

# RESOLUTION OF THE CITY COUNCIL

No. 357

Approved June 22, 2018

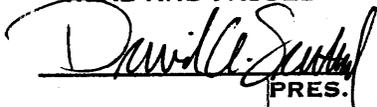
RESOLVED, That the Members of the Providence City Council  
hereby Authorize Approval of the following Contract Award by the Board of  
Contract and Supply, in accordance with Section 21-26 of the Code of Ordinances.

Blue Cross Blue Shield of Rhode Island                      \$882,000.00 for a one year extension  
(Stop Loss Contract)  
(Human Resources)

IN CITY COUNCIL

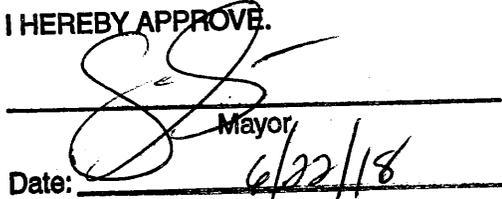
JUN 21 2018

READ AND PASSED

  
PRES.

  
CLERK

I HEREBY APPROVE.

  
\_\_\_\_\_  
Mayor

Date: 6/22/18



## 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, appearing to read "Gina M. Costa".

Gina M. Costa  
Internal Auditor

Cc: Margaret Wingate, Deputy Director of Human Resources 0 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 stop loss 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 one (1) year beginning July 1, 2018 through June 30, 2019.

Our recommendation is based on the following reasons:

- Mercer, on behalf of the City, was able to successfully negotiate a 0% increase for FY19 for both the City of Providence population and the City's Work-Related Injury (WRI) population
  - o The national trend for stop loss coverage is currently between 15% and 20% per year
- Since FY10, the stop loss rate has decreased by 13.2% due to successful negotiation of rates
- The City has never incurred any claims that have hit the individual stop loss threshold currently set at \$1,000,000 (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,

*Margaret M. Wingate*

Margaret M. Wingate  
Deputy Director of Human Resources - Benefits

Account:	891-891-53500
Account:	891-892-53500
Amount:	\$882,000

Financial Approval:   
Sara A. Silveria  
Deputy Director of Finance

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



Blue Cross & Blue Shield of Rhode Island  
 CITY OF PROVIDENCE  
 Stop-Loss Proposal  
 Effective Date: July 1, 2018 - June 30, 2019 ("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.

<b>Current Stop-Loss:</b>	
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
<b>Benefit Accumulation Period:</b>	Losses	Incurred and Paid	12 24

<b>Specific Stop-Loss</b>		Proposal #1
(per Enrolled Member per Benefit Accumulation Period)		
Specific Deductible		\$1,000,000
Specific Stop-Loss Maximum		Unlimited
<b>Monthly Per Employee Charges</b>		Proposal #1
* Rates are net of broker commission.		
	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 6,993 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, 2018 through June 30, 2019, 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  
03/08/2018

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, 2018 - June 30, 2019 ("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.

<b>Current Work Related Injury Stop-Loss:</b>	
Benefit Accumulation Period:	Incurred and Paid 12/24
Specific Deductible:	\$500,000
Specific Stop-Loss Maximum:	\$4,500,000
Specific Stop-Loss Present Rate:	\$1.71

			Proposal #1
			Months
<b>Benefit Accumulation Period:</b>	Losses	Incurred and Paid	12
			24

<b>Specific Stop-Loss</b>		Proposal #1
(per Enrolled Employee per Benefit Accumulation Period)		
Specific Deductible		\$500,000
Specific Stop-Loss Maximum		\$4,500,000
<b>Monthly Per Employee Charges</b>		Proposal #1
<i>* Rates are net of broker commission.</i>		
	Specific Rate	\$1.71
	Rate Adjustment	0.0%

**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 4,028 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, 2018 through June 30, 2019, 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.

<b>Release Date</b> <b>03/08/2018</b>
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**INSURED SELECTION:** Indicate which Specific Stop-Loss Proposal you accept by initialing next to the selection below (Select only one):

\_\_\_\_\_ | 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 19 Providence Stop Loss Proposed Renewal  
BCBS RI

	FY18		FY19	
	Self Funded Plans	WRI	Self Funded Plans	WRI
Current Enrollment (2/2018)	6,985	4,020	6,985	4,020
Premium PEPM	\$9.48	\$1.71	\$9.48	\$1.71
Annual Premium per Product	\$794,614	\$82,490	\$794,614	\$82,490
\$ Change vs. Current	NA	NA	\$0	\$0
% Change vs. Current	NA	NA	0.0%	0.0%
Gross Annual Premium		\$877,104		\$877,104
\$ 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

