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**Sponsor:** Human Resources

**Meeting Date:** 9/5/2023

**Title:** Agreement with Blue Cross Blue Shield of MN for Employee and Early Retiree Medical Insurance

**File Number:** 2023-380

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**Background and Rationale:**

Ramsey County provides medical insurance to approximately 8,000 employees, retirees, spouses and children annually. Providing market competitive coverage and plans attracts and retains employees. Every three to five years, the county issues a solicitation for medical insurance in compliance with state law and to ensure the best options are provided to employees at a competitive price. The current five-year contract for medical insurance ends December 31, 2023. More information on the solicitation process was presented to the [Ramsey County Board in a workshop on June 6, 2023 <https://ramseycountymn.legistar.com/LegislationDetail.aspx?ID=6263666&GUID=80723E6B-6C2A-4FC4-AFD5-2B4E9A586219>](https://ramseycountymn.legistar.com/LegislationDetail.aspx?ID=6263666&GUID=80723E6B-6C2A-4FC4-AFD5-2B4E9A586219).

Human Resources issued a competitive solicitation for medical insurance plans for eligible employees and retirees under age 65 (Early Retirees) beginning January 1, 2024 for up to five years as the previous contract expires December 31, 2023. In anticipation of the solicitation, the Joint Labor Management Insurance Committee established consensus goals as follows:

- Offer competitive, equitable benefits to attract and retain employees.
- Provide additional plan and enrollment tier choices with meaningful premium differences.
- Provide a high deductible with Health Savings Account (HSA) plan option.
- Better incentivize wellness activities and health outcomes.
- Manage cost and viability in the long term and keep pace with inflation.
- Align with the county's strategic Racial Equity priority.

Below is a competitive solicitation summary:

Request for Proposals (RFP)      Medical Insurance

RFP Release Date      January 18, 2023

RFP Response Date      February 28, 2023

Contractors Notified      169

Respondents      HealthPartners (incumbent), Medica, United Health Care, Blue Cross Blue Shield of MN

Proposal Evaluation Committee      Benefits Manager, Benefits Supervisor, Labor Relations Manager, Sr. Business Analyst, Chief Financial Officer, Racial and Health Equity Administrator and Deloitte Consulting

RFP Evaluation Criteria      Racial Equity, Diversity & Inclusiveness, Background, Plan Administration, Implementation, Cost and Presentation.

Contractor Recommended      Blue Cross Blue Shield of MN

Historically, Ramsey County has offered one medical plan with two enrollment tiers, single or family. The solicitation was issued requesting fully insured and self-insured proposals for the existing single plan and for three alternative plans (including High Deductible with Health Savings Account and two

additional enrollment tiers (Employee + Spouse and Employee + Child(ren)). Additional plans and enrollment tiers provide choice and rates that reflect employee priorities as family status changes over time and that align with the Ramsey County values.

Based on the evaluation committee’s selection, which included Deloitte consulting, Human Resources recommends Blue Cross Blue Shield’s fully insured proposal for three alternative plans (Preferred, Broad, High Deductible) with four enrollment tiers (Single, Employee + Spouse, Employee + Child(ren), Family).

Blue Cross Blue Shield offered the best rates to transition to self-insurance when the county decides its ready. Blue Cross demonstrated a partnership in providing and analyzing data towards a transition to self-insurance. Blue Cross plans provide established, strong local networks, unique strategies to manage the total cost of care, excellent claims payment administration and customer service and demonstrate a commitment to individual employee wellness by engaging and incentivizing all covered employees. Blue Cross demonstrated the longest standing commitment to the priorities of diversity, equity and inclusion. Blue Cross consistently uses data to identify gaps and focus initiatives. Blue Cross employees complete Diversity, Equity and Inclusion training and all staff are consistently surveyed about whether they feel valued, heard and belong.

Summary of changes from current Distinctions Plan - see attached plan design document.

1. The current Distinctions plan has separate out-of-pocket maximums for medical and pharmacy. The out-of-pocket max for all three new plans combines medical and pharmacy expenses which is easier for employees to track.
2. The Preferred Plan offers a zero deductible for narrow network services and increases the combined in-network out of pocket max from \$2400 to \$3000 for single coverage, and from \$4800 to \$6000 for family coverage.
3. The Broad Plan provides a network closest to the current Distinctions plan and increases the in-network annual deductible from \$25 to \$600 for single coverage and from \$75 to \$1200 for family in network coverage.
4. The High Deductible Plan provides the minimum deductible allowed by Internal Revenue Service requirements, \$1600 for single coverage and \$3200 for family in-network coverage.
5. The current wellness incentive of a co-pay reduction for doctor visits is replaced by an incentive of up to \$240 annually for each eligible employee and spouse. The incentives are funded by Blue Cross. As earned, eligible employees and spouses select electronic gift cards online via the Blue Cross Advisor.
6. Ramsey County can transition to self-insurance after 2024 as determined by the county.
7. A rate cap of 8.9% was provided for 2025 and 2026.

Plans and Total Monthly Premiums - Current and 2024

	Current Distinctions Plan (HealthPartners) (BCBS)	2024 Preferred Plan (BCBS)	2024 Broad Plan	2024 High-Deductible Plan (BCBS)
Single	\$1,103.27	\$975.59	\$881.67	\$754.50
Employee + Spouse	\$2,629.31	\$2,048.75	\$1,851.51	\$1,585
Employee + Child(ren)	\$2,629.31	\$2,146.31	\$1,939.67	\$1660.50
Family	\$2,629.31	\$3,219.46	\$2,909.51	\$2,490.50

The Evaluation Committee’s selection was reviewed with the Joint Labor Management Insurance Committee on July 13, 2023. The Joint Labor Management Insurance Committee did not reach consensus on the recommendation. Labor representatives chose to abstain on the Evaluation Committee’s selection and requested inclusion in scoring future solicitations.

Bargaining unit negotiations and subsequent county board action will determine the county contribution to total monthly premiums and Health Savings Accounts. The early retiree county contribution will continue to be subject to previous Ramsey County Board resolutions.

**Recommendation:**

The Ramsey County Board of Commissioners resolved to:

1. Approve the agreement with Blue Cross Blue Shield of MN, 3535 Blue Cross Road, Eagan, MN 55122, for employee and early retiree medical insurance plans for the period of September 6, 2023 to December 31, 2026 and may be renewed for up to two additional one-year periods.
2. Authorize the Chair and Chief Clerk to execute the agreement.
3. Authorize the County Manager to enter into agreement and execute amendments to the agreement in accordance with the county's procurement policies and procedures provided the amounts are within the limits of available funding.

A motion to approve was made by Commissioner Moran, seconded by Commissioner Reinhardt.

Motion passed.

Aye: - 7: Frethem, Martinson, McGuire, Moran, Ortega, Reinhardt, and Xiong

By:   
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Mee Cheng, Chief Clerk - County Board