



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 12-1167, Version: 1

Dept/ Agency: Administration/Division of Personnel

Action: (X) Ratifying (X) Authorizing () Amending

Type of Service: Contract for Health Insurance Coverage

Purpose: Managed Care Health Plan (Horizon Direct Access)

Entity Name: Horizon Blue Cross Blue Shield of New Jersey

Entity Address: Three Penn Plaza East, Newark, NJ 07105

Contract Amount: Estimated cost of \$33,601,654.37

Funding Source: City of Newark 2012 Budget

Contract Period: January 1, 2012 through December 31, 2012

Contract Basis: () Bid () State Vendor () Prof. Ser. (X) EUS/Insurance

() Fair & Open (X) No Reportable Contributions () RFP () RFQ

() Private Sale () Grant () Sub-recipient () n/a

Additional Information:

Prior resolution 7Rlj(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 a managed care health plan; 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 managed care plan because the contract is expected to be valued over ten million dollars; and

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

WHEREAS, Horizon Healthcare Services d/b/a Horizon Blue Cross Blue Shield of New Jersey ("Horizon") has submitted a proposal indicating they will provide a managed care health plan (Horizon Direct Access) with the monthly rates of single tier - \$444.28, parent/child(ren) tier - \$799.63, family tier - \$1,266.12; and

WHEREAS, pursuant to Resolution 7R1-j (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 a managed care health plan (Horizon Direct Access), for the period commencing on January 1, 2011 and terminating on December 31, 2011, for an estimated amount not to exceed \$32,364,302.64; and

WHEREAS, the estimated annual premium cost for January 1, 2012 through December 31, 2012 contract year is \$33,601,654.37. The actual cost is contingent upon 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 the 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, NJ 07105, for the provision of a managed care 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.

2. The Municipal Council hereby ratifies its authorization of this contract 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 \$33,601,654.37 which is subject to change based on actual enrollment. The actual cost is contingent 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 by the Personnel Director.

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. \$6,896,827.00 from Fund 011, Agency 200, Organization 2001, Object 60220;
- b. \$189,525.00 from Fund 037, Agency 750, Organization 7503, Object 60210;
- c. \$48,299.00 from Fund 038, Agency 800, Organization 8004, Object 60210;
- d. \$250,700.00 from Fund 011, Agency 010, Organization 0111, Object 60210

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 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 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, NJ 07105, for the provision of managed care 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. 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 Unspecifiable Services N.J.S.A. 40A:11-5(1)(a) (ii), and is in compliance with Executive Order MEO-07-0001, effective March 31, 2007