

RESOLUTION OF THE CITY COUNCIL

No. 327

Approved October 8, 2020

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(b)(1) of the Code of Ordinances.

Blue Cross Blue Shield of Rhode Island
(Human Resources)

\$871,356.00

IN CITY COUNCIL

OCT 01 2020

READ AND PASSED


PRES.


CLERK

I HEREBY APPROVE.


Mayor
Date: 10/8/20

Office of the Internal Auditor
City of Providence



July 29, 2020

Mr. Shawn Selleck
City Clerk's Office
City of Providence
25 Dorrance Street
Providence, RI 02903

Dear Shawn:

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

- **Healthy Communities Office:**
 - Award to **West Elmwood Housing Development Corporation** for emergency food in the amount of **\$7,500.00** in accordance with the Code of Ordinance, Section 21-26 (b) (2);
- **Human Resources:**
 - Award to **Blue Cross Blue Shield of Rhode Island** for the Stop Loss Contract in the amount of **\$871,356.00** in accordance with the Code of Ordinances, Section 21-26 (b) (1);
- **Public Property:**
 - Award to **American Alarms** in the amount of **\$11,058.60** to provide services to maintain security for city buildings in accordance with the Code of Ordinances, Section 21-26 (b) (2);
- **Public Works:**
 - Award to **Woodco Machinery** for services rendered for Highway Front Loader in the amount of **\$8,962.51** (invoice date 6/17/2020) in accordance with the Code of Ordinances, Section 21-26 (b) (2).

Sincerely,

A handwritten signature in cursive script that reads "Gina M. Costa".

Gina M. Costa
Internal Auditor

Cc: Rachel Newman Greene, Deputy Director, Healthy Communities Office
Stephen C. Boyle, WSOC Executive Director
Kevin Mahoney, Acting Director of Public Property
Leo Perrotta, Director of Public Works
Alejandro Tirado, Associate Director of Purchasing
James J. Lombardi, III, Treasurer/Senior Advisor to City Council



CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

July 16, 2020

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

Dear Mayor Elorza:

The Stop Loss contract between the City of Providence and Blue Cross Blue Shield of Rhode Island (BCBSRI) expired June 30, 2020. We respectfully request authorization to renew this contract with Blue Cross Blue Shield of Rhode Island (BCBSRI) for a term of one (1) year beginning July 1, 2020 through June 30, 2021.

Our recommendation is based on the following reasons:

- Mercer, on behalf of the City, was able to successfully negotiate a rate pass for FY21 for the City of Providence population and the City's Work-Related Injury (WRI) population (original renewal called for a 15% increase).
o The national trend for stop loss coverage is currently between 15% and 20% per year
o Annually, Mercer compares the Stop Loss Renewal alongside the Mercer Stop Loss Coalition to ensure competitive pricing. If the Renewal pricing is not competitive, they recommend a full marketing. Based on a rate pass for this year, no marketing was completed. We will be going out for an RFP for FY22 and annually thereafter.
- Since FY10, the stop loss rate has decreased by 13.2% due to successful negotiation of rates.
- The City has incurred the first claim that has hit the individual stop loss threshold currently set at \$1,000,000 during FY20 (threshold was previously set at \$500,000).
- Offering BCBSRI as the administrator for both the medical plan and the stop loss plan will significantly limit any gaps in coverage due to timing related to claims processing.

Respectfully Submitted,

Account: 891-891-53500
Account: 891-892-53500
Amount: \$871,356

Handwritten signature of Emmanuel R. Echevarria

Emmanuel R. Echevarria
Director of Human Resources

Financial Approval: _____
Lawrence J. Mancini
Director of Finance

HUMAN RESOURCES - BENEFITS

Providence City Hall, 75 Dorrance Street, Room 410, Providence, Rhode Island 02903



Blue Cross & Blue Shield of Rhode Island
 CITY OF PROVIDENCE
 Stop-Loss Proposal
 Effective Date: July 1, 2020 - June 30, 2021 ("Rate Year")

This Stop-Loss Proposal ("Proposal") sets forth the financial terms and conditions under which Blue Cross & Blue Shield of Rhode Island ("BCBSRI") proposes to provide stop-loss coverage for CITY OF PROVIDENCE ("INSURED"). This Proposal shall constitute a binding interim agreement and shall serve as the basis for a more detailed stop-loss agreement (the "Agreement") that will be entered into by the parties. In the event that the parties hereto fail to enter into the Agreement within forty-five (45) days of the INSURED's receipt of such Agreement, BCBSRI shall have the right to terminate this Proposal.

