

RESOLUTION NO. _____

**APPROVAL OF 2021 HEALTH INSURANCE CONTRACT RENEWAL WITH
ANTHEM BLUE CROSS AND BLUE SHIELD**

Item No. 5h

WHEREAS, the current contract with Anthem Blue Cross and Blue Shield to provide employee health insurance coverage will expire on December 31, 2020; and

WHEREAS, the procurement provisions for the Anthem health insurance contract provides for a one-year contract with four subsequent annual one-year renewal options without additional procurement. Renewal of the contract for the 2021 calendar year will represent the fourth and final of the four one-year renewal options; and

WHEREAS, the Anthem premium cost for the 2020 calendar year is estimated to be \$3,528,586. Premiums paid through October 2020 were \$2,983,992; and

WHEREAS, Anthem has proposed a 12.0% increase in the premium costs for the 2021 calendar year; and

WHEREAS, the proposed 12.0% increase in the premium costs results in an estimated increase of \$423,430 for calendar year 2021 and generates a total estimated 2021 health insurance cost of \$3,952,015, of which LMHA employees will contribute approximately \$408,347 (approx. 10.33%) and LMHA paying the remaining \$3,543,668 (89.67%); and

WHEREAS, the proposed 12.0% increase will be included in the FY 2021 AND FY 2022 operating budgets.

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NOW, THEREFORE, BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS that the Executive Director and Contracting Officer, Lisa Osanka, is authorized to enter into a contract with Anthem Blue Cross and Blue Shield to provide health insurance coverage to LMHA employees for the period of January 1, 2021 through December 31, 2021 for an estimated amount of approximately \$3,952,015.

RESOLUTION BACKGROUND STATEMENT

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I. STATEMENT OF FACTS:

The current contract with Anthem Blue Cross Blue Shield expires December 31, 2020. The procurement provisions for the Anthem health insurance contract provides for a one-year contract with four subsequent annual one-year renewal options without additional procurement. Renewal of the contract for the 2021 calendar year represents the fourth and final of the one-year renewal options.

Anthem initially proposed a premium increase of 25.0% for the 2021 calendar year. As a result of staff's discussions with Anthem regarding the percentage of the proposed premium increase, review of Anthem's large claim data for LMHA, as well as the state average for 2021 premium increases, the proposed premium increase was reduced to 12%. There were no changes to benefits. It should be noted that Anthem's premium increase to LMHA for the 2020 plan year was only 2.0% with no changes to benefits.

As a result of the 12.0% increase the total estimated Anthem health insurance premium for 2021 is projected to be approximately \$3,952,015, of which LMHA employees will contribute approximately 10.33% (approx. \$408,347) and LMHA will pay the remaining 89.67% (\$3,543,668).

The 12.0% increase represents an annual increase in cost to LMHA of approximately \$423,430. The current budget year (7/1/20-6/30/21) will absorb the 12.0% increase and LMHA's subsequent budget year (7/1/21-6/30/22) will also include an allowance for the increased premium.

As is customary, it is anticipated that there will be some fluctuation in 2021 premium costs as a result of changes made by employees during the open enrollment period during December 2020, as well as employee changes made during the 2021 calendar year.

II. ALTERNATIVES:

- A. Approve the health insurance contract renewal with Anthem.
- B. Do not approve the health insurance contract renewal with Anthem.

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III. RECOMMENDATION:

Staff recommends Alternative "A".

IV. JUSTIFICATION:

- Due to the contract renewal occurring on January 1, 2021, LMHA must implement the necessary steps required to assure there is no interruption in health insurance coverage for its employees.
- The 12.0 % increase in the Anthem premiums for 2021 will be absorbed in the FY 2021 AND FY 2022 operating budgets.

V. BUDGET APPROVAL:

Funding for this contract is included in the FY 2021 and FY 2022 operating budgets.

Angela Larsson, Director of Finance

Date

VI. PROCUREMENT CERTIFICATION:

The award of a contract renewal for health insurance premiums is in compliance with the Louisville Metro Housing Authority's Procurement Policies and Procedures.

Steve Webb, Purchasing Agent

Date

Submitted by: Joyce A. Babb
Director of Personnel
November 17, 2020