

## City Council – Action Request Form

**Date:** September 13, 2021

**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:**

Resolution Authorizing the City Manager to Enter Into a Contract with Blue Cross Blue Shield of North Carolina to Administer the City’s Self-Funded Medical plan for Retirees

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** No

**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 eligible for 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, Aetna covers 754 retirees and 225 retiree spouses at an administrative fee of \$140.38 per member, per month for an annual projected expense of \$1,270,158.24. 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:**

<b>Committee</b>	<u>Finance 9/13/2021</u>	<b>Action</b>	<u>Approval</u>
------------------	--------------------------	---------------	-----------------

<b>For</b>	<u>Unanimous</u>	<b>Against</b>	<u></u>
------------	------------------	----------------	---------

**Remarks:**

The current contract with Aetna expires on December 31, 2021. A competitive proposal process was conducted to identify a plan provider for the 2022 plan year. Proposals were submitted by Aetna, Blue Cross Blue Shield of North Carolina (BCBSNC), Cigna, Humana, and United Health Care. The proposals submitted by all five providers contained comparable medical and pharmacy plan designs. All proposals included rate guarantee stipulations for revision to the rates for 2023 or 2024 plan year if there are significant changes to Part D program.

There was a significant variation in the monthly premium proposed for the plans as follows:

<b>Provider</b>	<b>Per Member/ Per Month Fee</b>
Aetna	\$97.54
BCBSNC	\$12.08
Cigna	\$114.72
Humana	\$98.53
United Health Care	\$52.00

City staff recommends BCBSNC as the provider for the Medicare Advantage plan for the 2022 plan year based on the following:

- Three-year rate guarantee; and
- Total administrative fee savings of \$1.1 million (91%); and
- \$25,000 implementation fee credit; and
- \$25,000 additional communication fund; and
- \$100,000 in at risk funds based on performance guarantees.

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 rate per retiree of \$12.08.