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

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

# RESOLUTION OF THE CITY COUNCIL

No. 311

Approved July 12, 2017

RESOLVED, That the Members of the Providence City Council hereby Authorize Approval of the following Contract Renewal 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  
(Human Resources)

\$870,000.00

IN CITY COUNCIL

JUL 06 2017

READ AND PASSED

*Sofiana Nats*  
CITY PRES.  
*Lois L...*  
CLERK

I HEREBY APPROVE

*[Signature]*  
Mayor  
Date: 7/12/17



**Blue Cross & Blue Shield of Rhode Island**  
**CITY OF PROVIDENCE**  
**Illustrative Stop-Loss Proposal**  
**Effective Date: July 1, 2017 - June 30, 2018 ("Rate Year")**

This non-binding illustrative 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 insurance coverage for CITY OF PROVIDENCE ("INSURED"). This illustrative Stop-Loss Proposal is contingent upon receipt and review of experience and large claims through 04/30/2017.

<b>Current Stop-Loss:</b>	
Benefit Accumulation Period:	Incurred and Paid 12/24
Specific Deductible:	\$1,000,000
Specific Stop-Loss Maximum:	Unlimited
Specific Stop-Loss Present Rate:	\$9.88

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

<b>Specific Stop-Loss</b>		Proposal #1
(per Enrolled Member per Benefit Accumulation Period)		
Specific Deductible		\$1,000,000
Specific Stop-Loss Maximum		Unlimited
<b>Monthly Per Employee Charges</b>		<b>Proposal #1</b>
* Rates are net of broker commission.		
Specific Rate		\$9.88
Rate Adjustment		-5.0%

**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, a copy of which is attached to the Administrative Services Contract Agreement. 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 an enrollment of 6,858 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%) growth or reduction in the size of INSURED's workforce; 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.

Release Date 02/15/2017
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Blue Cross & Blue Shield of Rhode Island  
 CITY OF PROVIDENCE  
 Work Related Injury Stop-Loss Proposal  
 Effective Date: July 1, 2017 - June 30, 2018 ("Rate Year")

This non-binding illustrative 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 insurance coverage for CITY OF PROVIDENCE ("INSURED"). This illustrative Stop-Loss Proposal is contingent upon receipt and review of experience and large claims through 04/30/2017.

<u>Current Work Related Injury Stop-Loss:</u>	
Benefit Accumulation Period:	Incurred and Paid 12/24
Specific Deductible:	\$500,000
Specific Stop-Loss Maximum:	\$4,500,000
Specific Stop-Loss Present Rate:	\$1.63

			Proposal #1 Months
<u>Benefit Accumulation Period:</u>	Losses	Incurred and Paid	12 24

<u>Specific Stop-Loss</u>		Proposal #1
(per Enrolled Employee per Benefit Accumulation Period)		
Specific Deductible		\$500,000
Specific Stop-Loss Maximum		\$4,500,000

<u>Monthly Per Employee Charges</u>		Proposal #1
<i>* Rates are net of broker commission.</i>		
Specific Rate		\$1.71
Rate Adjustment		5.0%

**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 3,929 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.

Release Date 02/15/2017
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FY 18 Providence Stop Loss Proposed Renewal

BCBS RI

	FY17		FY18	
	Self Funded Plans	W/R/	Self Funded Plans	W/R/
Current Enrollment (3/2017)	6942	3916	6942	3916
Premium PEPWI	\$9.98	\$1.63	\$9.48	\$1.71
Annual Premium per Product	\$831,374	\$76,597	\$789,722	\$80,356
\$ Change vs. Current	NA	NA	-\$41,652	\$3,759
% Change vs. Current	NA	NA	-5.0%	4.9%
Gross Annual Premium	\$907,971		\$870,078	
\$ Change vs. Current	NA		-\$37,893	
% Change vs. Current	NA		-4.2%	

Note:

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

No change to in force stop loss plan design -- active and W/R

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



CITY OF PROVIDENCE  
Jorge D. Elorza, Mayor

April 25, 2017

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

Dear Mayor Elorza:

Mercer, as outlined in their contract with the City of Providence, has responsibility of Stop Loss insurance coverage placement services. Mercer's stop loss responsibilities are outlined in Section 2 of the Health and Benefits Statement of Work (SOW). Mercer, using industry best practices, has negotiated with Blue Cross Blue Shield of RI (BCBSRI) the proposed stop loss rates for the City and Work Related Injury policies.

