

RESOLUTION NO. 2002- 163

AUTHORIZING CONTRACT 2002-082A WITH MEDICAL MUTUAL OF OHIO TO PROVIDE HEALTH CARE BENEFITS COVERAGE FOR A PERIOD OF ONE YEAR WITH THREE ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$9,600,000.00 FOR THE BASE YEAR (GENERAL FUND- VARIOUS DEPARTMENT BUDGETS)

WHEREAS, the proposal of Medical Mutual of Ohio located at 5700 Lombardo Centre, Suite 140, Seven Hills, Ohio to provide administration, claim adjudication and stop loss coverage of the Authority's self-funded medical plan and administration and claim adjudication for the self-funded dental plan for a one year period with the Authority's option for three additional one-year periods was received on August 22, 2002; and

WHEREAS, negotiations with Medical Mutual of Ohio have resulted in the estimated amounts of eight million three hundred fifty thousand and 00/100 dollars (\$8,350,000.00) for the medical plan and one million two hundred fifty thousand and 00/100 dollars (\$1,250,000.00) for the dental plan based on the rates submitted and anticipated claims utilization; and

WHEREAS, the General Manager deems the negotiated offer of Medical Mutual of Ohio to be the most advantageous to the Authority, price and all other factors considered and recommends acceptance thereof by the Board of Trustees.

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the proposal submitted by Medical Mutual of Ohio, as modified by negotiations, be and the same is hereby accepted as the most advantageous offer, price and other factors considered, to provide the Authority's self-funded medical, dental and stop loss coverage for a one year period with the Authority's option for three additional one-year terms.

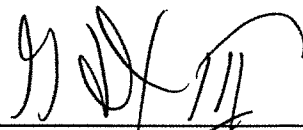
Section 2. That the General Manager of the Authority be and he is hereby authorized to enter into a contract with Medical Mutual of Ohio for the administration, claim adjudication and stop loss coverage for a period of one year commencing January 1, 2003 and ending December 31, 2003, with options to extend the contract for three additional one-year terms.

Section 3. That said contract shall be payable from the General Fund, Various Department Budgets, in an amount not to exceed eight million three hundred fifty thousand and 00/100 dollars, (\$8,350,000.00) for the medical plan and one million two hundred fifty thousand and 00/100 dollars (\$1,250,000.00) for the dental plan for the base year, at the rates established based on the Authority's claims utilization.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon appropriations for future years; compliance by the contractor to the Specification and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2002-120; bonding and insurance requirements and all applicable laws relating to the contractual obligations of the Authority.

Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: October 15, 2002, 2002



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: AUTHORIZING CONTRACT 2002-082A WITH MEDICAL MUTUAL OF OHIO TO PROVIDE HEALTH CARE BENEFITS COVERAGE FOR A PERIOD OF ONE YEAR WITH THREE ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$9,600,000.00 FOR THE BASE YEAR (GENERAL FUND-VARIOUS DEPARTMENT BUDGETS)	Resolution No.: 2002- 163
	Date: October 15, 2002
	Initiator: Human Resource Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

1.0 **PURPOSE:** To continue to offer employees access to medical and dental plans.

2.0 **DESCRIPTION/JUSTIFICATION:** This action will enable the Authority to continue to provide medical and dental plans for the period January 1, 2003 through December 31, 2003 for its employees, with the Authority's option to exercise up to three one-year options. Due to the volatile market, the Authority anticipated high renewal rates for 2003. In order to minimize the cost impact of this expected increase, the Authority decided not to exercise the last option year of its current contracts and re-solicit for more competitive rates.

3.0 **PROCUREMENT BACKGROUND:** Healthcare providers were encouraged to submit a proposal for any or all coverages. A total of 49 solicitation packages were requested and 21 proposals were received on August 22, 2002 for medical, dental, vision, life and prescription drug benefits. After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, and negotiations, the proposal of Medical Mutual of Ohio was determined to be most advantageous to the Authority to provide administration, claim adjudication and stop loss coverage. Of the self-funded plans evaluated, Medical Mutual of Ohio offered the most comprehensive plans for both major medical and dental.

