



**Chandler · Arizona**  
Where Values Make The Difference

JUL 09 2015 #20



**MEMORANDUM**

**DATE:** JULY 9, 2015

**TO:** MAYOR AND COUNCIL

**THRU:** MARSHA REED, ACTING CITY MANAGER *MR*  
 DEBRA STAPLETON, HUMAN RESOURCES DIRECTOR *DAS*  
 RAE LYNN NIELSEN, BENEFITS AND LABOR RELATIONS ADMINISTRATOR *RN*

**FROM:** LYNNA SOLLER, BENEFITS PROGRAM MANAGER *JS*

**SUBJECT:** RFP HR5-948-3502 FOR MEDICAL AND PRESCRIPTION DRUG COVERAGE AND COBRA ADMINISTRATION

**RECOMMENDATION:**

City Council award RFP HR5-948-3502 for Medical and Prescription Drug Coverage and COBRA Administration to Blue Cross Blue Shield of Arizona and authorize staff to conclude negotiations for the final agreement between the City and Blue Cross Blue Shield of Arizona for medical and prescription drug coverage and COBRA administration to be approved by the City Council.

**BACKGROUND/DISCUSSION:**

The City is proud to offer comprehensive medical and prescription drug plans to meet the needs of employees, retirees, and their dependents. If approved, the City will continue to contract with Blue Cross Blue Shield of Arizona to provide the administration of the City's group medical and pharmacy program, to include customer service support, administrative services, network contracts, clinical programs, pharmacy benefit management service, and stop-loss coverage. This benefit is paid by the City and employees.

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) is a federal law which allows employees separating from employment and losing medical coverage the ability to continue certain benefits at a full cost rate (does not include City subsidy). This administration is an option within this contract for Blue Cross Blue Shield of Arizona for compliance with COBRA.

**EVALUATION:**

On February 5, 2015, City staff issued a Request for Proposal for medical and prescription drug coverage and COBRA administration. Notification was sent to all registered vendors. Four proposals were received from the following offerors:

- Aetna                      Blue Cross Blue Shield of Arizona (current provider)
- Cigna                        United Healthcare

The Evaluation Committee reviewed the proposals and recommend award to Blue Cross Blue Shield of Arizona. The proposal allows the City to retain its current plan offerings with no provider network disruption, continue its efforts to promote fiscal responsibility through consumer-driven healthcare plan design offerings and intensify its health awareness and wellness program through a significant increase in the wellness program funding. Staff is currently negotiating the final agreement with Blue Cross Blue Shield of Arizona. The final contract will be presented to Council for approval in September as part of the 2016 Employee Benefits renewals.

**PROPOSED MOTION:**

City Council award RFP HR5-948-3502 for Medical and Prescription Drug Coverage and COBRA Administration to Blue Cross Blue Shield of Arizona and authorize staff to conclude negotiations for the final agreement between the City and Blue Cross Blue Shield of Arizona for medical and prescription drug coverage and COBRA administration to be approved by the City Council.