



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Authorization to enter into an agreement for Contract 16-RFP-18 Health Plan Administrator, with Blue Cross Blue Shield of Illinois, a division of Health Care Service Corporation, for a three-year period, effective January 1, 2017 to December 31, 2019, Account 101-25000-601250

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9/15/2016	1	Board of Commissioners	Approved	Pass
9/15/2016	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 15, 2016

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to enter into an agreement for Contract 16-RFP-18 Health Plan Administrator, with Blue Cross Blue Shield of Illinois, a division of Health Care Service Corporation, for a three-year period, effective January 1, 2017 to December 31, 2019, Account 101-25000-601250

Dear Sir:

Authorization is requested to enter into an agreement with Blue Cross Blue Shield of Illinois (Blue Cross), a division of Health Care Service Corporation, to provide Preferred Provider Option (PPO), Health Maintenance Organization (HMO) and prescription drug plan administrative services for employees and retirees for a three-year period. This contract will cover all active employees and non-Medicare retirees.

The District advertised Request for Proposal 16-RFP-18 Health Plan Administrator on May 4, 2016. The Request for Proposal contained two program options: a combined PPO/HMO program with prescription drug coverage for active employees and retirees; and a group MAPD Plan for Medicare-eligible retirees. Vendors were invited to submit a proposal for either of these plan options or both options. Sixty-six (66) firms were notified and sixteen (16) firms requested proposal documents. The District received one (1) responsive proposal on June 3, 2016 from Blue Cross, for the combined PPO/HMO program with prescription drug coverage option.

The one proposal received for the combined PPO/HMO program option was evaluated by consultants from Deloitte Consulting and staff of the Human Resources and Procurement and Materials Management Departments. The criteria for these evaluations were outlined in Request for Proposal 16-RFP-18 and included: organizational stability; experience with similar PPO/HMO/prescription drug plans; ability to match the current District plan design; network access, size and quality; claims administration performance; member

service performance; administrative performance; and financial considerations. Following the preliminary evaluation of the proposal, excluding cost, Blue Cross was invited to a finalist interview on July 27, 2016. A solicitation was sent to Blue Cross on August 2, 2016 for an unqualified “best and final” offer. The “best and final” offer was returned to the Director of Procurement and Materials Management on August 9, 2016.

Based on the evaluation of the proposal using the criteria described above and the pricing provided in the “best and final” offer, it is recommended that a contract be awarded to Blue Cross. Blue Cross is the current provider administering the District’s Preferred Provider Option (PPO) and Health Maintenance Organization (HMO) plans. They have the largest PPO and HMO networks in the marketplace with 100% of PPO participants and 99.7% of HMO participants having access to an in-network provider within 5 miles of their home. They continue to offer very competitive network discounts compared to other national medical carriers operating in the Chicago market. They are offering performance guarantees in the contract to ensure the guaranteed medical discounts are met.

The health plan proposed by Blue Cross would continue to include the administration of on-site health fairs for employees as in the prior contract. These health fairs would include a free biometric screening for employees and immediate health coaching to understand the results. The proposal includes additional financial allowances for employee wellness activities.

Blue Cross would also provide prescription drug coverage for active employees and non-Medicare retirees under this health plan administrator contract. This coverage is currently carved-out of the medical plan and administered by Envision Rx. The new contract would bring the prescription drug coverage back under a single health contract which would incorporate both the medical and pharmacy benefits. Prescription drug coverage would be provided by Prime Therapeutics, LLC (Prime). Prime is a national pharmacy benefits manager owned by 14 Blue Cross Blue Shield plans. Prime provided prescription drug coverage to the District plans as part of the medical benefits through Blue Cross as recently as 2013. The proposal includes a broad pharmacy network of more than 66,000 pharmacies including all the major pharmacy chains. Prime operates its own mail order pharmacy, PrimeMail, which would manage all prescriptions submitted through the mail order program. The proposed prescription drug plan would continue to include step therapy and prior authorization programs. The District would maintain its plan design and co-payment structure under the new contract.

The Diversity Section has reviewed the agreement and has concluded that Blue Cross is in compliance with the District’s Affirmative Action Policy.

In view of the foregoing, it is requested that the Director of Procurement and Materials Management be authorized to enter into an agreement with Blue Cross to administer the self-insured Preferred Provider Option (PPO), fully-insured Health Maintenance Organization (HMO), and prescription drug coverage for a three-year period from January 1, 2017 through December 31, 2019.

Funds for 2017, 2018 and 2019 are contingent on the Board of Commissioners’ approval of the District’s budget for those years.

Recommended, Beverly K. Sanders, Acting Director of Human Resources
Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management
Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for September 15, 2016