



MEMORANDUM

Council Agenda
Item No. IX. BC
11/5/2024

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Joint Resolution with the Oklahoma City Municipal Facilities Authority and the Oklahoma City Post-Employment Benefits Trust, approving Renewal No. 1 and Amendment No. 1 of the Administrative Services Only Agreement and Stop Loss Insurance with Blue Cross and Blue Shield of Oklahoma, a division of Health Care Service Corporation, a mutual legal reserve company, and Prime Therapeutics, LLC for third-party prescription administration services for The City of Oklahoma City's PPO and EPO indemnity major medical plans, for City and participating public trust employees, retirees, and eligible dependents, estimated cost \$95,000,000, effective January 1, 2025 through December 31, 2025.

Background:

On December 19, 2023 (Item No. MFA.E), the Trustees approved an Administrative Services Agreement ("Agreement") between the OCMFA and Blue Cross and Blue Shield of Oklahoma and Prime Therapeutics, LLC for self-funded major medical plan administrative services and Pharmacy Benefit Manager services for the Group Indemnity Health Plan for the City of Oklahoma City and participating public trust employees, retirees, and eligible dependents. On January 30, 2024 (Item No. MFA.B), the Trustees approved a modified Administrative Services Agreement ("Agreement") between the OCMFA and Blue Cross and Blue Shield of Oklahoma and Prime Therapeutics, LLC to add Stop Loss Insurance for the self-funded major medical plan and Pharmacy Benefit Manager for the Group Indemnity Health Plan for the City of Oklahoma City and participating public trust employees, retirees, and eligible dependents. On February 12, 2024 (Item No. G) the Trustees of the Oklahoma City Post-Employment Benefits Trust concurred.

The agreement contains terms and options to renew for additional one (1) year periods, up to four (4) renews, for a period not to exceed December 31, 2028. Blue Cross and Blue Shield of Oklahoma and Prime Therapeutics, LLC agree to renew the Administrative Services Agreement for plan year 2025. Contracting with the OCMFA allows for a multi-year agreement between the parties, subject to annual fiscal appropriations by the City Council of The City of Oklahoma City. OPEBT will be concurring on behalf of the retired beneficiaries of the Trust.

Renewal changes include:

- 10% individual stop loss premium decrease (paid through Rx rebate);
- 16% increase of Stop Loss deductible to \$350,000 from \$300,000;
- 2% administrative fee increase (paid through Rx rebate);
- 10% increase in Rx rebate;

Staff has determined that the current Agreement with Blue Cross and Blue Shield of Oklahoma meets the criteria for the renewal of contracts for goods and services established by the City's policy, and renewal of the Agreement, including negotiation of the stop loss premium and administrative fee rates are provided for in the current Agreement. Staff has reviewed the renewal provisions and believes that the provisions are reasonable and consistent with the original terms for the contract. Therefore, it is recommended that the Trustees and City Council approve the amendment of the agreement.

Estimated Cost:

Year 1: \$ 95,000,000 (\$70,000,000 OCMFA, \$25,000,000 OPEBT)

Source of Funds:

OCMFA Services - Risk/Health Care Ins - Employee Benefits - Indemnity Plan Claims-Active (3041-1600450-10016-52190028)

Other Post-Employment Benefits - Post-Employment Benefits - Indemnity Plan Claims Ret <65, Indemnity Plan Claims Ret >64 (5700-1600460-10016-51100004, 51100011)

Review:

Human Resources Department

Recommendation: Resolution be adopted.