



Recommendation for Action

File #: 23-2719, **Agenda Item #:** 13.

8/18/2023

Posting Language

Authorize negotiation and execution of a contract for Medicare Advantage with Health Care Service Corporation d/b/a Blue Cross Blue Shield of Texas, for one year in an amount not to exceed \$9,000,000.

(Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C (Minority Owned and Women Owned Business Enterprise Procurement Program). For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established).

Lead Department

Financial Services Department.

Client Department(s)

Human Resources Department.

Fiscal Note:

Funding is available in the Fiscal Year 2023-2024 Operating Budget of the Human Resources Department.

Purchasing Language:

The Financial Services Department issued a Request for Proposals (RFP) 5800 SMW3020 for these services. The solicitation was issued on July 7, 2023, and closed on July 27, 2023. Of the two offers received the recommended contractor submitted the highest evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=139375)
<https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=139375>.

For More Information:

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: FSDCentralProcurementRCAs@austintexas.gov
<<mailto:FSDCentralProcurementRCAs@austintexas.gov>> or 512-974-2500. Respondents to the solicitation and their Agents should direct all questions to the Authorized Contact Person identified in the solicitation.

Additional Backup Information:

The contract will provide an alternative medical and pharmacy benefit plan to our post 65 retiree population. The City has sole responsibility for the plan design. The plan year for all services will be January 1, 2024 through December 31, 2024. The City is anticipating an expense reduction to the health plan expenditures upon implementation of this contract. This type of plan offering is not only cost-beneficial to retirees and the City, but also aligns with market benchmarks. Most municipalities and other entities that offer retiree medical benefits, do so through a Medicare Advantage plan.

A new contract must be finalized before September 1, 2023 to allow adequate time for implementation of the services for coverage to begin January 1, 2024 and for the Human Resources Department to develop

materials for Open Enrollment scheduled to begin October 9, 2023.

An evaluation team with expertise in this area evaluated the offers and scored Health Care Service Corporation d/b/a Blue Cross Blue Shield of Texas, as the best to provide these services based on proposed plan design, medical coverage and network, plan administration and implementation, price, local preference, and service-disabled veteran business enterprise.