

RESOLUTION NO. 2006-175

AUTHORIZING CONTRACT NO. 2006-082A 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 \$14,785,875.00 FOR THE BASE YEAR (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)

WHEREAS, the Authority provides health care coverage to its employees; and

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 period of one year with three, one-year options was received on July 31, 2006; and

WHEREAS, negotiations with Medical Mutual of Ohio have resulted in the amounts of \$13,411,125.00 for the medical plan and \$1,374,750 for the dental plan based on the rates submitted and anticipated claims utilization; and

WHEREAS, the General Manager/Secretary-Treasurer 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 hereof 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, to provide the Authority's self-funded medical, dental and stop loss coverage for a period of one year with three, one-year options be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer be, and he hereby is authorized to enter into a contract with Medical Mutual of Ohio to provide administration, claim adjudication and stop loss coverage for a period of one year commencing January 1, 2007 and ending December 31, 2007 with options to extend the contract for three additional one-year terms.

Section 3. That said contract shall be payable out of the General Fund, Various Department budgets, in an amount of thirteen million four hundred eleven thousand one hundred twenty-five & 00/100 dollars (\$13,411,125.00) for the medical plan and one million three hundred seventy-four thousand seven hundred fifty & 00/100 dollars (\$1,374,750.00) for the dental plan for a total contract amount not to exceed fourteen million seven hundred eighty-five thousand eight hundred seventy-five & 00/100 dollars (\$14,785,875.00) for the base year, at the rates established based on the Authority's claims utilization. Projected costs are based on current enrollment and rates established for each specific plan for the plan year 2007 and on anticipated enrollment and rates for each of the option years.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon funding for future years, compliance by the contractor to Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2006-77; bonding and insurance requirements and all applicable laws relating to the contractual obligation of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Medical Mutual of Ohio will attempt to exceed the 10% DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: October 17, 2006

President

Attest: _____
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: AUTHORIZING CONTRACT NO. 2006-082A 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 \$14,785,875.00 FOR THE BASE YEAR (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)	Resolution No.: 2006-175
	Date: October 12, 2006
	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/SCOPE:** This action will allow the Authority to enter into a contract to offer its employees access to medical and dental plans.

- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority provides medical, prescription drug, dental, vision and life insurance benefits to its employees. This action will enable the Authority to provide medical and dental plans for the period January 1, 2007 through December 31, 2007 with the Authority's option to exercise up to three, one-year options.

- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposal was posted on the GCRTA web site and advertised in the local newspapers. Providers were asked to propose on any or all lines of coverage. Proposals were received on July 31, 2006 for this solicitation. Mercer Human Resource Consulting, the Authority's Benefits Consultant, and a panel of Authority employees evaluated the proposals in accordance with established Procurement Policies and Procedures. After negotiations, the proposal of Medical Mutual of Ohio was determined to be the 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 2007 as detailed in Attachment A and on anticipated enrollment and rates for each of the option years. A cost analysis has been performed by the Procurement Department and the proposal of Medical Mutual of Ohio, as modified by negotiations, has been determined to be fair and reasonable to the Authority.

- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 10% DBE goal was established for this procurement, based on the administrative costs of \$897,463.00. Medical Mutual of Ohio has committed to achieve the goal through the utilization of Washington Insurance Agency, Inc. in an amount of \$89,746 per year.

- 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 at an amount of thirteen million four hundred eleven thousand one hundred twenty-five & 00/100 dollars (\$13,411,125.00) for the base year medical plan and one million three hundred seventy-four thousand seven hundred fifty & 00/100 dollars (\$1,374,750.00) for the base year dental plan for a total contract amount not to exceed fourteen million seven hundred eighty-five thousand eight hundred seventy-five & 00/100 dollars (\$14,785,875.00). This is a 12.5% increase in total projected costs for plan year 2007.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of the offer would delay procurement of employee health care benefits and risk not having such benefits available to the Authority's employees.
- 8.0 RECOMMENDATION: This contract was reviewed by the Finance Committee at their October 3, 2006 meeting and recommended for approval by the Board of Trustees. It is recommended that the offer of Medical Mutual of Ohio, as modified by negotiations, be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer 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.

CEO, General Manager/Secretary-Treasurer

ATTACHMENT A			
RECOMMENDED PROVIDERS AND ESTIMATED BUDGET FOR PLAN YEAR 2007			
<u>Employee Benefit Plans</u>	<u>Estimated Enrollment</u>	<u>Plan Type</u>	<u>Funding</u>
<u>[MEDICAL]</u>			
Medical Mutual	1720	PPO/HMO	Self-Funded
Kaiser	627	HMO	Fully-Insured
<u>[PRESCRIPTION DRUG]</u>			
Caremark <i>(Employees enrolled in Medical Mutual are automatically enrolled with Caremark prescription drug coverage.)</i>	1720	PBM	Self-Funded
<u>[DENTAL]</u>			
Medical Mutual	2047	Traditional	Self-Funded
CIGNA - DMO	308	DMO	Fully-Insured
<u>[VISION]</u>			
Spectera	2328	Managed Vision	Fully-Insured
<u>[TERM LIFE INSURANCE]</u>			
Fort Dearborn Life Insurance	3814	Insurance	Fully-Insured
		active & retiree	
<u>[FLEXIBLE SPENDING ACCT]</u>			
Medical Mutual			
<u>TOTAL 2006 BUDGET</u>		\$22,888,000.00	
<u>TOTAL 2007 BUDGET</u>		\$25,749,000.00	
<u>% INCREASE</u>		12.5	