



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/20/2020

ALL

Item Creation Date: 9/27/2020

T29422 Medicare Advantage, Medicare Supplement, and Medicare Part D Plans

Agenda Item#: 26.

### **Summary:**

ORDINANCE approving and authorizing contracts between the City and (1) **AETNA LIFE INSURANCE COMPANY** and (2) **KS PLAN ADMINISTRATORS LLC, dba KELSEY CARE ADVANTAGE**, respectively, for Medicare Advantage Health Plans for eligible City retirees and their eligible dependents; providing maximum contract amounts - 3 years with 2 one-year options - \$158,246,602.00.

### **Background:**

Request for Proposals received June 26, 2020 for S76-T29422 - Approve an ordinance awarding professional services contracts to Aetna Life Insurance Company for Medicare Advantage PPO Plans with Medicare Part D Plan and KS Plan Administrators LLC dba KelseyCare Advantage for a Medicare Advantage HMO Plan with Medicare Part D Plan, in the maximum contract amount not to exceed \$89,650,230.00 and \$68,596,372.00, respectively.

### **Specific Explanation:**

The Director of the Human Resources Department and the Chief Procurement Officer recommend that City Council approve an ordinance awarding a **three year professional services contract with two one-year options to Aetna Life Insurance Company and KS Plan Administrators LLC dba KelseyCare Advantage** in the maximum contract amounts not to exceed **\$89,650,230.00 and \$68,596,372.00, respectively**, for all services required to provide Medicare Advantage Plans, including Medicare Part D Prescription Drug Plans, to City-covered retirees and their eligible dependents. The Director of the Human Resources Department and the Chief Procurement Officer may terminate this contract at any time upon 90 days written notice to the contractor.

Since 2015, The City has successfully sponsored five Medicare Advantage Plans for its Medicare-covered retirees and their Medicare-covered dependents. These contract terms were for three years with two one-year options, all of which will expire at 12:00 midnight on December 31, 2020. These Medicare plans are the only plans available for approximately 10,000 Medicare-covered City retirees and their dependents.

The Strategic Procurement Division, on behalf of the Human Resources department, published a Request for Proposals (RFP) on June 26, 2020. The Scope of Work required the contractors to provide Medicare Health Plans, Pharmacy benefits, and all related services to eligible City retirees and their eligible dependents who are covered by Medicare. Services will include, but are not limited to, network management, claims processing, plan design and administration, customer service, and Medicare and City-required reporting.

The Request for Proposals was advertised in accordance with the requirements of the State of Texas bid laws, and thus proposals were received from eight firms: Aetna Life Insurance Company, Cigna, Envision RX, The Hartford, Humana, KS Plan Administrators dba KelseyCare Advantage, UnitedHealthcare Group, and Well Care. The five evaluation committee members consisted of active employees from the Human Resources, General Services, and Administration and Regulatory Affairs departments. The evaluation was based on the following criteria:

1. Responsiveness of Proposal
2. Technical Competence
3. Price

The following Contractors were deemed as having all requirements to provide Medicare Plans to the City of Houston and were recommended for award.

**Medicare Advantage and Medicare Part D Plans**

Contractor Name	FY21	Out years	Total
Aetna Life Insurance Company	\$7,008,147.00	\$82,642,083.00	\$89,650,230.00
KS Administrators LLC dba KelseyCare Advantage	\$5,086,368.00	\$63,510,004.00	\$68,596,372.00

### **MWBE Participation:**

The RFP was advertised with a 3% goal for MWBE participation. Aetna Life Insurance Company and KS Plan Administrators dba KelseyCare Advantage have designated the below-named companies as their certified MWBE subcontractors:

Vendor Name	Subcontractor	Type of Work	Percentage
Aetna Life Insurance Co	Miles Insurance Agency	Retiree Education/Enrollment	3%
KS Administrators LLC dba KelseyCare Advantage	MiLingo LLC	Translation and interpretation Services	1.5%
KS Administrators LLC dba KelseyCare Advantage	Gunter Creative	Graphic Design for Plan documents & member communication	1.5%

**Pay or Play:**

The proposed contracts require compliance with the City's Pay or Play ordinance regarding health benefits for employees of City contractors. In this case, the contractors provide health benefits to eligible employees in compliance with City policy.

**Hire Houston First:**

The proposed contract requires compliance with the City's Hire Houston First (HHF) ordinance that promotes economic opportunity for Houston businesses and supports job creation. In this case, KS Plan Administrators LLC dba Kelsey Care Advantage was a successful awardee with application of the HHF preference.

**Fiscal Note:**

Funding for this item is included in the FY2021 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

10/9/2020

DocuSigned by:

*Jerry Adams*

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Jerry Adams, Chief Procurement Officer  
Finance/Strategic Procurement Division

Department Approval Authority Signature

**Estimated Spending Authority**

Department Name	FY21	Out years	Total
Human Resources	\$12,094,515.00	\$146,152,087.00	\$158,246,602.00

**Prior Council Action:****Amount of Funding:****\$158,246,602.00**

Health Benefits Fund

Fund No.: 9000

**Contact Information:**

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**ATTACHMENTS:**

Description	Type
Department Award Recommendation	Backup Material
OBO approved Goal Modification request	Backup Material
Certification of Funds - Aetna	Backup Material
Certification of Funds - KelseyCare Advantage	Backup Material
KelseyCare Drug Forms	Backup Material
KelseyCare Form 1295	Backup Material
KelseyCare Insurance KSM PL GL Policy	Backup Material
KelseyCare MWBE forms	Backup Material
KelseyCare Ownership Form	Backup Material

KelseyCare Pay or Play 1	Backup Material
KelseyCare Pay or Play 2	Backup Material
KelseyCare Delinquent Tax Report	Backup Material
KelseyCare No Auto Letter	Backup Material
Aetna Drug Forms	Backup Material
Aetna Form 1295	Backup Material
Aetna MWBE forms	Backup Material
Aetna Ownership Form	Backup Material
Aetna Pay or Play 1 Form	Backup Material
Aetna Pay or Play 2 Form	Backup Material
Aetna Delinquent Tax Report	Backup Material
Aetna COI	Backup Material
Aetna COI	Backup Material
Aetna COI Endorsements	Backup Material
KelseyCare COI GL & MPL	Backup Material
KelseyCare COI WC Auto Umbrella	Backup Material
KelseyCare AM Best	Backup Material
Aetna AM Best	Backup Material