



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 22-1701, Version: 1

Dept/ Agency: Administration/Division of Personnel
Action: () Ratifying (X) Authorizing () Amending
Type of Service: Contract for Health Insurance Benefits - Stop Loss Coverage
Purpose: To provide Stop Loss Coverage for Aetna Health Insurance Plan
Entity Name: United States Fire Insurance Company
Entity Address: 5 Christopher Way, Eatontown, New Jersey 07724
Contract Amount: Estimated Cost of \$4,111,753.00
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, pursuant to N.J. Admin. Code §11:15-3.23, as a self-insurance municipality, the City must also obtain stop loss coverage; and

WHEREAS, the City through its brokers solicited proposals in the private market for stop loss coverage; and

WHEREAS, United States Fire Insurance Company ("US Fire") has submitted a Proposal indicating they will provide competitive stop loss coverage; and

WHEREAS, the estimated annual premium cost for February 1, 2023 through December 31, 2023 contract year is Four Million One Hundred Eleven Thousand Seven Hundred Fifty-Three Dollars and Zero Cents (\$4,111,753.00); 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 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 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 United State Fire Insurance Company, 5 Christopher Way, Eatontown, New Jersey 07724, for the provision of stop loss coverage, 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 Four Million One Hundred Eleven Thousand Seven Hundred Fifty-Three Dollars and Zero Cents (\$4,111,753.00).

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

4. 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.

5. Any and all documents attached to this file shall be filed with the Office of the City Clerk.

6. 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.

7. 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.

8. 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).

9. There shall be no amendments or changes to this contract without approval from the Municipal Council.

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

11. 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.

12. If required by Law, the Acting 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 United States Fire Insurance Company, 5 Christopher Way, Eatontown, New Jersey 07724, for the provision of stop loss coverage, for the period commencing February 1, 2023 and terminating on December 31, 2023, at a cost not to exceed \$4,111,753.00. 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.