AUTHORIZATION TO ENTER INTO CONTRACTS WITH BLUE CROSS BLUE SHIELD (MEDICAL), AND GUARDIAN (DENTAL, ACCIDENTAL DEATH & DISMEMBERMENT (“AD&D”), LIFE, SHORT TERM DISABILITY (“STD”), AND LONG TERM DISABILITY (“LTD”) FOR THE CHA’S EMPLOYEE HEALTH BENEFIT PLAN

To the Honorable Board of Commissioners:

RECOMMENDATION
It is recommended that the Board of Commissioners authorize the Chief Executive Officer (“CEO”) or his designee to enter into contracts with the following insurance providers for the Chicago Housing Authority’s (“CHA”) Employee Health Benefit Plan covering eligible participants of the CHA and eligible participants of the CHA’s affiliates for the benefit year of January 1, 2014 through December 31, 2014: (1) Blue Cross Blue Shield medical in an amount not-to-exceed $6,114,141.00 plus $254,754.00 for Healthcare Reform Taxes & Fees associated with the Affordable Care Act for a total of $6,365,895.00; (2) Guardian dental in an amount not-to-exceed $268,129.00; and (3) Guardian AD&D, Life, STD and LTD in an amount not-to-exceed $244,222.00.00 for a total aggregate amount not-to-exceed $6,881,246.00 for FY2014. For FY 2015, subject to funding availability, it is recommended that CHA at the discretion of the CEO exercise the first option year with Guardian for AD&D, Life, STD and LTD an amount not-to-exceed $244,222.00. For FY 2016 it is recommended that CHA at the discretion of the CEO exercise the second option year with Guardian for AD&D, Life, and LTD in an amount not-to-exceed $157,869.20.

The Chief Financial and Administrative Officer of Finance, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

PLAN FORWARD GOAL
Ensure that CHA’s housing portfolio is safe, decent and sustainable.

FUNDING
CHA General Fund

SOLICITATION SUMMARY
Vendor: Blue Cross Blue Shield
300 East Randolph Street
Chicago, IL 60607

Contract Type: Medical Insurance
Contract Term: January 1, 2014 through December 31, 2014
NTE Contract Amount: $6,114,141.00
Taxes & fees: $254,754.00
Total NTE Amount: $6,365,895.00 (Medical)
M/W/DBE Participation
Waiver: Yes

Section 3
NA (Considered ‘Supply and Delivery’)

Vendor: Guardian Life Insurance Company of America
550 West Jackson
Chicago, IL 60661

Contract Type: Dental Insurance
Contract Term: January 1, 2014 through December 31, 2014
NTE Contract Amount: $268,129.00

Contract Type: AD&D & Life Insurance
Base Contract Term: January 1, 2014 through December 31, 2014 ($99,133.71)
Option Years:
January 1, 2015 through December 31, 2015 ($99,133.71)
January 1, 2016 through December 31, 2016 ($99,133.71)

Contract Type: Short Term Disability (STD) Insurance
Base Contract Term: January 1, 2014 through December 31, 2014 ($86,352.80)
Option Year:
January 1, 2015 through December 31, 2015 ($86,352.80)

Contract Type: Long Term Disability (LTD) Insurance
Base Contract Term: January 1, 2014 through December 31, 2014 ($58,735.20)
Option Years:
January 1, 2015 through December 31, 2015 ($58,735.20)
January 1, 2016 through December 31, 2016 ($58,735.20)
Base Term NTE Contract Amount: $244,222.00 (AD&D & Life, STD, & LTD)
Option Year 1 NTE Contract Amount: $244,222.00 (AD&D & Life, STD, & LTD)
Option Year 2 NTE Contract Amount: $157,869.20 (AD&D & Life, & LTD)

M/W/DBE Participation
Waiver: Yes

Section 3
NA (Considered ‘Supply and Delivery’)

GENERAL BACKGROUND/EXPLANATION
The CHA’s current contracts for employee healthcare plan benefits with Blue Cross Blue Shield (medical and dental) and Lincoln Financial (AD&D, Life, STD and LTD) will terminate on December 31, 2013 and must be replaced effective January 1, 2014. The U.S. Department of Housing and Urban Development (“HUD”) has previously authorized the CHA to utilize its insurance Broker of Record to solicit competitive insurance bids on behalf of the CHA.

