

RESOLUTION OF THE CITY COUNCIL

No. 310

Approved July 12, 2107

RESOLVED, That the Members of the Providence City Council hereby Authorize Approval of the following Contract Extension 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)

\$3,210,536.00

IN CITY COUNCIL

JUL 06 2017

READ AND PASSED

Dolores Mates

PRES.

David L. H...

CLERK

I HEREBY APPROVE.

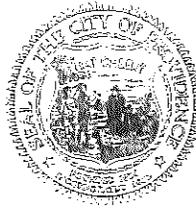
[Signature]

Mayor

Date:

7/12/17

MATTHEW M. CLARKIN, JR.
INTERNAL AUDITOR
25 DORRANCE STREET, ROOM #307
PROVIDENCE, RI 02903
Phone: (401) 421-7740 EXT. 577
Fax: (401) 351-1056
mclarkin@providenceri.com



City of Providence, Rhode Island Office of the Internal Auditor

May 1, 2017

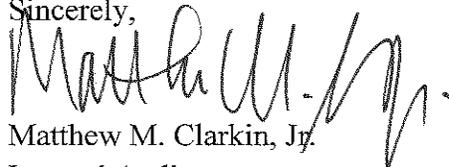
Ms. Lori Hagen
City Clerk's Office
City of Providence
25 Dorrance Street
Providence, RI 02903

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
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

FY 18 Providence ASO Proposed Renewal
BCBS RI

	FY17	FY18
	Self Funded Plans	Self Funded Plans
Current Enrollment (3/2017)	6942	6942
Premium PEPM	\$38.54	\$38.54
Annual Premium per Product	\$3,210,536	\$3,210,536
\$ 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



**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 ^{1,2,3} - Per-Employee Per Month	\$38.54
Total Monthly Per-Employee Charges	\$38.54

¹The 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.

²The 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.

³The 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.

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 505

EFFECTIVE November 17, 2014

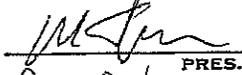
RESOLVED, That the Members of the Providence City Council hereby Authorize Approval of the following Three-Year Contract Extension by the Board of Contract and Supply, in accordance with Section 21-26 of the Code of Ordinances.

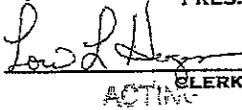
Blue Cross Blue Shield of Rhode Island
(Human Resources)

IN CITY COUNCIL

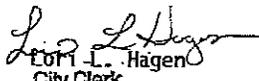
NOV 06 2014

READ AND PASSED


PRES.


CLERK
ACTING

Effective without the
Mayor's Signature


Lori L. Hagen
City Clerk
ACTING

MATTHEW M. CLARKIN, JR.
INTERNAL AUDITOR
25 DORRANCE STREET, ROOM #307
PROVIDENCE, RI 02903
Phone: (401) 421-7740 EXT. 577
Fax: (401) 351-1056
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 horizontal line.

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



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 65

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

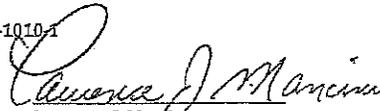
By accepting the multi-year agreement, BCBSRI would also fund \$55,000 towards a claims audit to be conducted during both FY15 and FY17. In addition, BCBSRI would also fund \$29,000 in each year of the multi-year agreement towards wellness offerings. This would include both a Wellness Account Representative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

Respectfully submitted,


Margaret M. Wingate
Manager of Employee Benefits

Account Code: 891-900-1010-1

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

Administration (ASO) and Stop Loss Summary -- High Level

	Current	FY Renewal (Initial)	FY15 Renewal (Negotiated)
ASO	\$3,173,113.44	\$3,173,113.44	\$3,173,113.44
12/24, \$1 Million Specific SL	\$821,826	\$957,644	\$932,556
12/24, \$500k Specific WRI SL	\$63,957.60	\$73,094.40	\$71,723.88
Annual Estimated Premium	\$9058,897	\$9,203,853	\$9,172,994
Annual Charges \$ (from current)	n/a	\$14,954	\$18,497
Annual Change \$ (from initial renewal)	n/a	n/a	(926,433)
Annual Change % (from current)	n/a	n/a	3.9%
Annual Change % (from initial renewal)	n/a	n/a	1.8%

Note:

The Paid Administrative Fee presumes that ACBSRI will fund \$55,000 towards a claims audit to be conducted during Years 1 and 3.

