

RESOLUTION NO. 2017-2

RATIFYING AN INCREASE IN THE FIRST YEAR OPTION TO CONTRACT NO. 2014-092A WITH MEDICAL MUTUAL OF OHIO FOR ADDITIONAL MEDICAL PLAN AND PRESCRIPTION DRUG PROGRAM COVERAGE IN AMOUNTS NOT TO EXCEED \$216,608.28 AND \$68,443.16, RESPECTIVELY, FOR A TOTAL AMOUNT NOT TO EXCEED \$285,051.44 (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)

WHEREAS, the Authority provides medical plan and prescription drug benefits to its employees; and

WHEREAS, by Resolution No. 2014-078, the Board of Trustees authorized Contract No. 2014-092A with Medical Mutual of Ohio with an office located at 5700 Lombardo Center, Suite 140, Seven Hills, Ohio, to provide these insurance programs in amounts not to exceed \$18,500,000.00 for the medical plan and \$4,100,000.00 for the prescription drug program, for a total contract amount not to exceed \$22,600,000.00 for plan year 2015 and for each of the three option years; and

WHEREAS, the CEO, General Manager/Secretary-Treasurer has exercised two, one-year options and approved Change Order No. 1, in an amount not to exceed \$500,000.00, to cover an increase in the medical plan costs due to unanticipated movement of employees into this plan, for a total amount not to exceed \$23,100,000.00 for plan year 2016; and

WHEREAS, due to an increase in enrollment and claims, a second change order is now required to ratify an increase to the 2016 contract period to cover an increase in medical plan and prescription drug benefit coverage in amounts not to exceed \$216,608.28 and \$68,443.16, respectively, for a total change order amount not to exceed \$285,051.44, resulting in a total amount not to exceed \$23,385,051.44 for plan year 2016; and

WHEREAS, the CEO, General Manager/Secretary-Treasurer has exhausted his change order authority, requiring approval by the Board of Trustees; and

WHEREAS, the CEO, General Manager/Secretary-Treasurer deems this change order to increase the contract with Medical Mutual of Ohio to be in the best interest of the Authority, price and 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 offer of Medical Mutual of Ohio to provide additional medical plan and prescription drug program coverage for plan year 2016 be and the same is hereby accepted.

Section 2. That the Board of Trustees hereby ratifies the CEO, General Manager/Secretary-Treasurer's execution of an increase to Contract No. 2014-092A with Medical Mutual of Ohio to provide additional medical plan and prescription drug program coverage and further authorizes the CEO, General Manager/Secretary-Treasurer to execute all documents necessary for this transaction.

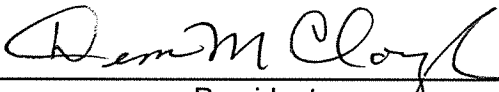
Section 3. That said increase shall be payable from the General Fund, Various Department budgets, in an amount not to exceed \$216,608.28 for the medical plan and in an amount not to exceed \$68,443.16 for prescription drugs, for a total change order amount not to exceed \$285,051.44, resulting in a total amount not to exceed \$23,385,051.44 for plan year 2016.

Section 4. That said contract, as amended, shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2015-076; bonding and insurance requirements; and all applicable laws relating to the contractual obligations of the Authority.

Section 5. That all other terms and conditions of the original contract shall remain unchanged.


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

Adopted: January 24, 2017



President

Attest:



