

RESOLUTION NO. 2022-72

AUTHORIZING CONTRACT NO. 2022-039A WITH COMMUNITY INSURANCE COMPANY DBA ANTHEM BLUE CROSS AND BLUE SHIELD TO PROVIDE MEDICAL AND PRESCRIPTION DRUG BENEFITS FOR A PERIOD OF ONE YEAR WITH THREE, ONE-YEAR OPTIONS IN AMOUNTS ESTIMATED AT \$31,930,000.00 AND \$4,640,000.00 RESPECTIVELY, FOR A TOTAL CONTRACT AMOUNT ESTIMATED AT \$36,570,000.00 FOR THE FIRST YEAR (GENERAL FUND, VARIOUS DEPARTMENT BUDGETS)

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

WHEREAS, the proposal of Community Insurance Company dba Anthem Blue Cross and Blue Shield ("Anthem") located at 120 Monument Circle, Indianapolis, IN to provide medical and prescription drug benefits to the Authority for a period of one year with three, one-year options, was received on June 3, 2022; and

WHEREAS, after negotiations, the proposal of Anthem to provide these benefits in the amount of \$36,570,000.00 for the first year, based upon the rates submitted and anticipated enrollment for year 2023, was determined to be fair and reasonable to the Authority; and

WHEREAS, the General Manager, Chief Executive Officer deems the negotiated offer of Anthem to be in the best interest of 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 offer of Anthem, as negotiated, to provide medical and prescription drug benefits to the Authority's employees for a period of one year with three, one-year options, be and the same is hereby accepted.

Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to enter into a contract with Anthem to provide medical and prescription drug benefits to Authority employees for a period of one year commencing January 1, 2023 and ending December 31, 2023, with authority to exercise three, one-year options.

Section 3. That said procurement shall be payable from the General Fund, Various Department budgets, in an amount estimated at \$31,930,000.00 for medical benefits and in an amount estimated at \$4,640,0000.00 for prescription drug benefits, for a total contract amount estimated at \$36,570,000.00 for the first year. Projected costs are based on current enrollment and rates established for each specific plan for the plan year 2023, 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 future funding, compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees; 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 Anthem will attempt to exceed the 10% minimum DBE goal assigned to this procurement.

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

Adopted: August 23, 2022



President

Attest: 

Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: PROVIDE MEDICAL AND PRESCRIPTION DRUG BENEFITS FOR A PERIOD OF ONE YEAR WITH THREE, ONE-YEAR OPTIONS VENDOR: COMMUNITY INSURANCE COMPANY DBA ANTHEM BLUE CROSS AND BLUE SHIELD. AMOUNT: AMOUNT ESTIMATED AT \$31,930,000.00 FOR MEDICAL AND AN AMOUNT ESTIMATED AT \$4,640,000.00 FOR PRESCRIPTION DRUGS, FOR A TOTAL CONTRACT AMOUNT ESTIMATED AT \$36,570,000.00 FOR THE FIRST YEAR	Resolution No.: 2022-72
	Date: August 18, 2022
	Initiator: Labor and Employee Relations 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 accessibility to medical and prescription drug benefits for one year with three, one-year options.

- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority provides medical, prescription drug, dental, vision, life insurance, and flexible spending account benefits to its employees. This action will enable the Authority to continue to provide medical and prescription drug benefits for the period January 1, 2023 through December 31, 2023, with the Authority’s option to exercise up to three, one-year options.

- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposals (“RFP”) 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 for medical and prescription drug benefits were received on June 3, 2022. Oswald Companies, the Authority’s third-party Benefits Consultant, along with a panel of Authority employees evaluated the proposals in accordance with established Procurement Policies and Procedures. After negotiations, the proposal of Community Insurance Company dba Anthem Blue Cross and Blue Shield (“Anthem”) to provide both medical and prescription drug benefits was determined to be the most advantageous to the Authority.

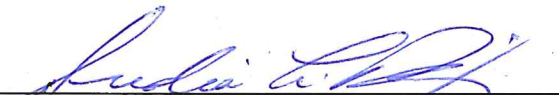
 Projected costs are based on current enrollment and rates established for each specific plan for the year 2023. A cost analysis has been performed by the Procurement Department, and the proposal of Anthem, as modified by negotiations, has been determined to be fair and reasonable to the Authority.

- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 10% DBE goal was established for this procurement based on estimated annual administrative fees for medical and prescription benefits of \$669,167.00. Anthem has committed to achieve the DBE participation goal through the utilization of TM Consulting (African American male-owned) in the amount of \$62,871.00 or 9.3%.

- 5.0 **POLICY IMPACT:** This procurement must be completed in order to permit the Authority to enroll employees in its medical and prescription drug 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 estimated at \$31,930,000.00 for medical benefits and in an amount estimated at \$4,640,000.00 for prescription drug benefits, for a total contract amount estimated at \$36,570,000.00 for the first year. This is a 7% decrease in the total proposed costs for plan year 2023 based on anticipated enrollment.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would risk not having these benefits available to the Authority's employees and being noncompliant with our personnel policies and union labor agreements.
- 8.0 RECOMMENDATION: This procurement was discussed by the Board of Trustees at the August 9, 2022 Organizational, Services & Performance Monitoring Committee meeting. It is recommended that the offer of Anthem, as negotiated, be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer to enter into a contract.
- 9.0 ATTACHMENTS: None.

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



General Manager, Chief Executive Officer