



Metropolitan Water Reclamation District of Greater Chicago

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Title: Authorization to enter into an agreement for Contract 19-RFP-05 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, 2020 to December 31, 2022, Account 101-25000-601250

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| 8/8/2019 | 1 | Board of Commissioners | Approved | Pass |

TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 8, 2019

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authorization to enter into an agreement for Contract 19-RFP-05 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, 2020 to December 31, 2022, 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 a self-insured Preferred Provider Organization (PPO), a fully-insured Health Maintenance Organization (HMO) and prescription drug coverage for employees and non-Medicare eligible retirees for a three-year period.

On March 27, 2019, Request for Proposal 19-RFP-05 Health Plan Administrator was publicly advertised. The purpose of this contract was to select a qualified carrier to provide medical and prescription drug coverage for employees and non-Medicare eligible retirees. The program will include a PPO, an HMO and prescription drug coverage. The plan design including the deductibles, co-insurance, prescription drug co-payment structure and maximum out-of-pocket limits will remain the same as under the current program. These services are currently provided by Blue Cross. The current contract expires December 31, 2019.

Eighty-three (83) firms were notified and ten (10) firms requested proposal documents. The District received four (4) responsive proposals on April 26, 2019. These proposals were submitted by Aetna Life Insurance Company, Blue Cross Blue Shield of Illinois, Cigna Health and Life Insurance Company and UnitedHealthcare. The proposals were evaluated by consultants from Deloitte Consulting, LLP and staff of the Human Resources and Procurement and Materials Management Departments. The criteria for these evaluations were outlined in Request for Proposal 19-RFP-05 and included: organizational stability; experience providing group PPO, HMO and prescription drug plans; ability to match the current District plan design; network access, size and quality;

claims administration performance; member service performance; administrative performance; disease/condition management and wellness programs; and financial considerations. In addition to these factors, the District considers the level of disruption employees and retirees might experience with providers and the drug formulary.

Following the technical evaluation of the proposals, excluding cost, all four vendors were invited to participate in finalist interviews conducted June 20 - 21, 2019. During the finalist interviews, the District was able to gather additional information regarding each vendor's products and ask clarifying questions around plan design, disruption, member services, population health management and other key elements of the program.

A solicitation was sent to each vendor on June 28, 2019 for an unqualified "best and final" offer. The "best and final" offers were returned to the Director of Procurement and Materials Management on July 8, 2019.

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. The Blue Cross PPO network has the largest number of primary care physicians and hospitals in the marketplace with 99% of PPO participants having access to an in-network provider within 5 miles of their home. PPO participants may also access care via a virtual visit with a provider using the telemedicine program. Blue Cross continues to offer very competitive network discounts compared to other national medical carriers operating in the Chicago market.

The Blue Cross HMO (HMO Illinois) is the only capitated HMO in the Chicago market. The capitated payment model pays physicians on a per member basis to manage the member's health rather than on a fee-for-service basis. This model incentivizes providers to manage a member's overall health and helps control plan costs. Blue Cross is the current administrator of the District's PPO and HMO plans ensuring that participants would experience no provider disruption under the new contract.

The health plan offering also includes enhancements to the Wellbeing Management platform, including programs for hypertension, diabetes management, weight management, Metabolic Syndrome, and chronic musculoskeletal pain management. In addition, the plan will continue to include a wellness allowance which can be utilized for the administration of on-site health fairs and other wellness activities. The health fairs would include a free biometric screening for employees and immediate health coaching to understand the results.

Blue Cross would continue to provide prescription drug coverage through its partner Prime Therapeutics, LLC (Prime). Prime is a national pharmacy benefits manager owned by 14 Blue Cross Blue Shield plans. There would be no change to the existing pharmacy network. The proposed prescription drug plan would continue to include step therapy and prior authorization programs. The District would maintain its current plan design and co-payment structure under the new contract.

The Diversity Section has reviewed the proposal and has concluded that Blue Cross is in compliance with the District's Affirmative Action Policy. The Minority, Women and Small Business Enterprise goals for the above contract are 15% MBE and/or WBE and 10% SBE.

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 PPO, fully-insured HMO, and prescription drug coverage for a three-year period from January 1, 2020 through December 31, 2022.

Funds for 2020, 2021 and 2022 are contingent on the Board of Commissioners' approval of the District's budget for those years.

Requested, Beverly K. Sanders, 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 August 8, 2019

Attachment