

RFP2020-008 City of Warwick & Warwick Public Schools Medical, Pharmacy & Dental Insurance Benefits

- 6 Bids submitted

***FY20
CITY PORTION ONLY***

CODES: 75-158 Health Care/Municipal
75-160 Health Care/Police
75-162 Health Care/Fire
75-165 Dental/Police
75-167 Dental/Fire
75-169 Dental/Municipal
80-154 Sewer/Fringe Benefits
84-154 Water/Fringe Benefits

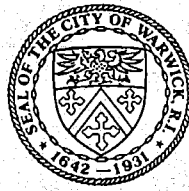
MANNER OF AWARD: \$22,493,106.00 (Medical \$21,454,218.00/Dental \$1,038,888.00)
July 1, 2019 – June 30, 2020

RECOMMEND: WB Community Health (both Medical & Dental)

| | | |
|---------------------------------|-----------------------------------|-------------------------|
| WB Community Health | 300 Jefferson Blvd. | Warwick, RI 02886 |
| Blue Cross & Blue Shield of RI | 500 Exchange St. | Providence, RI 02903 |
| Delta Dental of RI | 10 Charles St. | Providence, RI 02904 |
| Metropolitan Life Insurance Co. | 101 Arch St., 8 th Fl. | Boston, MA 02110 |
| RI Interlocal Risk Mgt. Trust | 501 Wampanaug Tr. | E. Providence, RI 02915 |
| United Healthcare | 475 Kilvert St., Bldg. B. | Warwick, RI 02886 |

| Bid2020-005 City of Warwick & Warwick Public Schools Medical, Pharmacy & Dental Insurance Benefits | | | | | | |
|---|---------------------------------------|-----------------|--------------|------------|--|--|
| The following vendors were sent specifications. | | | | | | |
| VENDOR | ADDRESS | CITY | STATE | ZIP | EMAIL | |
| Advanced Medicine Integration of RI, LLC | 473 Central Ave., Ste. 2 | Highland Park | IL | 60035 | | |
| Advantage Benefits | 78 Pleasant St. | Worcester | MA | 01609 | bill@advantagebenefits.com | |
| AmWINS Group Benefits c/o Carol Radzik | 16 International Way | Warwick | RI | 02886 | Henry.santos@amwins.com | |
| American Healthcare Administrative Svcs., Inc. | 3850 Atherton Rd. | Rocklin | CA | 95765 | b.katz@americanhealthcare.com; j.blackburn@americanhealthcare.com | |
| Blue Cross & Blue Shield of RI | | | | | Robert.Knowles@bcbsri.org; john.gilliland@bcbsri.org; Marc.gagnon@bcbsri.org; robert.wolfkiel@bcbsri.org; michele.lederberg@bcbsri.org | |
| Delta Dental of RI | 500 Exchange St. | Providence | RI | 02903 | apezzullo@deltadentalri.com; jperroni@deltadentalri.com | |
| eQHealth Solutions, Inc. | 10 Charles St. | Providence | RI | 02904 | busdev@eqhs.org | |
| Healthcare Strategic Solutions, LLC | 8591 United Plaza Blvd., Ste. 270 | Baton Rouge | LA | 70809 | | |
| Hopkins & Assocs. Healthcare Management Solutions, I | 41 Alfred Drowne Rd. | Barrington | RI | 02806 | | |
| KEPRO Acquisitions, Inc. | 1222 Buckeye Brook Rd. | Charlestown | RI | 02813 | | |
| Medrisk, LLC | 777 E. Park Dr. | Harrisburg | PA | 17111 | | |
| Metropolitan Life Insurance Co. | 2701 Renaissance Blvd., Ste. 200 | King of Prussia | PA | 19406 | | |
| Pharmaceutical Technologies, Inc. d/b/a National Pharm | One Financial Ctr. | Boston | MA | 02111 | kdonohue1@metlife.com | |
| QHR Intensive Resources, LLC | 13660 California St. | Omaha | NE | 68154 | schoening@pti-nps.com | |
| RI Dept. of Human Services, Div. Healthcare Quality | 1573 Mallory Lane, Ste. 100 | Brentwood | TN | 37027 | | |
| RI Interlocal Risk Management Trust | 50 Taft St. | Cranston | RI | 02905 | lyneharr@hotmail.com | |
| RI Municipal Insurance Corp. | 501 Wamponaug Tr., Ste 301 | E. Providence | RI | 02915 | blavallee@ritrust.com; | |
| SP Management Services, Inc. | 86 Weybossett St. | Providence | RI | 02903 | chamilton@ritrust.com | |
| Stop Loss Insurance Brokers | 40 Burton Hills Blvd., Ste. 500 | Nashville | TN | 37215 | jward@lincolnri.org | |
| Stop Loss Insurance Services | 20 Park Plaza, Ste. 628 | Boston | MA | 02116 | ddoyle@stoplossins.com | |
| The Hilb Group of NE | | | | | mford@americanstoploss.com; | |
| The Segal Co. | 100 Front Street, Suite 610 | Worcester | MA | 01608 | krosati@americanstoploss.com; | |
| Tufts Benefit Administrators | 931 Jefferson Blvd., Ste. 3001 | Warwick | RI | 02886 | john.cranshaw@amwins.com | |
| United Health Care | 116 Huntington Ave. | Boston | MA | 02116 | realise@hilbgroup.com | |
| W.B. Community Health | One Exchange Pl., 3 rd Fl. | Providence | RI | 02903 | rgazarian@segaladvisors.com | |
| | 475 Kilvert St. | Warwick | RI | 02886 | Kim_Matthes@tufts-health.com; | |
| | 300 Jefferson Blvd., Suite 205 | Warwick | RI | 02888 | Dean_bushley@tufts-health.com | |
| | | | | | eric_c_swain@uhc.com; | |
| | | | | | alord.wbch@gmail.com; | |
| | | | | | alord@wbcommunityhealth.org | |

