

City Council – Action Request Form

Date: November 25, 2024

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager
Dr. Marquis H. Barnett, Human Resources Director

Council Action Requested:

Approval of a Resolution Authorizing the City Manager to Renew Contract with Blue Cross Blue Shield of North Carolina to Provide the Medicare Advantage Plan for Retired City Employees and Eligible Spouses

Strategic Focus Area: Service Excellence

Strategic Objective: N/A

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

The City of Winston-Salem offers a Medicare Advantage health insurance plan for retirees age 65 and older who are enrolled in Medicare coverage. This coverage combines Medicare Parts A and B for hospital and medical insurance, respectively, and includes Part D for prescription coverage drug coverage.

At present, Blue Cross Blue Shield of North Carolina (BCBSNC) covers 1,006 retirees/spouses at a premium of \$5 per member, per month for an annual projected expense of \$60,360. The City pays for the cost of retirees up to \$212 per month and the spouse of an eligible retiree may sign up for this plan at the same monthly rate, with the spouse bearing the cost of the premium.

Committee Action:

Committee	<u>FC- 10/15/2024</u>	Action	<u>Approval</u>
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For	<u>Unanimous</u>	Against	<u></u>
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Remarks:

The current contract with BCBSNC expires on December 31, 2024. A competitive proposal process was conducted to identify a plan provider for the 2025 plan year. The Human Resources Department recently completed a competitive bid process for our Medicare Advantage plan. Through our process, managed by our benefits brokerage firm Willis Towers Watson, we solicited bids from North Carolina’s Medicare plan providers. Below are the results of that bid:

Bidder	Status
Aetna	Declined to Bid
Blue Cross Blue Shield of North Carolina	Bid Received
Cigna	Declined to Bid
United Healthcare	Declined to Bid

Carriers declining to bid cited to uncompetitive rates.

The details of the BCBSNC bid are below:

	Current Plan	Proposed Plan
Per Member Per Month Fee	\$5	\$140
Monthly Premium	\$5,030	\$140,840
Rate Guarantee	3 years	2 years
Annual Premium	\$60,360	\$1,690,080

A pricing history for our Medicare Part D plan is below:

Year	Price
2018	\$212
2019	\$212
2020	\$140.38
2021	\$140.38
2022	\$12.08
2023	\$12.08
2024	\$5

2022 saw a significant decrease in premium following a transition to BCBSNC that was largely attributed to federal funding and rebate opportunities. With the expiration of some of those rebates and other changes in legislation, these programs rates have returned to more normalized and stable levels. These rates are also in line with the bids received from other carriers when we surveyed the market in 2021 seeking bids.

City staff recommends BCBSNC as the provider for the Medicare Advantage plan for the 2025 and 2026 plan years, with the option to extend for a third year if competitive rates are maintained. The attached resolution authorizes the City Manager to enter into an agreement with BCBSNC for the provision of a Medicare Advantage plan for retirees at a monthly premium of \$140 for two years with the option for one, one-year extension.