



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 12-1162, Version: 1

Dept/ Agency: Administration/Division of Personnel
Action: (X) Ratifying (X) Authorizing () Amending
Type of Service: Contract for Health Insurance Coverage
Purpose: To provide a Traditional Health Plan Option for City Subscribers
Entity Name: Horizon Blue Cross Blue Shield of New Jersey
Entity Address: Three Penn Plaza East, Newark, New Jersey 07105
Contract Amount: \$18,326,754.69
Funding Source: City of Newark2012 Budget
Contract Period: January 1, 2012 through December 31, 2012
Contract Basis: () Bid () State Vendor () Prof. Ser. (X) Insurance/EUS
 () Fair & Open (X) No Reportable Contributions () RFP () RFQ
 () Private Sale () Grant () Sub-recipient () n/a
Additional Information:
 7R1-I(AS)030211

WHEREAS, the City of Newark desires to enter into contract to provide its eligible employees, eligible retirees and their eligible dependents represented by the various bargaining units with which the City negotiates and eligible unclassified personnel with traditional plan health insurance coverage; and

WHEREAS, in compliance with N.J.S.A.52:15C-10 and Notice of State Comptroller dated May 7, 2008 on September 21, 2011 the City of Newark submitted a request to the Office of the State Comptroller to solicit a contract for a traditional health plan because the contract is expected to be valued over ten million dollars (\$10,000,000.00); and

WHEREAS, on October 19, 2011 the State Comptroller approved the City's request; and

WHEREAS, pursuant to Resolution 7R1-I(AS), adopted March 2, 2011, the City of Newark entered into an Agreement with Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey ("Horizon") for the provision of consolidated traditional plan services (hospitalization, medical surgery, and major medical) for the period of January 1, 2011 and terminating on December 31, 2011; and

WHEREAS, Horizon proposes that the rates for this new contract period commencing on January 1, 2012 and terminating on December 31, 2012 be as follows:

<u>Rates - Renewal (does not reflect 10% discount)</u>	<u>Single</u>	<u>Parent/Child</u>	<u>Family</u>
\$250 Deductible	\$ 503.18	\$ 1,051.64	\$ 1,554.86
\$100 Deductible	\$ 512.23	\$ 1,070.59	\$ 1,582.85

Split Enrollment Retirees \$250 Deductible	\$ 503.17	\$ 548.47	\$ 1,051.68
Split Enrollment Retirees \$100 Deductible	\$ 512.23	\$ 558.35	\$ 1,070.59

WHEREAS, the City of Newark feels that it is in the best interest of its' employees and retirees to accept this proposal from Horizon; and

WHEREAS, the City of Newark desires to enter into a contract with Horizon for the provision of traditional plan health insurance services for the contract period of January 1, 2012 through December 31, 2012, for a cost of \$18,326,754.69, which is subject to change based on actual enrollment; and

WHEREAS, this Contract is awarded without competitive bidding as an exception to Local Public Contracts Law, pursuant to N.J.S.A. 40A:11-5(m), and shall be in accordance with the requirements of extraordinary unspecified service, N.J.S.A. 40A:11-5(1)(a)(ii); and

WHEREAS, Local Public Contracts Law N.J.S.A. 40A:11-1, et seq. requires a resolution of the Governing Body authorizing the award of contracts for Extraordinary Unspecifiable Services and further requires that the contract itself must be available for public inspection; and

WHEREAS, the contract is exempt from the requirements of State Pay-to-Play Law N.J.S.A. 19:44A-20.5 as Insurance Companies are state-regulated companies by the Department of Banking and Insurance and are statutorily barred from making a reportable contribution pursuant to N.J.S.A. 19:34-32; and

WHEREAS, the Mayor of the City of Newark signed into law Executive Order Number MEO-07-0001 (hereinafter "Pay-to-Play Executive Order"), which requires reporting of political contributions to Newark Municipal Candidates and prohibits certain political contributions during the duration of this contract.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:

1. The Mayor and/or his designees, the Business Administrator and the Personnel Director are hereby authorized to enter into and execute a contract with Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey, Three Penn Plaza East, Newark, New Jersey 07105 for the provision of traditional plan health insurance services for all eligible active employees, eligible retirees and their eligible dependents for the period commencing January 1, 2012 and terminating on December 31, 2012, pursuant to N.J.S.A. 40A:11-15(6).

2. This contract is hereby ratified from January 1, 2012 to the date of adoption of this authorizing resolution.

3. The estimated cost of providing the aforesaid services for the period of January 1, 2012 through December 31, 2012 is \$18,326,754.69, which is subject to change based upon actual

enrollment.

4. A copy of the fully-executed contract shall be filed in the Office of the City Clerk by the Personnel Director.

5. The contract is awarded without competitive bidding as an exception to Local Public Contracts Law, pursuant to N.J.S.A. 40A:11-5(m) and in accordance with the requirements of N.J.S.A. 40A:11-5(1)(a)(ii), extraordinary unspecified service and is in compliance with Executive Order MEO-07-0001, effective March 31, 2007.

6. A Certification of Extraordinary Unspecifiable Services is attached and shall be filed with the Office of the City Clerk.

7. The contract is exempt from the requirements of State Pay-to-Play Law N.J.S.A. 19:44A-20.5 because Insurance Companies are state-regulated companies by the Department of Banking and Insurance and are statutorily barred from making a reportable contribution pursuant to N.J.S.A. 19:34-32 and because Horizon is a not-for-profit entity.

8. Attached hereto are partial certifications of funds from the Municipal Comptroller, which states that there are available sufficient and legally appropriated funds for the purposes set forth herein through December 31, 2012:

- a. \$3,999,000.00 from Fund 011, Agency 200, Organization 2001, Object 60220;
- b. \$70,000.00 from Fund 037, Agency 750, Organization 7503, Object 60220;
- c. \$32,132.00 from Fund 038, Agency 800, Organization 8004, Object 60220;
- d. \$140,000.00 from Fund 011, Agency 010, Organization 0111, Object 60220

9. Additional funds are contingent upon appropriations as required by N.J.A.C. 5:30-5.5(c) and pursuant to N.J.A.C. 5:30-5.5(d)(2).

10. There shall be no amendments or changes of this contract without approval of the Municipal Council.

11. There shall be no advance payments on this contract in accordance with N.J.S.A. 40A:5-16.

12. A notice of this action shall be published in the newspaper authorized by law to publish a legal advertisement and as required by law within ten (10) days of its passage.

13. If required by State Law, the City Clerk shall provide the appropriate notice of award of the contract to the State Comptroller no later than twenty (20) business days following such award, in accordance with N.J.S.A. 52:15C-10 and the Notice of the Office of the State Comptroller dated May 7, 2008.

STATEMENT

This Resolution ratifies and authorizes the Mayor and/or his designees, the Business

Administrator and the Personnel Director to enter into and execute a contract with Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey, Three Penn Plaza East, Newark, New Jersey 07105 for the provision of traditional plan health insurance services for all eligible active employees, eligible retirees and their eligible dependents for the period commencing January 1, 2012 through December 31, 2012. The contract is awarded without competitive bidding as an exception to Local Public Contracts Law, pursuant to N.J.S.A. 40A:11-5(m) and shall be in accordance with the requirements of an extraordinary unspecified service, N.J.S.A. 40A:11-5(1)(a)(ii), and is in compliance with Executive Order MEO-07-0001, effective March 31, 2007.