

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll *SB*
Human Resources Director

DATE: May 25, 2018

SUBJECT: Approval of Renewal of the Florida Blue Administrative Services Agreement for the Period October 1, 2018 through September 30, 2023 and Providing for Wellness Contributions of \$300,000 over a Five (5) Year Period

BACKGROUND:

The Board of County Commissioners approved an agreement effective October 1, 1996 with Blue Cross and Blue Shield of Florida, Inc. to provide administrative services with respect to the Group Health Plan. The agreement was amended on the following dates:

| | | |
|-----------------|-----------------|-----------------|
| October 1, 1998 | October 1, 2008 | October 1, 2015 |
| October 1, 2001 | July 1, 2010 | January 1, 2017 |
| October 1, 2003 | May 1, 2013 | March 13, 2018 |

Under the administrative service agreement, Florida Blue is compensated a \$50.00 per employee per month fee to provide administrative services for our self-funded health plan. The agreement expires on September 30, 2018.

REQUEST FOR PROPOSAL

Benefits Broker/Consultant Lockton Companies solicited proposals for administrative services and proposals were received from the following providers:

- Aetna
- Florida Blue
- Allegiance/Cigna – TPA
- Meritain/Aetna – TPA
- UMR/United - TPA

Lockton analyzed the proposals and ranked Florida Blue #1 and negotiated the following five (5) year renewal proposal:

Extend the current administrative agreement to 10/1/23.

10/1/18 – 9/30/19 \$50.00 current rate

10/1/19 – 9/30/21 \$51.50 3% increase

10/1/21 – 9/30/23 \$53.05 3% increase

Upon Board approval Florida Blue will make a \$50,000 wellness contribution to IRBOCC. On the following Renewal dates of 10/1/18 – 10/1/22 Florida Blue will make a \$50,000 wellness contribution to IRBOCC as long as coverage is in force. The standard 30 day term clause applies to this agreement.

A copy of the renewal offer is attached.

ANALYSIS:

Although the proposed agreement includes two 3% fee increases, the overall cost of the five (5) year agreement is a \$120,912 reduction in fees due to the \$300,000 wellness contribution that would be received over a five (5) year agreement as identified below:

| | | Current ASO Fee | | | | | |
|--------------|------------------|------------------|----------------|----------------|----------------|---------------------|----------------|
| Plan Year | | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2021 | 10/1/2022 | 5 Year Total |
| Members | | 1640 | 1640 | 1640 | 1640 | 1640 | |
| Fee | | \$50.00 | \$50.00 | \$50.00 | \$50.00 | \$50.00 | |
| Annual Total | | \$984,000 | \$984,000 | \$984,000 | \$984,000 | \$984,000 | \$4,920,000 |
| Wellness | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| | | | | | | | |
| | | | | | | | |
| | | Proposed ASO Fee | | | | | |
| Plan Year | | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2021 | 10/1/2022 | 5 Year Total |
| Members | | 1640 | 1640 | 1640 | 1640 | 1640 | |
| Fee | | \$50.00 | \$51.50 | \$51.50 | \$53.05 | \$53.05 | |
| Annual Total | | \$984,000.00 | \$1,013,520.00 | \$1,013,520.00 | \$1,044,024.00 | \$1,044,024.00 | \$5,099,088.00 |
| Wellness | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$50,000.00 | \$300,000.00 |
| | Approval by BOCC | | | | | | |
| | | | | | | Wellness Funds | \$300,000.00 |
| | | | | | | 5 Year Fee Increase | \$179,088.00 |
| | | | | | | Overall Reduction | \$120,912.00 |

FUNDING

Funding for the ASO fees are budgeted as a part of health insurance premiums and paid from the health insurance trust.

RECOMMENDATION:

Staff recommends the Board approve the renewal proposal from Florida Blue for Administrative Services to include \$300,000 in wellness contribution from Florida Blue over the five (5) year agreement and authorizing the Chairman of the Board to sign the renewal agreement upon review and approval by the County Attorney.