

RESOLUTION NO. \_\_\_\_\_

**APPROVAL OF 2023 HEALTH INSURANCE CONTRACT  
WITH ANTHEM BLUE CROSS AND BLUE SHIELD**

**Item No. 5B**

WHEREAS, the current contract with Anthem Blue Cross and Blue Shield to provide employee health insurance coverage will expire on December 31, 2022; 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 2023 calendar year will represent the first of the four one-year renewal options; and

WHEREAS, the Anthem premium cost for the 2022 calendar year is estimated to be \$4,294,966; and

WHEREAS, Anthem has proposed a 14.0% increase in the premium costs for the 2023 calendar year; and

WHEREAS, the proposed 14.0% increase in the premium costs results in an estimated increase of \$601,295 for calendar year 2023 and generates a total estimated 2023 health insurance cost of \$4,896,261; and

WHEREAS, of the proposed total estimated premium cost of \$4,896,261 for calendar year 2023, LMHA employees will contribute approximately 7.8% (approx. \$381,695) and LMHA will pay the remaining 92.2% (approx. \$4,514,565); and

WHEREAS, the proposed 14.0% increase will be included in the FY 2022 and FY 2023 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, 2023 through December 31, 2023 for an annual premium amount of \$4,896,261.

## RESOLUTION BACKGROUND STATEMENT

### APPROVAL OF 2023 HEALTH INSURANCE CONTRACT WITH ANTHEM BLUE CROSS AND BLUE SHIELD

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#### I. STATEMENT OF FACTS:

The current contract with Anthem Blue/Cross Blue Shield expires December 31, 2022. 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 2023 calendar year will represent the first of the four 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 was the only response LMHA received. Therefore, the LMHA Board of Commissioners requested that another RFP for health insurance coverage be released in mid-2022 in anticipation of receiving more than one competitive bid.

On June 22, 2022, LMHA released another RFP for health insurance coverage for all LMHA employees. The RFP was placed on the "Housing Authority Market Place" on LMHA'S Website and advertised with the Courier Journal and Louisville Defender. RFP packages were also mailed to vendors listed on the Personnel Services Department's mailing list.

Additionally, the initial RFP advertising period (6/22 – 7/6/22) was extended to July 12, 2022 to allow for the July 4<sup>th</sup> holiday. Three addendums were released, including the request to extend the deadline date, in response to questions/requests submitted by prospective bidders.

Two hundred sixty-four companies were notified of the RFP through the Housing Agency Marketplace, of which twelve companies viewed the RFP. Only one company bid on the RFP, which was Anthem Blue Cross/Blue Shield.

Anthem's proposed premium rates through the RFP process represented a 18.62% increase over LMHA's current premiums. Since Anthem was the sole bidder, the decision was made to cancel the RFP, remain with Anthem and negotiate a lower renewal rate. It was also decided that an RFP will be released for the services of a Broker in anticipation of securing multiple competitive bids to provide health insurance coverage to LMHA employees for the 2024 calendar year.

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Staff negotiated Anthem's 18.62% proposed premium increase down to 14.0% with no change in benefits.

The 14.0% increase represents a total Anthem health insurance estimated premium amount of \$4,896,261 for the 2023 calendar year, of which LMHA employees will contribute approximately 7.8% (approx. \$381,695) and LMHA will pay the remaining 92.2% (approx. \$4,514,565).

The 14.0% increase represents an annual increase in cost to LMHA of \$601,295. The current budget year (7/1/22-6/30/23) will absorb the 14.0% increase and LMHA's subsequent budget year (7/1/23-6/30/24) will also include an allowance for the increased premium.

As is customary, it is anticipated that there will be some fluctuation in 2023 premium costs as a result of changes made by employees during the open enrollment period during December 2022, as well as employee changes made during the 2023 calendar year.

#### 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 renewal occurring on January 1, 2023, LMHA must implement the necessary steps required to assure there is no interruption in health insurance coverage for its employees.
- The 14.0 % increase in the Anthem premiums for 2023 will be absorbed in the FY 2022 AND FY 2023 operating budgets.

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**V. BUDGET APPROVAL:**

Funding for this contract is included in the FY 2022 and FY 2023 operating budgets.

\_\_\_\_\_  
Aaron Dean, 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.

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Steve Webb, Purchasing Agent

\_\_\_\_\_  
Date

Submitted by: Joyce A. Babb  
Director of Personnel  
November 15, 2022