STOP LOSS -- MEDICAL

12/24 \$1 MILLION SPECIFIC	Current	FY Renewal (Initial)	FY15 Renewal (Negotiated)
Lives (as of April 2014)	7,209	7,209	7,209
Annual Premium	\$9,507,209	\$11,077,209	\$10,787,209
Annual Change \$ (from current)	n/a	\$957,874	\$92,856
Annual Change % (from current)	n/a	10.1%	1.0%
Annual Change \$ (from initial)	n/a	\$1,570,000	\$1,007,200
Annual Change % (from initial)	n/a	16.5%	9.1%

STOP LOSS -- WRI

12/24 \$500,000 SPECIFIC	Current	FY Renewal (Initial)	FY15 Renewal (Negotiated)
Lives	3,807	3,807	3,807
Annual Premium	\$1,403,807	\$1,603,807	\$1,573,807
Annual Change \$ (from current)	n/a	\$200,000	\$170,000
Annual Change % (from current)	n/a	14.3%	12.1%
Annual Change \$ (from initial)	n/a	\$200,000	\$170,000
Annual Change % (from initial)	n/a	14.3%	12.1%

Fully Insured Plan 65

	Plan 65	Current	FY Renewal (Initial)	FY15 Renewal (Negotiated)
Lives		\$157.01	\$166.13	\$164.08
Annual Premium		2,288	2,288	2,288
Annual Change % (From Current)		\$49,10867	\$4,567,469	\$4,504,856
Annual Change \$ (From Current)		n/a	\$250,999	\$199,989
Annual Change % (From Negotiated)		n/a	n/a	(516,101)
Annual Change % (From Current)		n/a	518%	415%
Annual Change % (From Negotiated)		n/a	n/a	17%



CITY OF PROVIDENCE
Jorge O. Elorza, Mayor

June 21, 2017

Councilman John Iglizzi
Chairman, Committee on Finance
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Chairman Iglizzi:

In consideration of authorization and approval to renew the current Administrative Services Only (ASO) Contract Award for a term of one year beginning July 1, 2017 through June 30, 2018, by the Board of Contract and Supply, please find the following items:

- a. Letter to the Board of Contract & Supply Letter dated April 25, 2017 requesting approval to renew the current Administrative Services Only (ASO) Contract with Blue Cross Blue Shield of Rhode Island for a term of one (1) year beginning July 1, 2017 through June 30, 2018
- b. Administrative Services Only (ASO) proposal confirmation of terms provided by Mercer Health & Benefits LLC, documenting a 0% increase or rate pass for FY18
- c. Medical Administrative Services Only (ASO) Contract Proposal Rate Sheet from BCBSRI effective July 1, 2017 through June 30, 2018
- d. Current Medical Administrative Services Only (ASO) Contract Rate Sheet between the City of Providence and BCBSRI effective July 1, 2014 through June 30, 2017

Respectfully Submitted,

Margaret M. Wingate
Manager of Employee and 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



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

FY 18 Providence ASO Proposed Renewal
BCBS RI

	FY17	FY18
	Self Funded Plans	Self Funded Plans
Current Enrollment (3/2017)	6942	6942
Premium PEPM	\$38.54	\$38.54
Annual Premium per Product	\$3,210,536	\$3,210,536
\$ 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

City of Providence
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 505

EFFECTIVE November 17, 2014

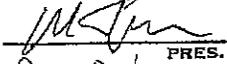
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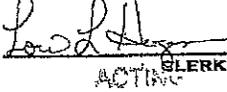
Blue Cross Blue Shield of Rhode Island
(Human Resources)

IN CITY COUNCIL

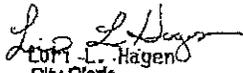
NOV 06 2014

READ AND PASSED


PRES.


