



City of Gainesville Agenda Item Report

File Number: 2023-1036

Agenda Date: November 2, 2023

Department: Risk Management

Title: 2023-1036 Continuation of Blue Cross and Blue Shield of Florida, Inc., D/B/A Florida Blue (B)

Department: Risk Management

Description: Request for the City Commission to approve continuation of the Blue Cross and Blue Shield of Florida, Inc., D/B/A Florida Blue Administrative Services and Stop Loss Contracts for one (1) additional year through December 31, 2024.

Fiscal Note: Funds have been budgeted in the Employee Health and Accident (EHAB) Fund and the Retiree Health & Accident Fund to cover these expenditures.

Explanation: The City of Gainesville utilizes a self-funded risk model to provide its community builders, retirees and their dependents a health financing benefit, commonly referred to as health insurance. Under a self-funded health care financing model, the plan sponsor (City of Gainesville) assumes the risk associated with the cost of financing the health care cost of its covered members of the plan. Due to volume of claims payment activity, the City uses a third party administrator to adjudicate and process those claims incurred by the members covered by the plan. The second, and very important cost mitigation component provided by the administrator is access to a broad network of providers at negotiated discounted reimbursement.

Via a public solicitation award, RMDX-150019-FD, a contract was issued and amended via Amendments 1, 2 and 3 for extension of time for service - Florida Blue has been providing both local and national network access for many years for this plan and has a history of having both the most comprehensive network but the network that provides for the highest discounts off price of care in our area. Member data and demographics are transferred electronically between the City and Florida Blue to improve member benefit changes and reduce differences between our internal benefit system and that of Florida. The integration is vendor specific and takes considerable amount of Staff time and effort to build or modify.

Florida Blue has agreed to provide a one year extension to our Administration Services Agreement. Staff believes this is the best option moving through end of 2024. The rates for 2024 will not change from the prior year's rates.

Staff is also recommending continuing the Stop-Loss agreement with Florida Blue for the concurrent plan year. The City's health plan uses a risk transfer tool referred to as specific stop-loss insurance. The purpose of the tool is to backstop the group health plan against catastrophic individual claims. This risk transfer tool helps mitigate large swings in claims experience thus making forward trend analysis more reliable and provides a more stable rate structure over time. The recommendation is to continue at the current risk level (\$375,000). This recommendation is based on plan history and a lack of net savings moving the plan's risk exposure higher. Essentially, the reduced rate does not justify the additional risk. The Specific Stop Loss increase is 9% and is consistent with medical inflation rates and loss trends associated with the City's plan.

Strategic Connection:

- Goal 1: Equitable Community
- Goal 2: More Sustainable Community
- Goal 3: A Great Place to Live and Experience
- Goal 4: Resilient Local Economy
- Goal 5: "Best in Class" Neighbor Services

Recommendation: The City Commission: 1) authorize continuing the Administrative Services and Stop Loss Contracts between the City of Gainesville and Blue Cross and Blue Shield of Florida, Inc., D/B/A Florida Blue for one (1) additional year; and 2) authorize the City Manager to negotiate and execute the contract extension subject to approval of the City Attorney as to form and legality.