Mendocino County

Legislation Details (With Text)

File #:	21-0733	**Version:**	1	**Name:**	
Type:	Agreement			**Status:**	Consent Agenda
File created:	6/9/2021			**In control:**	Executive Office
On agenda:	7/13/2021			**Final action:**	
Title:	Approval of Retroactive Agreement with Anthem Blue Cross Life and Health Insurance Company in the Amount of $1,298,953 for Third Party Medical Claims and Flexible Spending Administration and to Continue to Lease the Blue Cross Preferred Provider Organization (PPO) Network of Providers for Discounted Claim Costs for the County's Self-Funded Health Plan for a Three Year Term, Effective January 1, 2021 Through December 31, 2023				
Sponsors:	Human Resources				
Indexes:					
Code sections:					
Attachments:	1. Agreement 21-140, 2. Mendocino Co. - Carmel Angelo letter 06072021_				

Date	Ver.	Action By	Action	Result
7/13/2021	1	Board of Supervisors		

To: Board of Supervisors

From: Executive Office

Meeting Date: July 13, 2021

Department Contact: Cherie Johnson **Phone:** 463-4441
Department Contact: Emma Saucedo **Phone:** 463-4441

Item Type: Consent Agenda **Time Allocated for Item**: N/A

Agenda Title:
Approval of Retroactive Agreement with Anthem Blue Cross Life and Health Insurance Company in the Amount of $1,298,953 for Third Party Medical Claims and Flexible Spending Administration and to Continue to Lease the Blue Cross Preferred Provider Organization (PPO) Network of Providers for Discounted Claim Costs for the County's Self-Funded Health Plan for a Three Year Term, Effective January 1, 2021 Through December 31, 2023

Recommended Action/Motion:
Approve retroactive Agreement with Anthem Blue Cross Life and Health Insurance Company in the Amount of $1,298,953 for third party medical claims and flexible spending administration and to continue to lease the Blue Cross Preferred Provider Organization (PPO) Network of Providers for discounted claim costs for the County's self-funded health plan for a three year term, effective January 1, 2021 through December 31, 2023, authorize the Assistant Chief Executive Officer to approve future amendments that may increase the annual Agreement amount only due to enrollment numbers but do not exceed the Per Employee Per Month (PEPM) rates that have been proposed and guaranteed, for a period not to exceed five (5) years or when the next full market evaluation is performed; whichever comes sooner; and authorize Chair to sign same.

Previous Board/Board Committee Actions:
On January 26, 2021 the Board approved Agreement No. 21-013 with Delta Health Systems to process run out claims incurred through December 31, 2020.

Summary of Request:
In the fall of 2020 Keenan & Associates, consultants to the County's Self-Funded Health Plan, performed a Request for Proposal (RFP) for third party claims administration of the plan's employee and COBRA medical claims and flexible spending accounts. A total of five proposals were received. After reviewing the proposals, staff selected two finalists, Anthem Blue Cross (Anthem) and the incumbent Delta Health Systems (DHS), who were invited to participate in the interview process.

After the interviews, staff performed a side by side comparison of services including reporting, customer service, claim administration, COBRA administration, technology available to employees, cost of services and more. Anthem was selected to become the third party administrator (TPA) beginning on January 1, 2021.

The County has been leasing the Anthem PPO network since 2013. Anthem has been able to combine the network services with the TPA services for a combined PEPM rate that saves the plan an estimated 19% annually when compared to the incumbent's proposed rates. Anthem has also provided guaranteed rates over the next five (5) years.

The true annual cost of the plan can only be estimated as this amount is dependent on the number of employees that are enrolled. The Executive Office is requesting that the Board authorize the Assistant CEO to approve future amendments that may increase the annual Agreement amount only due to enrollment numbers but do not exceed the PEPM rates that have been proposed and guaranteed, for a period not to exceed five (5) years or when the next full market evaluation is performed; whichever comes sooner.

Historically, the Anthem PPO Network Agreements have been received within the first three (3) months of the new plan year. However, with the change to Anthem now providing TPA services in addition to providing the PPO Network, it has taken longer than anticipated to reach mutually agreeable Agreement terms. County and Anthem representatives have been working on this since November of 2020. In an effort to save the health plan administration costs as soon as possible, Anthem agreed to begin the services in good faith on January 1, 2021, with the anticipation that an Agreement would be reached. The additional time it has taken to negotiate the terms has now resulted in a request for approval of a retroactive Agreement.

It is important to know that claims incurred prior to January 1, 2021 must still be processed. For that reason the health plan did previously enter into an Agreement with the incumbent DHS, to provide claims administration for those run out claims, through December 31, 2021.

Alternative Action/Motion:
Return to Executive Office with further direction.

Supervisorial District: All

vote requirement: Majority

Supplemental Information Available Online At: N/A

Fiscal Details:

source of funding: 0715
current f/y cost: $426,551 (est.)
annual recurring cost: $439,357 (est.)
budgeted in current f/y: Yes
if no, please describe:
revenue agreement: No

budget clarification:

Agreement/Resolution/Ordinance Approved by County Counsel: Yes

CEO Liaison: Cherie Johnson, Deputy CEO
CEO Review: Yes
CEO Comments:

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Executed By: Atlas Pearson, Deputy Clerk I
Date: July 14, 2021

Note to Department Number of Original Agreements Returned to Dept: 1 Original Agreement Delivered to Auditor? Yes

Final Status:Approved
Executed Item Type: Agreement Number: 21-140