaret M. Wingate  
Manager of Employee Benefits

Financial Approval

  
Lawrence J. Mancini  
Acting Director of Administration/  
Director of Finance

HUMAN RESOURCES | WORKERS' COMPENSATION

Providence City Hall | 25 Dorrance Street, Room 108, Providence, Rhode Island 02903  
401 421 7740 ph | 401 272 0867 fax  
www.providenceri.com

MATTHEW M. CLARKIN, JR.  
INTERNAL AUDITOR  
25 DORRANCE STREET, ROOM #307  
PROVIDENCE, RI 02803  
Phone: (401) 421-7740 EXT. 577  
Fax: (401) 851-1056  
mclarkin@providenceri.com



City of Providence, Rhode Island  
Office of the Internal Auditor

October 2, 2014

Ms. Lori Hagen  
City Clerk  
City of Providence  
25 Dorrance Street  
Providence, RI 02903

Dear Ms. Hagen:

In accordance with Section 21-26 of the City's Code of Ordinances, I am writing to request that the following requested contract awards be submitted to the City Council and the Ways & Means Committee.

- \* *Human Resources* – Approval of a three-year extension to the contract with Delta Dental of Rhode Island for employee dental insurance.
- \* *Human Resources* – Approval of three-year extension to the contract with Blue Cross Blue Shield of Rhode Island for the administration of the city's health insurance program.
- \* *Human Resources* – Approval of an amendment to the contract with Mercer Health & Benefits, LLC, the city's current health and benefits consulting firm, from a one-year agreement to a three-year agreement at an annual cost of \$330,000.

If you have any questions or concerns regarding any of these items, please contact me. Thank you for your consideration with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew M. Clarkin, Jr.", written over a faint, illegible typed name.

Matthew M. Clarkin, Jr.  
Internal Auditor

Cc: Alan Sepe, Director of Operations  
Francisco Ramirez, Director of Purchasing  
Yvonne Graf – Chief of Staff – City Council  
Jim Lombardi, City Treasurer