

MEMORANDUM

DATE: September 12, 2018

TO: Gregory P. Harrison, City Manager

FROM: Cindy Lawrence, Risk Manager

VIA: Eddie Beecher, Human Resources Director

RE: Request for Contract Renewal
Group Health and Dental Benefits
Blue Cross and Blue Shield of Florida, Inc.

Background:

Pursuant to the labor contracts with the City's labor unions, the City is required to provide major medical group health benefits to all full time employees. The City's current provider, Blue Cross and Blue Shield of Florida, Inc. (BCBS), has provided these services since fiscal year 2000 and has demonstrated excellent service to the City and plan members. The renewal contract reflects compliance with all current Federal Health Care Reform (HCR) and State Group Health and Mental Health Parity Laws and Regulations, as required by the City's Request for Proposal (RFP).

A response to the City's RFP was received in July, 2018, and BCBS was selected as the sole responsive bidder and awarded the bid. A selection/evaluation committee (committee) was formed to review and evaluate the proposals, in accordance with the criteria, as established in the RFP. The applicable contract/policy applications, per the proposal are respectfully submitted for approval by the City Commission.

Rates from BCBS, for the upcoming FY are 3.1% below the current medical rates for HMO Plan 55 and PPO Plan 0702. For PPO Plan 0727, with the deductible of \$500/\$750, rates are 3.8% below the current rate. Dental coverage provided by Florida Combined Life and all other benefits remain the same. The estimated annual cost to the City is \$8,809,429. This provides the City with an approximate savings of \$346,910.64 over current year (based on the current active plan enrollment). This item is budget for FY 2018-19.

Due to the City's commitment to the Wellness Program for employees, BCBS will provide the City with a \$100,000 one-time payment to be utilized on on-going wellness program activities. Additionally, BCBS has offered a ProShare opportunity whereby they will pay the City 50% of any

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excess profits, per the defined criteria, at no further cost or obligation to the City. Should no “excess” premium be earned, the City is not responsible for any deficits.

Recommendation:

Accordingly, it is the recommendation of the Risk Management Division that the current contract with BCBS be renewed as stated above for group health and dental coverage.

Thank you.

CL/