We are respectfully requesting authorization to renew the stop loss contract with Blue Cross Blue Shield of RI (BCBSRI) for the term of one (1) year beginning July 1, 2017 through June 30, 2018.

The reasons for this request are as follows:

- Mercer, on behalf of the City, has negotiated a 4.2% decrease for the Fiscal year 2018 for both the City of Providence population and the WRI (work-related injury) group combined
- Over the past 2 renewal cycles (for FY16 and FY17) the City's average trend is -3.2% (-6.4% for FY16 and 0% for FY17). The industry trend is 16%-32% over 2 years
- The status quo Industry Stop Loss level for both groups (City of Providence population and WRI group) is above the median benchmark for a similar sized group however, Mercer generally recommends that clients take on as much risk as they think is feasible for their organization based on financial goals
- As BCBSRI is also the plan administrator, reimbursement when necessary, will impact the City's budget in a more timely process than if the City was to partner with an outside vendor
- Offering BCBSRI as both the administrator and Stop Loss vendor will also ensure that the coverage provided through the Stop Loss plan will be based on the medical plans offered by the City - this significantly limits any gaps in coverage
- Approval of this one year extension would result in an annual savings of \$52,000 in FY18.

Account: 891-891-53500 (actives)  
 891-892-53500 (retirees)  
 Amount: \$870,000.00 (\$790,000 City, \$80,000 WRI)

Respectfully Submitted,

Margaret M. Wingate  
Manager of Employee and Retiree Benefits

Financial Approval:

  
Lawrence J. Mancini  
Director of Finance

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

MATTHEW M. CLARKIN, JR.  
INTERNAL AUDITOR  
25 DORRANCE STREET, ROOM #307  
PROVIDENCE, RI 02903  
Phone: (401) 421-7740 EXT. 577  
Fax: (401) 851-1058  
mclarkin@providenceri.com



City of Providence, Rhode Island  
Office of the Internal Auditor

May 1, 2017

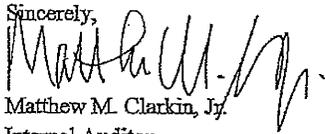
Ms. Lori Hagen  
City Clerk's Office  
City of Providence  
25 Dorrance Street  
Providence, RI 02903

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.

- **Employee & Retiree Benefits:** Approval to extend the Contract with Blue Cross Blue Shield of Rhode Island, approved on November 14, 2014, for Administrative Services Only (ASO) to administer the City's self-insured Medical Plan, a one year extension through June 30, 2018, in a total amount not to exceed \$3,210,536.00 which represents a 0% increase or rate pass to the current contract rate of \$34.58 (PEPM).
- **Employee & Retiree Benefits:** Approval for renewal of contract with Blue Cross Blue Shield of RI (BCBSRI), for one term for one (1) year beginning July 1, 2017 through June 30, 2018, Mercer has negotiated with Blue Cross Blue Shield of Rhode Island for stop loss rates for the City and Work Related Injury Policies, for an annual savings of \$52,000.00 in FY 2018, in a total amount not to exceed \$870,000.00 (\$790,000.00 City; \$80,000.00 WRI). (891-891-53500/891-892-53500).

Sincerely,

  
Matthew M. Clarkin, Jr.  
Internal Auditor

City of Providence



Rhode Island

Department of City Clerk

MEMORANDUM

DATE: May 1, 2017

TO: Purchasing Director

SUBJECT: APPROVAL FOR RENEWAL OF CONTRACT WITH BLUE CROSS BLUE SHIELD OF RI (BCBSRI) FOR ONE TERM FOR ONE (1) YEAR BEGINNING JULY 1, 2017 THROUGH JUNE 30, 2018 – DEPARTMENT OF HUMAN RESOURCES

CONSIDERED BY: Board of Contract and Supply

DISPOSITION: VOTED: that the Purchasing Director hereby authorizes approval for renewal of contract with Blue Cross Blue Shield of RI (BCBSRI), for one term for one (1) year beginning July 1, 2017 through June 30, 2018, Mercer has negotiated with Blue Cross Blue Shield of Rhode Island for stop loss rates for the City and Work Related Injury Policies, for an annual savings of Fifty Two Thousand (\$52,000.00) Dollars in FY 2018, in a total amount not to exceed Eight Hundred Seventy Thousand (\$870,000.00) Dollars, all in accordance with the request Margaret Wingate, Manager. of Employee & Retiree Benefits, in communication dated April 25, 2017.

cc: Pur.Dir.  
Contr.  
H. Resources  
File

*Lou L. Hagen*  
City Clerk