Projected costs are based on current enrollment and rates established for each specific plan for the plan year 2003 as detailed in Attachment A. A cost analysis has been performed and the Procurement Department has determined that the negotiated rates are fair and reasonable to the Authority.

4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** All Affirmative Action requirements have been met. A 3% DBE goal was established for this procurement, based on the administrative costs of \$1,113,642.00. Medical Mutual of Ohio has committed to achieve the goal through the utilization of the following DBE firm(s):

A-4

DBE(s): Name/Address	DBE Category	Scope of Work	Amount	Percent
Washington Insurance Agency, Inc., Cleveland, Ohio	African- American Male	Open enrollment and ongoing services of MMO products, i.e., assisting new employees who want to change from existing carrier to new carrier, quarterly claims & other insurance services and assist with Hippa Regulations (Employee Privacy Acts). Conduct health education seminars.	\$33,524.69	3%
Total DBE Participation			\$33,524.69	3%

- 5.0 **POLICY IMPACT:** This procurement must be completed in order to permit the Authority to enroll employees in its health care benefits program in accordance with the Authority's personnel policies and contractual agreements with the labor unions.
- 6.0 **ECONOMIC IMPACT:** This contract shall be funded through the General Fund, Various Department budgets, in an amount not to exceed eight million three hundred fifty thousand and 00/100 dollars (\$8,350,000.00) for the base year medical plan and one million two hundred fifty thousand and 00/100 dollars (\$1,250,000.00) for the base year dental plan. This is a 12% increase in total projected costs for plan year 2003.
- 7.0 **ALTERNATIVES:** Rejection of this offer would delay procurement of employee health care benefits and risk not having such benefits available to the Authority's employees.
- 8.0 **RECOMMENDATION:** It is recommended that the offer of Medical Mutual of Ohio be accepted and the resolution passed authorizing the General Manager to enter into a contract.
- 9.0 **ATTACHMENTS:** Attachment A.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

Joseph A. Calabrese
CEO, General Manager/Secretary-Treasurer
RM RS

ATTACHMENT A

RECOMMENDED PROVIDERS AND RATES FOR PLAN YEAR 2003

Employee Benefit Plans	Current	Plan	Funding	2003 Rates	
	Enrollment	Type		(Single)	(Family)
[MEDICAL]					
Medical Mutual	1445	PPO	Self-Funded	\$272.02	\$720.85
QualChoice	300	HMO	Self-Funded	\$213.62	\$566.07
Kaiser	758	HMO	Fully-Insured	\$236.11	\$613.87
[PRESCRIPTION DRUG]					
Caremark <i>(Employees enrolled in Medical Mutual or QualChoice are automatically enrolled with Caremark prescription drug coverage.)</i>	1745	PBM	Self-Funded	<i>Rate of \$58.60 is included with Medical Mutual and QualChoice rates.</i>	<i>Rate of \$155.28 is included with Medical Mutual and QualChoice rates.</i>
[DENTAL]					
Medical Mutual	2253	Traditional	Self-Funded	\$17.58	\$54.51
CIGNA - DMO	298	DMO	Full-Insured	\$18.24	\$46.61
[VISION]					
Spectera	2326	Managed Vision	Fully-Insured	\$1.42	\$5.30
[TERM LIFE INSURANCE]					
Medical Life Insurance	3517	Insurance	Fully-Insured	<i>\$.165 per thousand dollars of coverage for eligible active employees per month. \$3.15 for retirees per month.</i>	
	active & retiree				
[TERM AD&D INSURANCE]					
Medical Life Insurance	2453	Insurance	Fully-Insured	<i>\$.038 per thousand dollars of coverage for eligible active employees.</i>	
[FLEXIBLE SPENDING ACCT]					
Medical Mutual				<i>\$4.50 per enrolled non-bargaining employee per month</i>	
TOTAL 2002 BUDGET		\$17,217,072.00			
TOTAL 2003 BUDGET		\$18,823,015.42			
% INCREASE		9.33			