Current Stop-Loss:	
Benefit Accumulation Period:	Incurred and Paid 12/24
Specific Deductible:	\$1,000,000
Specific Stop-Loss Maximum:	Unlimited
Specific Stop-Loss Present Rate:	\$9.48

		Proposal #1 Months
Benefit Accumulation Period:	Losses	12
	Incurred and Paid	24

Specific Stop-Loss		Proposal #1
(per Enrolled Member per Benefit Accumulation Period)		
Specific Deductible		\$1,000,000
Specific Stop-Loss Maximum		Unlimited
Monthly Per Employee Charges		Proposal #1
<i>* Rates are net of broker commission.</i>		
	Specific Rate	\$9.48
	Rate Adjustment	0.0%

Coverages:

- Subject to the terms and conditions set forth herein, BCBSRI shall reimburse INSURED for such Losses that INSURED is legally obligated to pay under the applicable Benefit Documents. For the purposes of this Proposal, "Benefit Document" means those contractual agreement(s) under which INSURED provides coverage of health services to enrolled members. BCBSRI shall not be liable to INSURED for any Losses after the Benefit Accumulation Period.

Contingencies:

- All financial terms are based on current benefits. Any deviation from this benefit package may affect the financial terms.
- This proposal is contingent upon INSURED engaging BCBSRI to administer health benefits through a Administrative Service Contract Agreement.
- This proposal is based on enrollment of 6,874 Employees. Any significant change in the assumed number of Employees (+ / - 10%), individual/family mix, or enrollment shifts among benefit options between the Release Date and Effective Date may result in adjustments to the proposal.

Premium Payment:

- Premiums shall be payable by INSURED to BCBSRI by the first day of the month for which Stop-Loss coverage shall be provided under the Agreement. Premiums paid by INSURED to BCBSRI shall be adjusted retroactively based on

enrollment. Any premium payments not received by BCBSRI as required shall be subject to a late payment charge at an annual rate of twelve percent (12%) for each day after the due date until payment is received by BCBSRI. In addition to a late payment charge, INSURED shall pay all costs of collection incurred by BCBSRI in recovering unpaid amounts including reasonable attorneys' fees. Any late payment charge will be billed by BCBSRI to the INSURED and is due and payable upon receipt of the billing. BCBSRI reserves the right to use any amount payable from BCBSRI to INSURED to offset past due amounts. INSURED shall have a thirty-one (31) day grace period from the premium due date set forth above before the Agreement may be terminated for non-payment.

2. BCBSRI may adjust premium rates in the case of: (i) any changes to terms of the Agreement; (ii) addition or deletion of a subsidiary or affiliated companies of INSURED, with BCBSRI approval; (iii) annual renewal of the Agreement; (iv) a ten percent (10%) variance between the number of Enrolled Employees on any Premium due date and the number of Enrolled Employees on the Effective Date; or (v) changes to Benefit Documents, including but not limited to changes to covered health services or the scope of health services available to eligible members.

Term & Termination

The Agreement shall be effective July 1, 2020 through June 30, 2021, subject to termination as hereinafter provided.

1. The Agreement shall terminate simultaneously with the cancellation, expiration or termination of the Administrative Service Contract Agreement.
2. If payment for any premium is not received by BCBSRI from INSURED as specified in the Premium Payment section, above, the Agreement shall terminate automatically effective the last day of the Grace Period. BCBSRI may, at its sole discretion, waive the automatic termination.
3. INSURED and BCBSRI each shall have the right to terminate the Agreement, with or without cause, on any anniversary of the effective date of the Agreement by giving the other party written notice of such intention to terminate at least thirty-one (31) days prior to the Anniversary Date.
4. INSURED and BCBSRI each shall have the right to terminate the Agreement in the event the other Party becomes insolvent by giving the other party written notice of termination.
5. INSURED and BCBSRI may terminate the Agreement at any time by mutual agreement.

