



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 22-1700, Version: 1

Dept/ Agency: Administration/Division of Personnel

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

Type of Service: Contract for Health Insurance Benefits

Purpose: To provide Health Plan (Aetna).

Entity Name: Aetna Life Insurance Company

Entity Address: 151 Farmington Avenue, Hartford, Connecticut 06156

Contract Amount: Estimated Annual Maximum Costs of \$72,222,049.00

Funding Source: 2023 Budget

Contract Period: February 1, 2023 through December 31, 2023

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

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

() Private Sale () Grant () Sub-recipient () N/A

Additional Information:

WHEREAS, the City of Newark (the "City") 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, the City through its brokers solicited proposals in the private market for managed health care plans and stop loss coverage; and

WHEREAS, Aetna Life Insurance Company ("Aetna") has submitted a Proposal indicating they will provide a managed care health plan, with in and out of network benefits; and

WHEREAS, pursuant to Chapter 78, P.L. 2011 enacted on June 28, 2011, the City will offer the Aetna medical plan as a lower cost alternative to the State Health Benefits Plan; and

WHEREAS, the estimated annual administrative cost for February 1, 2023 through December 31, 2023 contract year is estimated to be One Million Two Hundred Fifty-Six Thousand Six Hundred Forty Dollars and Zero Cents (\$1,256,640.00) with an estimated total plan cost of Fifty-Nine Million One Hundred Twenty Thousand Five Hundred Ninety-Nine Dollars and Zero Cents (\$59,120,598.00) and a maximum total plan cost of Seventy-Two Million Two Hundred Twenty-Two Thousand Forty-Nine Dollars and Zero Cents (\$72,222,049.00). The actual cost is contingent upon actual enrollment and claims; and

WHEREAS, this contract is awarded without competitive bidding as an exception to Local Public Contract Law, pursuant to N.J.S.A. 40A:11-5(m); and

WHEREAS, Local Public Contract Law, N.J.S.A. 40A:11-1, et seq. requires a resolution of the Governing Body authorizing the award of contracts that are exempt from public bidding 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, this contract complies with the City's Pay-to-Play Ordinance §2:4-22C.1.

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

1. The Mayor of the City of Newark and/or his designees, the Business Administrator and/or the Personnel Director, are hereby authorized to enter into and execute a contract with Aetna Life Insurance Company (Aetna), 151 Farmington Avenue, Hartford, Connecticut 06156 for the provision of a managed care health insurance services, with in and out of network benefits, for all eligible active employees, eligible retirees, and their eligible dependents, for the period commencing February 1, 2023 and terminating on December 31, 2023.

2. The estimated cost of providing the aforesaid services for the period of February 1, 2023 and terminating on December 31, 2023 is Seventy-Two Million Two Hundred Twenty-Two Thousands Forty-Nine Dollars and Zero Cents (\$72,222,049.00) which is subject to change based on actual enrollment and claims.

3. 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 is in compliance with the City's Pay-to-Play Ordinance §2:4-22C.1.

6. Any and all documents attached shall be filed within the Office of the City Clerk by the Personnel Director.

7. The contract is being awarded as a Non-Fair and Open contract, but it 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.

8. The Business Entity Disclosure Certification and the Determination of Value are attached in support of this Resolution and shall be placed on file with the Office of the City Clerk by the Personnel Director.

9. This is an open-ended contract to be used as needed during the term of the contract. Thus, for any and all expenditures against this contract, Certification of the Availability of Sufficient Funds, as required by N.J.A.C. 5:30-5.5(b)(2), shall be executed before a contractual liability is incurred each time an order is placed, covering the amount of the order. If operating under a temporary budget, the City shall comply with N.J.A.C. 5:30-5.5(a)(1) and (2).

10. There shall be no amendments or changes to this contract without approval from 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 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 authorizes the Mayor of the City of Newark and/or his designees, the Business Administrator and/or the Personnel Director, to enter into and execute a contract with Aetna Life Insurance Company, 151 Farmington Avenue, Hartford Connecticut 06156, for the provision of managed care health insurance services, with in and out of network benefits, for all eligible active employees, eligible retirees, and their eligible dependents, for the period commencing February 1, 2023 and terminating on December 31, 2023, at a cost not to exceed \$72,222,049.00. 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 the City's Pay-to-Play Ordinance §2:4-22C.1.