Mesirow Financial (“Mesirow”), the CHA’s insurance broker for Employee Health Plan Benefits, directly solicited requests for insurance premium quotes from 18 top healthcare insurance providers in their respective fields, including the CHA’s current healthcare benefit insurance providers, for employee medical, dental, AD&D, Life, STD and LTD. Letters requesting premium
quotes, along with current data necessary for preparing insurance premium quotes, were delivered by Mesirow to the 18 healthcare insurance providers on June 3, 2013 requesting submittal of proposals by June 17, 2013.

Mesirow received three quotes for medical, five for dental, and four for life and disability. The alternate carriers for medical submitted quotes with large premium increases and were not competitive. All proposed quotes (e.g. medical 5.61 %, dental 1.9% and life/disability 7.32%) received for plan year 2014 represent an increase in premiums over plan year 2013 which are lower than the average trend of 9.5% to 11.5%. The estimated 2014 renewal “not-to-exceed amounts” stated above are based on quoted premiums and the eligible staff headcount of projected participant levels for 2014.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The EVP of Finance concurs with the recommendation to enter into contracts with Blue Cross Blue Shield for medical benefits, Guardian for dental benefits, and Guardian for AD&D, Life, STD, & LTD insurance benefits for the 2014 CHA employee benefit plan year, the option year for FY 2015 for Guardian AD&D, Life, STD and LTD, and for FY 2016 for Guardian AD&D, Life, and LTD.

The CEO/President recommends the approval to enter into contracts with Blue Cross Blue Shield for medical benefits, Guardian for dental benefits, and Guardian for AD&D, Life, STD, & LTD insurance benefits for the 2014 CHA employee benefit plan year for an aggregate total amount not-to-exceed $6,881,246.00, and for FY 2015, subject to funding availability, it is recommended that CHA at the discretion of the CEO exercise the first option year with Guardian for AD&D, Life, STD and LTD an amount not-to-exceed $244,222.00 and for FY 2016 it is recommended that CHA at the discretion of the CEO exercise a second option year with Guardian for AD&D, Life, and LTD in an amount not-to-exceed $157,869.20.
RESOLUTION NO. 2013-CHA-90

WHEREAS, The Board of Commissioners of the Chicago Housing Authority has reviewed the memorandum dated October 9, 2013 entitled “AUTHORIZATION TO ENTER INTO CONTRACTS WITH BLUE CROSS BLUE SHIELD (MEDICAL), AND GUARDIAN (DENTAL, ACCIDENTAL DEATH & DISMEMBERMENT (“AD&D”), LIFE, SHORT TERM DISABILITY (“STD”) , AND LONG TERM DISABILITY (“LTD”) FOR THE CHA’S EMPLOYEE HEALTH BENEFIT PLAN”.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners (“Board”) authorizes the Chief Executive Officer or his designee to enter into contracts with the following insurance providers for the Chicago Housing Authority’s (“CHA”) Employee Health Benefit Plan covering eligible participants of the CHA and eligible participants of the CHA’s affiliates for the benefit year of January 1, 2014 through December 31, 2014: (1) Blue Cross Blue Shield medical in an amount not-to-exceed $6,114,141.00 plus $254,754.00 for Healthcare Reform Taxes & Fees associated with the Affordable Care Act for a total of $6,365,895.00; (2) Guardian dental in an amount not-to-exceed $268,129.00; and (3) Guardian AD&D, Life, STD and LTD in an amount not-to-exceed $244,222.00.00 for a total aggregate amount not-to-exceed $6,881,246.00 for FY2014. For FY 2015, subject to funding availability, it is recommended that CHA, at the discretion of the CEO, exercise the first option year with Guardian for AD&D, Life, STD and LTD an amount not-to-exceed $244,222.00, and for FY 2016 it is recommended that CHA at the discretion of the CEO exercise the second option year with Guardian for AD&D, Life, and LTD in an amount not-to-exceed $157,869.20.