Termination of this Agreement shall not terminate the rights or liabilities of either INSURED or BCBSRI arising during any period when the Agreement was in force and effect, provided that nothing herein shall be construed to extend BCBSRI's liability for reimbursements under the Agreement for any loss incurred by INSURED on or after the date of termination of the Agreement.

Expiration

Unless otherwise agreed, this proposal expires 45 days from the release date below or on the effective date shown above, whichever is sooner.

Release Date 05/22/2020

INSURED SELECTION: Indicate which Specific Stop-Loss Proposal you accept by initialing next to the selection below (Select only one):

_____ I select Proposal #1.

If you are in agreement with the terms of the foregoing Proposal, please initial above to select the Proposal option you wish to select and sign below where indicated. Each person who signs this Proposal represents and warrants that he/she is duly authorized to bind the INSURED or BCBSRI to the terms of this Proposal.

CITY OF PROVIDENCE

Blue Cross & Blue Shield of Rhode Island

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Blue Cross & Blue Shield of Rhode Island
 CITY OF PROVIDENCE
 Work Related Injury Stop-Loss Proposal
 Effective Date: July 1, 2020 - June 30, 2021 ("Rate Year")

This Work Related Injury Stop-Loss Proposal ("Proposal") sets forth the financial terms and conditions under which Blue Cross & Blue Shield of Rhode Island ("BCBSRI") proposes to provide work related injury stop-loss coverage for CITY OF PROVIDENCE ("INSURED"). This Proposal shall constitute a binding interim agreement and shall serve as the basis for a more detailed work related injury stop-loss agreement (the "Agreement") that will be entered into by the parties. In the event that the parties hereto fail to enter into the Agreement within forty-five (45) days of the INSURED's receipt of such Agreement, BCBSRI shall have the right to terminate this Proposal.

Current Work Related Injury Stop-Loss:	
Benefit Accumulation Period:	Incurring and Paid 12/24
Specific Deductible:	\$500,000
Specific Stop-Loss Maximum:	\$4,500,000
Specific Stop-Loss Present Rate:	\$1.78

			Proposal #1 Months
Benefit Accumulation Period:	Losses	Incurred and Paid	12
			24

Specific Stop-Loss		Proposal #1
(per Enrolled Employee per Benefit Accumulation Period)		
Specific Deductible		\$500,000
Specific Stop-Loss Maximum		\$4,500,000
Monthly Per Employee Charges		Proposal #1
<i>* Rates are net of broker commission.</i>		
	Specific Rate	\$2.05
	Rate Adjustment	15.0%

Coverages:

1. Subject to the terms and conditions set forth herein, BCBSRI shall reimburse INSURED for such Losses that INSURED is legally obligated to pay under the applicable Work Related Injury Agreement. BCBSRI shall not be liable to INSURED for any Losses after the Benefit Accumulation Period.

Contingencies:

1. All financial terms are based on current benefits. Any deviation from this benefit package may affect the financial terms.
2. This proposal is contingent upon INSURED engaging BCBSRI to administer the self-funded health care coverage, which agreement does not cover work related injuries (Administrative Services Contract).
3. This proposal is contingent upon INSURED engaging BCBSRI to administer Stop Loss Insurance Coverage for the delivery of health services provided under the Administrative Services Contract Agreement to employee of the INSURED (Medical Stop-Loss Agreement).
4. This proposal is contingent upon INSURED engaging BCBSRI to administer the self-funded work related injury coverage with respect to work related injuries incurred by eligible employees (Work Related Injury Agreement).
5. This proposal is based on enrollment of 4,041 Employees. Any significant change in the assumed number of Employees (+ / - 10%), individual/family mix, or enrollment shifts among benefit options between the Release Date and Effective Date may result in

adjustments to the proposal.