CEO, General Manager/Secretary-Treasurer




TITLE/DESCRIPTION: CONTRACT: RATIFYING AN INCREASE TO THE FIRST OPTION YEAR OF CONTRACT 2014-092A FOR MEDICAL PLAN AND PRESCRIPTION DRUG PROGRAM COVERAGE VENDOR: MEDICAL MUTUAL OF OHIO AMOUNT: NTE \$285,051.44	Resolution No.: 2017-2
	Date: January 19, 2017
	Initiator: Human Resources
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 is to ratify an increase to the first option year contract amount on Contract 2014-092A with Medical Mutual of Ohio (MMO).
- 2.0 **DESCRIPTION/JUSTIFICATION:** Under this contract, the Authority provides medical plan and prescription drug benefits to its employees. The contract was authorized for one year commencing January 1, 2015, with three, one-year options for renewal. With Healthspan no longer being available to employees for plan year 2016, fewer than expected enrolled in the Health Maintenance Organization plan offered by University Hospital. This request is to cover the increase in costs incurred by MMO during plan year 2016 due to increased employee enrollment and claims.
- 3.0 **PROCUREMENT BACKGROUND:** On September 23, 2014, the Board of Trustees by Resolution No. 2014-078 authorized Contract No. 2014-092A with Medical Mutual of Ohio to provide a Medical Plan and Managed a Prescription Benefits Program to Authority employees for a one year period in amounts not to exceed \$18,500,000.00 and \$4,100,000.00, respectively, totaling \$22,600,000.00, with three, one year options for renewal. The CEO, General Manager/Secretary-Treasurer has exercised two of the one-year options. In addition, he approved Change Order #1 on October 19, 2016 in the amount of \$500,000.00 to cover an increase in Medical Plan costs due to unanticipated movement of employees into this plan for year 2016. This exhausted his change order authority. Due to this increase of enrollment and claims, the Authority was required to provide additional Medical Plan and Prescription Benefits coverage in amounts not to exceed \$216,608.28 and \$68,443.16, respectively, for a total amount of \$285,051.44. This additional expenditures resulted in a total contract amount of \$23,385,051.44 for option year one (plan year 2016). This change order was reviewed by the Change Order Committee.

A price analysis was performed. It was determined that this price is fair and reasonable to the Authority.
- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 12% DBE goal was established for this procurement in September 2014. Medical Mutual of Ohio has agreed to maintain the established DBE participation goal through the use of its existing DBE firm.
- 5.0 **POLICY IMPACT:** Does not apply.
- 6.0 **ECONOMIC IMPACT:** This increase shall be payable through the General Fund, Various Department budgets, in an amount not to exceed \$216,608.28 for the medical plan and in an amount not to exceed \$68,443.16 for prescription drugs, for a total change order amount not to exceed \$285,051.44, resulting in a total contract amount not to exceed \$23,385,051.44 for plan year 2016.

- 7.0 ALTERNATIVES: Reject this ratification. Rejection of this ratification would risk not having these benefits available to the Authority's employees.
- 8.0 RECOMMENDATION: This ratification was discussed at the January 10, 2017 Finance Committee meeting. It is recommended that this increase be accepted and the resolution passed authorizing the CEO, General Manager/Secretary-Treasurer to modify the contract.
- 9.0 ATTACHMENT: Change Order Log.

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



CEO, General Manager/Secretary-Treasurer

CHANGE ORDER LOG

CONTRACT NO. 2014-092A Medical Plan and Prescription Drug Benefits

Contract No. 2014-092A

Contractor: Medical Mutual of Ohio

Original Contract Amount \$ 22,600,000.00

Option Year One Contract Amount \$22,600,000.00

Total G.M. C.O. Authority \$ 500,000.00

Total Change Order Amount To Date: \$500,000.00

Total G.M. C.O. Authority Remaining \$0.00

ITEM NO.	NOTE No.	APPROVAL DATE	AMOUNT	APPROVAL AUTHORITY	NEW CONTRACT AMOUNT
1	1	December 2015	\$22,600,000.00	CEO, General Manager/Secretary-Treasurer	\$22,600,000.00
2	2	October 19, 2016	\$ 500,000.00	CEO, General Manager/Secretary-Treasurer	\$23,100,000.00
3	3	December 2016	\$22,600,000.00	CEO, General Manager/Secretary-Treasurer	\$22,600,000.00
4	4	Pending	\$ 285,051.44	Board of Trustees	\$23,285,051.44

NOTES/DESCRIPTION:

1. Option #1 - Exercised first option for plan year 2016
2. Change Order #1 - Increase to plan year 2016 for additional Medical Plan services due to increased 2016 enrollment.
3. Option #2 – Exercised second option for plan year 2017
4. Change Order #2 - Pending BOT approval – Increase to plan year 2016 for additional Medical Plan and Prescription Drug services.