



Legislation Text

File #: 0016-2019, Version: 1

BACKGROUND:

In 2014, the Department of Human Resources conducted a thorough evaluation of all proposals submitted as a result of a Request For Proposal in accordance with Chapter 329 of the Columbus City Code. At that time, five Prescription drug insurance proposals were reviewed by the City's Evaluation Committee, comprised of five members. Each proposal was evaluated on the following criteria as required by Chapter 329: competency to perform, quality and feasibility of the offerors technical proposal, ability to perform the required service competently, past performance, and the cost structure of the proposal. As a result, Optum RX was recommended as the prescription drug insurance administrator and the City entered into contract with Optum RX for the past 4 years: February 1, 2015 through January 31, 2019. However, due to ongoing labor negotiations with collective bargaining contracts citywide in 2017 and 2018, and subsequent major changes to the City's health insurance benefits, the Department of Human Resources decided not to engage in the request for proposal process for prescription drug insurance this calendar year. Therefore, the Department of Human Resources requests a waiver of competitive bidding requirements. The Department of Human Resources will comply with the competitive bidding provisions in Chapter 329 of the Columbus City Code in 2019 and enter into a new contract beginning February 1, 2020 via a request for proposal.

To maintain insurance programs in accordance with the negotiated labor contracts, additional funding of the prescription drug insurance program is necessary to insure continuation of the prescription drug insurance program. Cost estimates were based on 2017-18 trust fund expenditures using a two year average of actual city utilization, expected changes due to union negotiations, as well as input from insurance carriers and from the City's employee benefits consultant. The Human Resources Department requests to modify and extend the existing contract with Optum RX and to provide for funding February 1, 2019 through January 31, 2020, for the City prescription drug insurance program.

Emergency action is requested to ensure the prescription drug insurance program for city employees is able to commence as soon as contractually possible, thereby maintaining continuity of service.

Contract compliance number is 75-2578509

FISCAL IMPACT: To modify and extend the contract with Optum RX to establish the maximum obligation liability of \$45,315,000 for the prescription drug plan administration services from February 1, 2019 through January 31, 2020. Funding is available in the 2019 budget for this contract. This ordinance is contingent on the passage of the 2019 insurance appropriation ordinance 0013-2019.

To authorize the Human Resources Director to modify and extend the contract with Optum RX to provide all eligible employees prescription drug insurance coverage from February 1, 2019 through January 31, 2020; to authorize the expenditure of \$45,315,000.00 from the Employee Benefits Fund, or so much thereof as may be necessary to pay the costs of said contract; to waive the competitive bidding requirements of the Columbus City Codes; and to declare an emergency. (\$45,315,000.00)

WHEREAS, it is in the best interest of the City of Columbus to modify and extend the existing contract with Optum RX to provide all eligible employees prescription drug insurance from February 1, 2019 through January 31, 2020; and

WHEREAS, it is necessary to authorize the expenditure of up to \$45,315,000, or so much thereof as may be necessary, to

pay contract costs for prescription drug insurance services; and

WHEREAS, it is in the best interest of the city to waive the relevant provisions of Chapter 329 of the Columbus City Code relating to competitive bidding in this situation, due to the negotiations of all the collective bargaining contracts and anticipated major changes to the City's health insurance benefits; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Human Resources in that it is immediately necessary to authorize the Director to modify the contract to ensure the prescription drug insurance program for city employees is able to commence as soon as contractually possible, thereby maintaining continuity of service;

Now, Therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Human Resources Director is hereby authorized to modify and extend the existing contract with Optum RX to provide prescription drug insurance to all eligible employees from February 1, 2019 through January 31, 2020.

SECTION 2. That this Council finds it in the city's best interest to waive the relevant provisions of Chapter 329 of the Columbus City Codes regarding competitive bidding.

SECTION 3. That the expenditure of \$45,315,000 or so much thereof as may be necessary for coverage is hereby authorized to be expended as follows:

Department: 4602 | Fund: 5502 | Subfund: 550207 | Program: RM005 | Amount: \$315,000 (RX Admin)

Department: 4602 | Fund: 5502 | Subfund: 550207 | Program: RM006 | Amount: \$45,000,000 (RX Claims)

SECTION 4. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated, and the City Auditor shall establish such accounting codes as necessary.

SECTION 5. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after passage, if the Mayor neither approves nor vetoes the same.