Premium Payment:

1. Premiums shall be payable by INSURED to BCBSRI by the first day of the month for which Stop-Loss coverage shall be provided under the Agreement. Premiums paid by INSURED to BCBSRI shall be adjusted retroactively based on enrollment. Any premium payments not received by BCBSRI as required shall be subject to a late payment charge at an annual rate of twelve percent (12%) for each day after the due date until payment is received by BCBSRI. In addition to a late payment charge, INSURED shall pay all costs of collection incurred by BCBSRI in recovering unpaid amounts including reasonable attorneys' fees. Any late payment charge will be billed by BCBSRI to the INSURED and is due and payable upon receipt of the billing. BCBSRI reserves the right to use any amount payable from BCBSRI to INSURED to offset past due amounts. INSURED shall have a thirty-one (31) day grace period from the premium due date set forth above before the Agreement may be terminated for non-payment.
2. BCBSRI may adjust premium rates in the case of: (i) any changes to terms of the Agreement; (ii) addition or deletion of a subsidiary or affiliated companies of INSURED, with BCBSRI approval; (iii) annual renewal of the Agreement; (iv) a ten percent (10%) variance between the number of Enrolled Employees on any Premium due date and the number of Enrolled Employees on the Effective Date; or (v) changes to Benefit Documents, including but not limited to changes to covered health services or the scope of health services available to eligible members.

Term & Termination

The Agreement shall be effective July 1, 2020 through June 30, 2021, subject to termination as hereinafter provided.

1. The Agreement shall terminate simultaneously with the termination of the Work Related Injury Agreement or the Medical Stop-Loss Agreement between BCBSRI and INSURED; provided, however, in the event the Agreement terminates during a rate year INSURED understands and agrees that the period of time for covered losses paid for by INSURED during the benefit accumulation period will be reduced to the date of termination of the Agreement.
2. If payment for any premium is not received by BCBSRI from INSURED as specified in the Premium Payment section, above, the Agreement shall terminate automatically effective the last day of the Grace Period. BCBSRI may, at its sole discretion, waive the automatic termination.
3. INSURED and BCBSRI each shall have the right to terminate the Agreement, with or without cause, on any anniversary of the effective date of the Agreement by giving the other party written notice of such intention to terminate at least thirty-one (31) days prior to the Anniversary Date.
4. INSURED and BCBSRI each shall have the right to terminate the Agreement in the event the other Party becomes Insolvent by giving the other party written notice of termination.
5. INSURED and BCBSRI may terminate the Agreement at any time by mutual agreement.

Termination of this Agreement shall not terminate the rights or liabilities of either INSURED or BCBSRI arising during any period when the Agreement was in force and effect, provided that nothing herein shall be construed to extend BCBSRI's liability for reimbursements under the Agreement for any loss incurred by INSURED on or after the date of termination of the Agreement.

Expiration

Unless otherwise agreed, this proposal expires 45 days from the release date below or on the effective date shown above, whichever is sooner.

Release Date 05/01/2020
--

INSURED SELECTION: Indicate which Specific Stop-Loss Proposal you accept by initialing next to the selection below (Select only one): _____ I select Proposal #1.

If you are in agreement with the terms of the foregoing Proposal, please initial above to select the Proposal option you wish to select and sign below where indicated. Each person who signs this Proposal represents and warrants that he/she is duly authorized to bind the INSURED or BCBSRI to the terms of this Proposal.

CITY OF PROVIDENCE

Blue Cross & Blue Shield of Rhode Island

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FY 21 Providence Proposed Renewal
BCBS RI

	FY20		FY21	
	Self Funded Plans	WRI	Self Funded Plans	WRI
Current Enrollment	6,923	3,923	6,923	3,923
Premium PEPM	\$9.48	\$1.78	\$9.48	\$1.78
Annual Premium per Product	\$787,560	\$83,795	\$787,560	\$83,795
\$ Change v. Current	NA	NA	\$0	\$0
% Change v. Current	NA	NA	0%	0%
Gross Annual Premium			\$871,356	
\$ Change v. Current			\$0	\$0
% Change v. Current			0%	0%

Note:

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

No change to in force stop loss plan design -- active and WRI

Active: \$1 million, 12/24; WRI: \$500K, 12/24