

RESOLUTION NO. _____

**APPROVAL OF 2022 HEALTH INSURANCE CONTRACT
WITH ANTHEM BLUE CROSS AND BLUE SHIELD**

Item No. 5d

WHEREAS, the current contract with Anthem Blue Cross and Blue Shield to provide employee health insurance coverage will expire on December 31, 2021; 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 represented the fourth and final of the four one-year renewal options; and

WHEREAS, a Request for Proposals (RFP) for the procurement of health insurance coverage for all LMHA employees was released on October 5, 2021. The response from Anthem Blue Cross and Blue Shield was the only response LMHA received; and

WHEREAS, a total of sixteen companies expressed interest, but decided not to bid; and

WHEREAS, HUD granted approval for Anthem as a single-source procurement on November 2, 2021; and

WHEREAS, Anthem has proposed an 8.0% premium increase for the 2022 calendar year in the total amount of \$4,387,476, based on the current annual premium of \$4,062,478; and

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WHEREAS, the proposed 8.0% increase in the premium costs results in an increase of \$324,998 for calendar year 2022 of which LMHA employees will contribute approximately 8.85% (approx. \$388,292) and LMHA will pay the remaining 91.15% (approx. \$3,999,184); and

WHEREAS, the proposed 8.0% increase will be included in the FY 2021 AND FY 2022 operating budgets; and

WHEREAS, all procurement requirements have been satisfied and met within the Request for Proposals procurement process dated October 5, 2022; and

WHEREAS, the procurement process provides for a one-year contract with Anthem Blue Cross and Blue Shield, with four additional one-year renewal options subject to the LMHA Board of Commissioner's approval for each annual contract renewal.

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, 2022 through December 31, 2022 for an annual premium amount of \$4,387,476.

RESOLUTION BACKGROUND STATEMENT

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I. STATEMENT OF FACTS:

The current contract with Anthem Blue/Cross Blue Shield expires December 31, 2021. 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 represented the fourth and final of the one-year renewal options.

On October 5, 2021, the Louisville Metro Housing Authority (LMHA) released a Request for Proposal (RFP) for the procurement of health insurance coverage for all LMHA employees. As a result of this process, the response from Anthem Blue Cross and Blue Shield received on October 19, 2021 (bid open date) was the only response LMHA received. In its' response to the RFP, Anthem's proposed premium rates represented an increase of 8.0%. There were no changes to benefits.

Anthem premium increases over the past five years are presented in the table below :

Year	Premium Increase
2017	19.6%
2018	10.81%
2019	6.5%
2020	2.0%
2021	12.0%

The 8.0% increase represents a total Anthem health insurance premium amount of \$4,387,476 for the 2022 contract year, of which LMHA employees will contribute approximately 8.85% (approx. \$388,292) and LMHA will pay the remaining 91.15% (approx. \$3,999,184).

The 8.0% increase represents an annual increase in cost to LMHA of \$324,998. The current budget year (7/1/21-6/30/22) will absorb the 8.0% increase and LMHA's subsequent budget year (7/1/22-6/30/23) will also include an allowance for the increased premium.

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I. STATEMENT OF FACTS (cont'd):

As is customary, it is anticipated that there will be some fluctuation in 2022 premium costs as a result of changes made by employees during the open enrollment period during December 2021, as well as employee changes made during the 2022 calendar year.

In accordance with current procurement requirements for HUD approval for all procurements greater than \$20,000 with only one response, HUD approval was received November 2, 2021.

II. ALTERNATIVES:

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

III. RECOMMENDATION:

Staff recommends Alternative "A".

IV. JUSTIFICATION:

- Due to the contract occurring on January 1, 2022, LMHA must implement the necessary steps required to assure there is no interruption in health insurance coverage for its employees.
- The 8.0 % increase in the Anthem premiums for 2022 will be absorbed in the FY 2021 AND FY 2022 operating budgets.

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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 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 16, 2021