

Mayor and Council Communication

DATE: 08/27/24

M&C FILE NUMBER: M&C 24-0703

LOG NAME: 13P RFP 24-0180 MEDICAL ASO OR TPA SERVICES HR CB

SUBJECT

(ALL) Authorize Execution of Agreement with Health Care Service Corporation dba Blue Cross and Blue Shield of Texas in an Amount Up to \$7,682,282.00 for the Initial Three-Year Term for Medical Third-Party Administrator/Administrative Services with Two One-Year Options to Renew in an Amount Up to \$3,164,986.00 for Renewal Option One, and \$3,236,041.00 for Renewal Option Two for the Human Resources Department

RECOMMENDATION:

It is recommended that the City Council authorize execution of an Agreement with Health Care Service Corporation dba Blue Cross and Blue Shield of Texas in an amount up to \$7,682,282.00 for the Initial Three-Year Term for medical third-party administrator/administrative services with two one-year options to renew in an amount up to \$3,164,986.00 for renewal option one, and \$3,236,041.00 for renewal option two for the Human Resources Department.

DISCUSSION:

The City's Medical and Disease Management Programs are self-funded and utilize a third-party administrator to process claims. The Human Resources Department approached the Purchasing Division to secure an annual agreement for medical third-party administrator/administrative services for a vendor to provide claim processing services.

As a result, Purchasing Staff issued Request for Proposal (RFP) Number 24-0180. The RFP consisted of detailed specifications describing the responsibilities and requirements to provide these services for the City of Fort Worth. The RFP was advertised in the Fort Worth Star-Telegram on April 17, 2024, April 24, 2024, May 1, 2024, May 8, 2024, and May 15, 2024. The City received seven (7) responses.

An evaluation panel consisting of representatives from the Human Resources and Police Departments reviewed and scored the submittals using Best Value criteria. Individual scores were averaged for each of the criteria. The evaluation panel invited the top three vendors to interview with the panel. The final scores are listed in the table below.

| Vendor | Evaluation Factors | | | | | | |
|-------------------------------------|--------------------|------|-------|-------|------|-------|-------------|
| | a | b | c | d | e | f | Total Score |
| Blue Cross and Blue Shield of Texas | 21.50 | 7 | 10.80 | 12.60 | 3.80 | 24.24 | 79.94 |
| Meritain Health, Inc. | 16.50 | 5.60 | 9.90 | 9.60 | 3 | 30 | 74.60 |
| Allegiance Benefit Plan Management | 14 | 5.20 | 8.70 | 9.60 | 2.90 | 24.45 | 64.85 |

Best Value Criteria

- a. The assessment of the responses including a review of the proposer's capability, plan design, administration services, and previous experience with entities of the same size and type.
- b. Verification of proposer's references
- c. Network and disruption
- d. Value-added services
- e. Ability to integrate pharmacy data, disease management, and wellness data
- f. Cost

After evaluation, the panel concluded that Health Care Service Corporation dba Blue Cross and Blue Shield of Texas (BCBSTX) presents both the

best value and the necessary coverage for the City; therefore, the panel recommends that the Council authorize an agreement with BCBSTX. No guarantee was made that a specific amount of services would be purchased. Staff certifies that the recommended vendor bid met specifications.

FUNDING: The maximum amount allowed under this agreement will be \$7,682,282.00 for the Initial Term, \$3,164,986.00 for renewal option one, and \$3,236,041.00 for renewal option two; however, the actual amount used will be based on the needs of the department and the available budget. Funding is budgeted in the Group Health Insurance Fund and the Retiree Healthcare Trust Fund.

BUSINESS EQUITY: This solicitation was reviewed by The Business Opportunity Division for available business equity prospects according to the City's Business Equity Ordinance. There were limited business equity opportunities available for the services/goods requested, therefore, no business equity goal was established.

AGREEMENT TERMS: Upon City Council approval, the agreement will begin on January 1, 2025, and will end on December 31, 2027.

RENEWAL OPTIONS: This agreement may be automatically renewed for up to two (2) one-year renewal periods. This action does not require specific City Council approval provided that City Council has appropriated sufficient funds to satisfy the City's obligations during the renewal term.

ADMINISTRATIVE CHANGE ORDER: An administrative change order or increase may be made by the City Manager up to the amount allowed by relevant law and the Fort Worth City Code and does not require specific City Council approval as long as sufficient funds have been appropriated.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated in the Group Health Insurance Fund and the Retiree Healthcare Trust Fund. Prior to an expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

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