BRIAN M. SILVIA
FINANCE DIRECTOR



JOSEPH J. SOLOMON
MAYOR

APR 19 2019

**CITY OF WARWICK
DIVISION OF PERSONNEL
3275 POST ROAD – WARWICK, RHODE ISLAND 02886
TEL (401) 738-2011 · FAX (401) 732-7636
T.D.D (401)739-9150**

TO: Honorable City Council
FROM: Brian Silvia, Finance Director
DATE: April 12, 2019
SUBJ: Medical Insurance Bid Award

In October 2018, the City Council awarded a consulting contract to the HilbGroup dba Cornerstone to develop a Request for Proposal for employee medical and dental insurance, evaluate bid responses, and provide a recommendation for selection of a health care provider. In response to the Request for Proposals, the City received offers from three health insurance providers, The RI Interlocal Risk Management Trust, West Bay Community Health (WBCH), and United Health. Two of the three bidders are health care collaborative providing medical insurance to municipalities and school departments under contract with Blue Cross Blue Shield of RI and were able to comply with all of the bid requirements. Additionally, United Health Care submitted a bid offering Medical, Pharmacy and Dental all under a self-insured arrangement which can't be considered because UHC did not submit a bid with stop loss insurance and the City received no stop loss bids from any insurers on a direct basis and therefore we could not utilize UHC without stop loss coverage.

Each of the collaborative is a nonprofit entity overseen by a member-only board of directors comprised of participating municipalities and school districts. Both collaboratives operate under different business models that give members varying degrees of risk protection.

In response to the RFP, the City received the following medical insurance proposals:

| Medical Insurance Provider | Insurance Model/Carrier | Current Year Cost | 2019-2020 Bid Price | Change Over Current Year | Percentage Change |
|----------------------------------|---|--|---------------------|--------------------------|-------------------|
| West Bay Community Health (WBCH) | Self-Insured/BCBSRI | \$20,352,514 | \$21,454,218 | \$1,101,704 | 5.41% |
| United Health Care | Self-Insured/United Health | Not Determined No Stop Loss Insurance | | | |
| RI Interlocal Trust | Guaranteed (Fully Insured) Premium/BCBSRI | | \$19,827,863 | -\$524,651 | -2.58% |

The Trust is offering a guaranteed premium (Fully Insured) that represents a significant savings to Warwick however their bid raised major concerns by the consultant. It is a purchasing collaborative that has a "health pool" that is owned by its members. As a member in the Trust's Health Pool, the City would participate in a risk sharing arrangement with the other communities that are members of the health pool. Additionally the contract with the Trust requires that the City stays in the Trust Health Pool for 36 months. The liquidation penalty for the City is approximately the cost of one month of premiums which is estimated to be over One Million Six Hundred Dollars. The consultant has indicated in the report that the liquidation costs would equate to

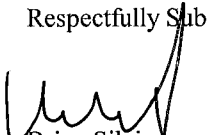
over \$3,500,000 based on the City's current enrollment if the City left the trust after 36 months. The City would forfeit 50% of the member equity balance which the City previously experienced in 2017 when the City left the Trust. The trust pricing represents a three year bid because of the withdrawal penalties to exit the Trust. Also the City would need to budget claims incurred but not reported which is estimated to be about \$853,827.

United Health Care is a self-insured model that the City would be responsible for paying claims weekly and paying fixed expenses (stop loss and ASO fees) on a monthly basis. Since the City received no separate stop loss bids and United Health Care did not submit a stop loss insurance their bid. In order to consider them we would need to negotiate a stop loss insurance with them or another third party stop loss insurance carrier to determine the total all-in cost of UHC. UHC is the highest cost bid of the three considered.

