

## Purchasing Notes

<b>EVENT #</b> 8669	<b>TITLE:</b> Other Post Employee Benefits	<b>COST:</b> \$1,379,297.00
<b>TYPE OF PROCUREMENT:</b> Sole Source	<b>ANNUAL CONTRACT</b> <input checked="" type="checkbox"/> <b>ANNUAL MAINTENANCE AGREEMENT</b> <input type="checkbox"/>	<b>ONE TIME PURCHASE</b> <input type="checkbox"/>
<b>CONTRACT TERM (IF APPLICABLE)</b> Contract term expires on December 31, 2022		
<b>S/DBE (IF APPLICABLE)</b> N/A		
<b>MATRIX (IF APPLICABLE)</b> N/A		

### NOTES

Recommend approval to award an annual contract for Other Post Employee Benefits to United Healthcare in the amount of \$1,379,297.

The Human Resources Department will use this contract to provide a group Medicare Advantage Plan with Part D coverage for the City of Savannah retirees over age 65 and their spouses who are Medicare primary. Changes in governmental accounting standards require recognizing the cost of post-employment benefits over the working career of an employee. In order to reduce this liability while maintaining retiree medical benefits, the best solution is a group-sponsored fully insured Medicare Advantage Plan. The City of Savannah has offered the following coverage since 2008.

Request for proposals were received from Humana, Aetna, Anthem and United Healthcare. These companies are the current leaders in this market. After a thorough evaluation, United Healthcare is recommended as the selected vendor. Based upon 100% enrollment, the estimated annual cost for the approximately 775 covered retirees and spouses equals an estimated \$1,379,297 a 13.8% decrease from the 2021 incumbent rates, \$1,600,000. The City will pay on average 50% of the premium with an estimated fiscal impact up to \$800,000 with the retirees and spouses paying the remainder of the total cost. Other selection criteria included:

- 1) Customer Service & Clinical Programs
- 2) Medical Plan & PPO Network
- 3) Rx Benefits, Pharmacy Network & Formulary
- 4) Technology & Client Services
- 5) Experience, Excellence, & Overall Response
- 6) Cost Effectiveness of Proposal

The bid was advertised, opened, and reviewed. The contract term will begin January 1, 2022, and expires on December 31, 2022. This contract also includes four available annual renewal options. Delivery: As needed. Terms: Net 30 days. The bidders were:

B.P.	United Healthcare (9900 Bren Road East, Minnetonka, MN 55343) <sup>(D)</sup>	\$1,379,297.00
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(D) Indicates non-local, non-DBE business. (BP) Indicates best proposal.

