



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF SEPTEMBER 1, 2022

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authorization to enter into an agreement for Contract 22-RFP-03 Health Plan Administrator, with Health Care Service Corporation, a Mutual Legal Reserve Company, operating through its Blue Cross and Blue Shield of Illinois Division, for a three-year period, effective January 1, 2023 to December 31, 2025, Account 101-25000-601250

Dear Sir:

Authorization is requested to enter into an agreement with Health Care Service Corporation, a Mutual Legal Reserve Company, operating through its Blue Cross and Blue Shield of Illinois Division (BCBSIL), 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 30, 2022, request for proposal for Contract 22-RFP-03 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 preferred provider organization (PPO), a health maintenance organization (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 BCBSIL. The current contract expires December 31, 2022.

Seven hundred twenty-nine (729) firms were notified of this contract and fourteen (14) requested proposal documents. On April 29, 2022, the District received one (1) responsive proposal from BCBSIL.

The proposal was evaluated by consultants from Deloitte Consulting, LLP and staff of the Human Resources and Procurement and Materials Management Departments. The criteria for the evaluation were outlined in request for proposal for Contract 22-RFP-03 and included: organizational stability; experience with 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 program resources; 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 proposal, excluding cost, BCBSIL was invited to participate in a finalist interview conducted on June 22, 2022. During the finalist interview, the District was able to gather additional information regarding BCBSIL's proposed group health plans 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 BCBSIL on June 29, 2022 for an unqualified "best and final" offer. The "best and

final” offer was returned to the Director of Procurement and Materials Management on July 8, 2022.

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 BCBSIL. The BCBSIL PPO plan has an extensive network with the largest number of primary care physicians and hospitals in the marketplace. This has resulted in 99.5% of PPO medical claims being paid at in-network rates saving both the participant and the plan on health care costs. BCBSIL continues to offer very competitive network discounts which are maximized by the high in-network utilization. PPO participants may also access care via a virtual visit with a provider using the telemedicine program.

The BCBSIL 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 incents providers to manage a member’s overall health and helps control plan costs. The HMO provides a very strong network with over 5,000 primary physicians, 7,800 specialists, and 60 hospitals in the Chicagoland area. BCBSIL 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 will continue to provide a Wellbeing Management (Enable) 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, on-site flu shot events, and other wellness activities.

BCBSIL 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 and 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 BCBSIL has met the requirements for Appendix A. The Minority, Women and Small Business Enterprise goals for the above contract are 20% MBE, 10% WBE and 10% SBE.

It is requested that the Director of Procurement and Materials Management be authorized to enter into an agreement with BCBSIL 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, 2023 through December 31, 2025. Funds for 2023, 2024 and 2025 are contingent on the Board of Commissioners’ approval of the District’s budget for those years.

Recommended, 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 September 1, 2022

Attachment