

RESOLUTION NO. 2002- 164

AUTHORIZING CONTRACT 2002-082B WITH KAISER PERMANENTE OF OHIO TO PROVIDE HEALTH MAINTENANCE ORGANIZATION SERVICES FOR A PERIOD OF ONE YEAR WITH THREE ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$4,800,000.00 FOR THE BASE YEAR (GENERAL FUND- VARIOUS DEPARTMENT BUDGETS)

WHEREAS, the proposal of Kaiser Permanente of Ohio located at North Point Tower, Suite 1200, 1001 Lakeside Avenue, Cleveland, Ohio to provide a Health Maintenance Organization Plan (HMO) with Prescription Plan to the Authority 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 Kaiser Permanente of Ohio have resulted in the estimated amount of four million eight hundred thousand and 00/100 dollars (\$ 4,800,000.00) based on the rates submitted and anticipated enrollment; and

WHEREAS, the General Manager deems the negotiated offer of Kaiser Permanente 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 Kaiser Permanente 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 a Medical HMO and Prescription Plan to the Authority's employees for a one year period with the Authority's option for three additional one-year terms.

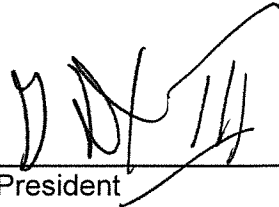
Section 2. That the General Manager of the Authority be and he is hereby authorized to enter into a contract with Kaiser Permanente of Ohio to provide a Medical HMO and Prescription Plan for a period of one year commencing January 1, 2003 and ending December 31, 2003, with options to extend the contract 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 four million eight hundred thousand and 00/100 dollars (\$4,800,000.00) for the base year at the rates established based on the Authority's anticipated enrollment.

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

  
\_\_\_\_\_  
President

Attest:   
\_\_\_\_\_  
CEO, General Manager/Secretary-Treasurer



<b>TITLE/DESCRIPTION:</b> AUTHORIZING CONTRACT 2002-082B WITH KAISER PERMANENTE OF OHIO TO PROVIDE HEALTH MAINTENANCE ORGANIZATION SERVICES FOR A PERIOD OF ONE YEAR WITH THREE ONE-YEAR OPTIONS IN AN AMOUNT NOT TO EXCEED \$ 4,800,000.00 (GENERAL FUND- VARIOUS DEPARTMENT BUDGETS)	<b>Resolution No.:</b> 2002- 164
	<b>Date:</b> October 10, 2002
	<b>Initiator:</b> Human Resource Department
<b>ACTION REQUEST:</b> <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 accessibility to managed care through Health Maintenance Organizations (HMO's).

2.0 **DESCRIPTION/JUSTIFICATION:** This action will enable the Authority to continue to provide a Health Maintenance Organization Plan and Prescription Plan for its employees for the period January 1, 2003 through December 31, 2003, with the Authority's option to exercise up to three one-year options. Due to the volatile insurance market, the Authority anticipated high renewal rates on all of its programs 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 Kaiser Permanente of Ohio was determined to be most advantageous to the Authority for managed care coverage. The Kaiser plan is a fully-funded and the Authority's only obligation is for the fixed premium payments. Kaiser's proposed managed care capabilities, a wellness program and competitive prescription drug program are all seen as positive benefits to the Authority.

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 as 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 \$572,816.61. Kaiser Permanente of Ohio has committed to achieve the goal through the utilization of the following DBE firm(s):

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DBE(s) Name/Address	DBE Category	Scope of Work	Amount	Percent
DAR Public Relations, Inc. Beachwood, OH	African- American Female	Create and design the outreach component for the services offered to RTA.	\$17,184.00	3%
<b>Total DBE Participation</b>			<b>\$17,184.00</b>	<b>3%</b>

- 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 its labor unions.
- 6.0 ECONOMIC IMPACT: This contract shall be funded through the General Fund, Various Department budgets, in an amount not to exceed four million eight hundred thousand and 00/100 dollars (\$4,800,000.00) for the base year. This is a 22% increase in total projected costs for plan year 2003.
- 7.0 ALTERNATIVES: Rejection of this offer would delay procurement of an HMO benefits package and risk not having such benefits available to the Authority's employees.
- 8.0 RECOMMENDATION: It is recommended that the offer of Kaiser Permanente 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. Catalano  
CEO, General Manager/Secretary-Treasurer  
JAC

ATTACHMENT A					
RECOMMENDED PROVIDERS AND RATES FOR PLAN YEAR 2003					
Employee Benefit Plans	Current Enrollment	Plan Type	Funding	2003 Rates	
				(Single)	(Family)
<b>[MEDICAL]</b>					
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
<b>[PRESCRIPTION DRUG]</b>					
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>
<b>[DENTAL]</b>					
Medical Mutual	2253	Traditional	Self-Funded	\$17.58	\$54.51
CIGNA - DMO	298	DMO	Full-Insured	\$18.24	\$46.61
<b>[VISION]</b>					
Spectera	2326	Managed Vision	Fully-Insured	\$1.42	\$5.30
<b>[TERM LIFE INSURANCE]</b>					
Medical Life Insurance	3517 active & retiree	Insurance	Fully-Insured	\$ .165 per thousand dollars of coverage for eligible active employees per month. \$3.15 for retirees per month.	
<b>[TERM AD&amp;D INSURANCE]</b>					
Medical Life Insurance	2453	Insurance	Fully-Insured	\$ .038 per thousand dollars of coverage for eligible active employees.	
<b>[FLEXIBLE SPENDING ACCT]</b>					
Medical Mutual				\$4.50 per enrolled non-bargaining employee per month	
<b>TOTAL 2002 BUDGET</b>		<b>\$17,217,072.00</b>			
<b>TOTAL 2003 BUDGET</b>		<b>\$18,823,015.42</b>			
<b>% INCREASE</b>		<b>9.33</b>			