



City of Austin

Recommendation for Action

File #: 24-4287, **Agenda Item #:** 23.

4/18/2024

Posting Language

Authorize negotiation and execution of a contract for a fully insured medical program and pharmacy benefit management for eligible retirees and their dependents with Health Care Service Corporation/Blue Cross Blue Shield of Texas, or one of the other qualified offerors, for up to five years for a total contract amount not to exceed \$57,000,000.

[Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9B (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. However, the recommended contractor identified subcontracting opportunities].

Lead Department

Financial Services Department.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$8,000,000 is available in the Fiscal Year 2023-2024 Employee Benefits Fund.

Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Financial Services Department issued a Request for Proposals (RFP) 5800 SLW3016 for these services. The solicitation was issued on December 18, 2023, and closed on January 18, 2024. Of the four offers received, the recommended contractor submitted the best 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. This information can currently be found at:

https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=140219.

For More Information:

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: 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:

This contract will cover services including:

1. Medical program administration of a fully insured Group Medicare Advantage Preferred Provider Organization Plan. Administrative services will include medical claims adjudication, pre-notification of hospital admissions, utilization review, and payment for approved medical services. In addition to

Medicare, the contractor has discounted agreements with physicians, medical facilities, and other health providers to provide medical services and care to persons enrolled in the plan.

2. Pharmacy Benefit Management services which allow individuals to purchase prescription drugs from a national network of participating retail pharmacies or from the mail order service.

The contract will replace a contract that expires December 31, 2024. The plan year for all services will be January 1st through December 31st of each year. The extension options, if exercised, will extend the contract term through December 31, 2029. The recommended contractor is the current provider of these services.

An evaluation team with expertise in this area evaluated the offers and scored Health Service Corporation / Blue Cross Blue Shield of Texas as the best to provide these services based on price; small business preference; local business preference; proposal specifications and plan design - benefit grid; medical coverage and network; and plan administration, support, and implementation.

This request allows for the development of a contract with a qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

The timely execution of this new contract is critical to ensure continuation of medical and prescription management services provided to eligible retirees and dependents. A new contract must be finalized prior to May 1, 2024 to allow adequate time for implementation of the services for coverage to begin January 1, 2025, and for the Human Resources Department to develop materials for Open Enrollment scheduled to begin October 7, 2024. A delay in contract approval would create an interruption of medical and prescription services to all currently covered retirees and their families.