ACTING CLERK

Effective without the
Mayor's Signature


Lori L. Hagen
City Clerk
ACTING

City of Providence



Rhode Island

Department of City Clerk

MEMORANDUM

DATE: October 6, 2014

TO: Acting Purchasing Director

SUBJECT: **APPROVAL OF THE RENEWAL OF A CONTRACT, WITH BLUE CROSS BLUE SHIELD OF RI - HUMAN RESOURCES**

CONSIDERED BY: Board of Contract and Supply

DISPOSITION: VOTED: that the Purchasing Director hereby authorizes approval of the renewal of a contract, with Blue Cross Blue Shield of RI, for an additional three years, for the total administrative fees of Thirty Six Dollars and Sixty Eight (\$36.68) Cents FY15, Thirty Seven Dollars and Sixty (\$37.60) Cents FY16 and Thirty Eight Dollars and Fifty Four (\$38.54) Cents FY17, which translates to a 0% increase for FY15 and a 2.5% increase for FY16 and FY17, all in accordance with the request of Margaret M. Wingate, Manager, in communication dated October 1, 2014.

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

Lou L. Hagen
 Second Deputy City Clerk

Attachment: 2014-10-06-18 Distribution Blue Cross Blue Shield (4953 : Blue Cross Blue Shield of RI)



**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 ^{1,2,3} - Per-Employee Per Month	\$38.54
Total Monthly Per-Employee Charges	\$38.54

¹The 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.

²The 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.

³The 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.

Cost Plus Proposal Sheet

Effective July 1, 2014 through June 30, 2017

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

PARTIES:

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

MONTHLY PER-SUBSCRIBER CHARGES:

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

Paid Administrative Fee ^{1,2,3,4,5}	<u>7/1/2014 - 6/30/2015</u>	<u>7/1/2015 - 6/30/2016</u>	<u>7/1/2016 - 6/30/2017</u>
- Base Price ⁶	\$36.68	\$37.60	\$38.54

¹The Paid Administrative Fee presumes that CITY utilizes BCBSRI as its Stop Loss Carrier. In the event CITY chooses a Third Party Stop-Loss Carrier, CITY understands and agrees the Paid Administration Fee, as shown above, shall increase by \$2.50 per Subscriber per month, which increase shall be effective on the termination date of the Stop-Loss Agreement between CITY and BCBSRI.

²The Paid Administrative Fee presumes that CITY pays claims billing via ACH debit. In the event, CITY chooses to pay Claims billing by bank wire transfer, CITY understands and agrees the Paid Administrative Fee shall increase by \$1.50 per subscriber 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, 2017.

³The Paid Administrative Fee presumes that BCBSRI will fund \$55,000 toward a claims audit to be conducted during Year 1 and Year 3. BCBSRI will fund \$55,000 toward a claims audit in Year 3 assuming CITY accepts a multi-year offering and remains with BCBSRI for the entire 3 Year period. Upon BCBSRI's receipt of the completed audit report, BCBSRI shall pay the \$55,000 directly to Mercer or another third party auditor accepted by the Parties. The audit shall be conducted in accordance with BCBSRI's then-current policies and procedures regarding external audits by accounts and their consultants, and no such audit shall be conducted on a contingency fee basis.

⁴The Paid Administrative Fee presumes that BCBSRI will fund \$29,000 each year toward Wellness offerings that will provide Wellness Account Management and Wellness Portal reporting administered by BCBSRI. BCBSRI will fund the Wellness dollars assuming CITY accepts a multi-year offering and remains with BCBSRI for the entire 3 Year period.

⁵In the event that during the term of the agreement, the agreement is terminated by CITY other than for cause, then CITY shall pay to BCBSRI an amount calculated by multiplying the average number of subscribers enrolled during the final three (3) months before the term times the then-current Administrative Fee Base Price charge per subscriber times three (3) months.

⁶The Base Price presumes that CITY selects a 3 year offer effective July 1, 2014 through June 30, 2017. This offering is based on status quo benefits.

Issued on: March 28, 2014
BCBSRI Underwriting Department

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