

# 15980

Date: Board of Acquisition and Contract

From: Ann Marie Berg  
Commissioner of Finance

Date: December 13, 2010

Re: Resolution authorizing the County of Westchester to exercise the third of four renewal options with the following 3 health maintenance organizations: Health Insurance Plan of Greater New York; AETNA Health Inc.; and Oxford Health Plan, (NY), Inc., for the provision of health maintenance organization services under the Westchester County Employee Health Benefit program, for a one-year term commencing January 1, 2011, and terminating December 31, 2011, at a total aggregate cost not-to-exceed \$8,400,000, pursuant to an approved budget and subject to future appropriation, with the County having the option to renew for one additional one-year term.

The County of Westchester, acting by and through its Department of Finance (the "Department"), has in the past entered into agreements with Health Insurance Plan of Greater New York ("HIP"), AETNA Health Inc. ("AETNA"), and Oxford Health Plans, (NY) Inc. ("Oxford"), collectively the ("HMO"s) to provide health maintenance organization services to County employees. The availability of an HMO option is guaranteed by various County collective bargaining agreements and has been a part of the County Health benefit program since 1978. With consideration given to premium costs, benefit level provided, geographic service area covered, customer service provided, and their willingness to abide by the County's underwriting and benefit policy requirements, we are satisfied with the performance records of all 3 of the referenced HMOs.

By resolution approved on November 8, 2007, your Honorable Board authorized the department to enter into agreements with the above referenced HMOs for a one-year term commencing January 1, 2008, and terminating December 31, 2008, with the County having the option to renew for four additional one-year terms. Agreements were subsequently executed. By resolutions approved on December 11, 2008 and December 7, 2009, your Honorable Board authorized the department to exercise the first two renewal options. Renewal agreements were subsequently executed.

Authority is hereby requested from your Honorable Board for the County to exercise the third of four renewal options with the referenced HMOs for the term January 1, 2011 through December 31, 2011. The total aggregate cost for all three agreements will be an amount not-to-exceed

\$8,400,000, at the rates indicated in the attached resolution, pursuant to an approved budget and subject to future appropriation. It should be noted that the ultimate cost will be a function of the enrollment experienced by each of the 3 HMO's during the 2011 benefit plan year. The proposed agreements shall also provide the County with the option to renew for two additional one-year terms, subject to negotiation of the rates. Any renewals will also be subject to your Honorable Board's approval.

It should additionally be noted by your Honorable Board that the agreements are exempt from the requirements of the Westchester County Procurement Policy pursuant to Section 3 (a) viii thereof, as they constitute "contracts for medical or health-related services and contracts with healthcare workers or agencies...".

The goals and objectives of the services to be provided in the subject agreements are in the best interest of the County in that they serve a public purpose by enabling the County to ensure the provision of high quality health care for those employees and retirees and their respective families that select to enroll in one of the HMOs to obtain their health care, in accordance with the County's health benefit plan.

Since health care expenses for employees and retirees are a significant cost to the County, the department will monitor the provision of these services, including enrollment levels and the degree to which the HMO health management programs help to deliver health benefit value to their members.

I believe it is in the best interest of the County to enter into the renewal of the above described agreements and accordingly I recommend that your Honorable Board approve the annexed Resolution.

AMB/RPC/me  
Attachment

APPROVED BOARD OF ACQUISITION & CONTRACT - 2-11-11 JOMAR V. MORALES SECRETARY

## RESOLUTION

Upon a communication from the Commissioner of Finance, be it hereby

**RESOLVED**, that the County of Westchester is hereby authorized to exercise its renewal option and enter into agreements (the "Agreements") for the provision of health care maintenance organization services for eligible County employees for a one-year term commencing January 1, 2011, and terminating December 31, 2011, with the below referenced health maintenance organizations (the "HMO's") at the monthly premium rates as follows:

<u>Health Maintenance Organizations</u>	<u>Individual Rate</u>	<u>Family Rate</u>
1- Health Insurance Plan of Greater New York	\$689.70	\$1,689.75
2- Oxford Health Plans, (NY)	\$724.86	\$1,922.87
3- AETNA Health Inc. (New York Metro)	\$841.36	\$2,363.69
AETNA Health Inc. (New Jersey North)	\$601.18	\$1,696.52
AETNA Health Inc. (Connecticut)	\$938.57	\$2,604.09

And be further

**RESOLVED**, that the total aggregate cost of the three Agreements shall be in an amount not-to-exceed \$8,400,000, pursuant to an approved budget and subject to future appropriations, noting that the ultimate cost will be a function of the enrollment experienced by each of the 3 HMO's during the 2010 benefit plan year; be it further

**RESOLVED**, that the County shall have the option to renew the Agreements for one additional one-year term, subject to negotiation of the rates; be it further

**RESOLVED**, that the Agreements are subject to County appropriations; and be it further

**RESOLVED**, that the Agreement are also subject to further financial analysis of the impact of any New York State Budget (the "State Budget") proposed and adopted during the term of the Agreements. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a

reasonable period of time after such release (s) or adoption (s), to conduct an analysis of the impact of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate any or all of the Agreements or to renegotiate the amounts and rates approved herein. If the County subsequently offers to pay a reduced amount to an HMO, the HMO shall have the right to terminate the Agreement upon reasonable prior written notice; and be it further

**RESOLVED** , that the County Executive or his duly authorized designee is authorized and empowered to execute all documents and to take all action necessary to accomplish the purposes thereof.

Account to be Charged/credited	Fund	Dept	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
	617	61	0010	1680	N/A	\$8,400,000.

Budget Funding Year 2011 Start Date 1/1/11 End Date 12/31/11  
 (must match resolution)

Funding Source Tax Dollars \$ 8,400,000  
 State Aid \_\_\_\_\_  
 Federal Aid \_\_\_\_\_  
 Other \_\_\_\_\_

\$ 8,400,000 (must match resolution)

APPROVED BOARD OF ACQUISITION & CONTRACT - 2-10-2011 - JOMAR VIEIRA, SECRETARY