The City currently utilizes WB Community Health who contracts with Blue Cross Blue Shield of Rhode Island. WBCH is self-insured. WBCH develops "working rate" based on the claims of each entity plus fixed expenses and stop loss insurance. The participating entities are not responsible to pay more than the budgeted working rates each month for each covered employee. At the end of the plan year WBCH calculates the working rates (budget) to the actual expenses) or a deficit (budgeted revenue is less than actual expenses). If it is determined that there is a surplus, it can be used to offset the working rates in adverse claims year. If it is a deficit, the deficit will be added to the development of the working rates the following year. This arrangement allows for the lowest administrative costs and to "group purchase" stop-loss insurance. Of course the biggest advantage is the ability and security of a known, budgeted working rate and excessive claims that exceed budget are captured in the following year's working rates. The WBCH bid is a one year bid.

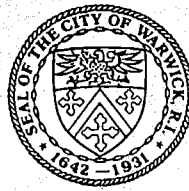
The consultant has conducted a detailed review of the rate development methodologies and calculations used by each provider. Based on this review, HILB has determined that contracting with WBCH is the most cost effective option available to the City for the purchase of employee medical insurance for FY2019-20. Our current contract with WBCH will expire June 30, 2019. The administration concurs with the consultant's recommendation and requests that the City Council award the bid for one year for the City's medical insurance coverage to West Bay Community Health consistent with the WBCH proposal dated March 20, 2019 in the amount of **\$21,454,218**.

Respectfully Submitted,


Brian Silvia
Finance Director

For
cc: Mayor Joseph J. Solomon
William DePasquale, Chief of Staff
Jean Bouchard, Personnel Director

BRIAN M. SILVIA
FINANCE DIRECTOR



JOSEPH J. SOLOMON
MAYOR

APR 19 2019

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T.D.D (401)739-9150**

TO: Honorable City Council

FROM: Brian Silvia, Finance Director

DATE: April 16, 2019

SUBJ: Dental Insurance Bid Award

In October 2018, the City Council awarded a consulting contract to the HilbGroup dba Cornerstone to develop a Request for Proposal for employee medical and dental insurance, evaluate bid responses, and to make a selection recommendation. The City received offers from six bidders. The dental bidders were WBCH/Delta Dental, The Trust/Delta Dental; Blue Cross Blue Shield of RI; Delta Dental of RI and United Health Care (UHC) and MetLife.

In response to the RFP, the City received the following medical insurance proposals:

| Medical Insurance Provider | Insurance Model/Carrier | Current Year Cost | 2019-2020 Bid Price | Change Over Current Year | Percentage Change |
|----------------------------------|-----------------------------|-------------------|---------------------|--------------------------|-------------------|
| West Bay Community Health (WBCH) | Self-Insured/Delta Dental * | \$1,035,792 | \$1,038,888 | \$3,096 | 0.03% |
| United Health Care | Self-Insured | | \$1,085,110 | \$49,318 | 4.80% |
| United Health Care | Self-Insured** | | \$1,078,993 | \$43,201 | 4.20% |
| Blue Cross | Self-Insured | | \$1,091,626 | \$55,834 | 5.40% |
| Blue Cross | Self-Insured** | | \$1,075,679 | \$39,977 | 3.90% |
| Blue Cross | Fully Insured | | \$1,156,083 | \$120,291 | 11.60% |
| Delta Dental | Self-Insured | | \$1,043,144 | \$7,352 | 0.07% |
| Met Life | Fully Insured | | \$1,030,195 | -\$5,597 | -0.05% |
| Met Life | Self-Insured** | | \$1,077,792 | \$42,000 | 4.10% |
| RI Interlocal Trust | Fully Insured | | \$1,027,316 | -\$8,476 | -0.08% |

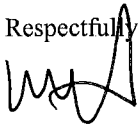
*WBCH, working rates are all inclusive of other administrative fees.

**Assumes that the City and Schools enter into a joint agreement to purchase

The consultant has conducted a detailed review of the development of the dental rates and calculations based on this review, HILB recommends that the City continues to contract with WBCH in partnership with Delta Dental. Although the consultant indicated that they would like to see the working rates renegotiated to be more in line with the current claims experience WBCH confirmed that their working rates were established using actual claim information through February 2019 in order to attempt to maintain stable rates for future fiscal years. WBCH also confirmed that their working rates are all inclusive and include any and all fees. The consultant confirms that contracting with WBCH is a cost effective option that will be less disruptive and gives the most certainty of services available to the City for the purchase of employee dental insurance for FY2019-20. The administration concurs with the consultant's recommendation and requests that the City Council award the bid for dental insurance coverage to West Bay Community Health consistent with the WBCH proposal dated March 20, 2019 for the following amount of \$1,038,888 which includes all fees. There working rates were established using actual claim information through February 2019 in order to attempt to maintain stable rates for future fiscal years. Their bid is for one year.

Our current contract through WBCH for delta dental expires June 30, 2019.

Respectfully Submitted,



Brian Silvia
Finance Director

1-02

cc: Mayor Joseph J. Solomon
William DePasquale, Chief of Staff
Jean Bouchard, Personnel Director