

RESOLUTION NO. 2014-79

AUTHORIZING CONTRACT NO. 2014-092B WITH HEALTHSPAN INTEGRATED CARE TO PROVIDE HEALTH MAINTENANCE ORGANIZATION SERVICES FOR A PERIOD OF ONE YEAR IN AN AMOUNT NOT TO EXCEED \$4,500,000.00 (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)

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

WHEREAS, the proposal of HealthSpan Integrated Care, formerly known as Kaiser Permanente, located at 1001 Lakeside Avenue, Suite 1200, Cleveland, Ohio 44114, to provide a Health Maintenance Organization Plan (HMO) with Prescription Plan to the Authority for a period of one year was received on July 25, 2014; and

WHEREAS, negotiations with HealthSpan Integrated Care have resulted in an amount not to exceed \$4,500,000.00 based on the rates submitted and anticipated enrollment; and

WHEREAS, the General Manager/Secretary-Treasurer deems the negotiated offer of HealthSpan Integrated Care 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 HealthSpan Integrated Care, as modified by negotiations, to provide Medical HMO and Prescription Plan to the Authority's employees for a period of one year be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with HealthSpan Integrated Care to provide Medical HMO and Prescription Plan for a period of one year commencing January 1, 2015 and ending December 31, 2015.

Section 3. That this procurement shall be payable from the General Fund, Various Department budgets, in an amount not to exceed \$4,500,000.00 for a period of one year. Projected costs are based on current enrollment and rates established for each specific plan for the plan year 2015.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by each contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2013-031; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that HealthSpan Integrated Care will attempt to exceed the 12% DBE goal assigned to this procurement.

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

Adopted: September 16, 2014



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President

Attest:   
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CEO, General Manager/Secretary-Treasurer



<b>TITLE/DESCRIPTION:</b> <b>CONTRACT: PROVIDE HEALTH MAINTENANCE ORGANIZATION SERVICES FOR A PERIOD OF ONE YEAR</b> <b>VENDOR: HEALTHSPAN INTEGRATED CARE</b> <b>AMOUNT: AMOUNT NOT TO EXCEED \$4,500,000.00</b>	<b>Resolution No.:</b> 2014-79
	<b>Date:</b> September 11, 2014
	<b>Initiator:</b> Human Resources 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/SCOPE:** This action will allow the Authority to enter into a contract to offer its employees accessibility to managed care through a Health Maintenance Organization (HMO).
- 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 a Health Maintenance Organization Plan and Prescription Plan for the period January 1, 2015 through December 31, 2015.
- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposals was posted on the GCRTA website and advertised in the local newspapers, as required. Providers were asked to propose on any or all lines of coverage. Proposals were received on July 25, 2014 for this solicitation. AJ Gallagher, 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 HealthSpan Integrated Care, formerly known as Kaiser Permanente, was determined to be the most advantageous to the Authority to provide managed care coverage. The HealthSpan plan is fully funded and the Authority's only obligation is for the fixed premium payments. HeathSpan'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 play year 2015 as detailed in Attachment A. The Authority was unsuccessful with negotiation efforts to extend this contract beyond a one-year term. A cost analysis has been performed by the Procurement Department and the proposal of HealthSpan Integrated Care, 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 12% DBE participation goal on administrative fees was established for this procurement. Based on estimated annual administrative fees of \$410,217.00. HealthSpan has committed to achieve the goal through the utilization of Pinkney-Perry Insurance Agency (African American-owned) in an amount of \$49,226.00 annually.
- 5.0 **POLICY IMPACT:** This procurement must be completed in order to permit the Authority to enroll employees in its managed health care benefits program in accordance with the Authority's personnel policies and contractual agreements with the labor unions.

- 6.0 ECONOMIC IMPACT: This procurement will be funded through the General Fund, Various Department budgets, in an amount not to exceed \$4,500,000.00 for a one year period. This is a 1% increase in the total projected costs for plan year 2015.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would risk not having these benefits available to the Authority's employees.
- 8.0 RECOMMENDATION: This contract was discussed by the Finance Committee at their September 2, 2014 meeting. It is recommended that the offer of HealthSpan Integrated Care, 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.



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CEO, General Manager/Secretary-Treasurer

<b>ATTACHMENT A</b>			
<b>RECOMMENDED PROVIDERS AND ESTIMATED BUDGET FOR PLAN YEAR 2015</b>			
<b><u>Employee Benefit Plans</u></b>	<b><u>Estimated Enrollment</u></b>	<b><u>Plan Type</u></b>	<b><u>Funding</u></b>
<b>[MEDICAL]</b>			
Medical Mutual	1502	PPO/HMO	Self-Funded
HealthSpan	356	HMO	Fully-Insured
<b>[DENTAL]</b>			
MetLife	1926	PPO	Fully-Insured
<b>[VISION]</b>			
National Vision Administrators	2004	PPO	Fully-Insured
<b>[TERM LIFE INSURANCE]</b>			
Metlife	Actives & Retirees		Fully-Insured
<b>[PRESCRIPTION DRUG]</b>			
Medical Mutual	1502		Self-Funded
<b><u>TOTAL 2014 BUDGET</u></b>		<b>\$27,100,000</b>	
<b><u>TOTAL 2015 BUDGET</u></b>		<b>\$28,700,000</b>	