



BOARD OF

Finance, Audit and Infrastructure
COMMITTEE

October 26, 2018
MEETING DATE

SUBJECT:

Contracts Over \$500,000

PRESENTED BY: John Shipley

**BACKGROUND/CURRENT STATUS/MATTERS REQUIRING ACTION/
FINANCIAL IMPLICATIONS:**

In accordance with Board and Committee approval requirements, there is one transaction requiring Finance, Audit and Infrastructure Committee and full Board of Trustees approval.

Anthem is the current medical plan and prescription drug administrator for the University. The contract was rebid during 2018 and Anthem has been selected to continue providing these services. Approval is requested for a three year contract with an estimated value of \$99.3 million, plus two – one year renewal options. Note that over 90% of the dollar value of the contract is a reimbursement for medical claims. Less than 8% of the contract value is payment of administrative costs to the administrator.

Additional details regarding the proposed contract are included on the attachment.

BOARD RESOLUTION REQUESTED:

This transaction requires approval by the Finance, Audit and Infrastructure Committee as well as the full Board of Trustees. The resolution is attached.

Wright State University
FY2018/FY2019 Contracts and Expenditures
May 1, 2018 through August 31, 2018

\$500,000 and Above (Full Board Approval Required)

Contract Information		Description of Services
<p>Vendor:</p> <p>Committed Contract Period:</p> <p>Approval Amount:</p> <p>Current Annual Amount:</p> <p>Previous Annual Amount:</p> <p>Contract Options:</p> <p>Last Bid Date:</p>	<p>Community Insurance Company dba Anthem Blue Cross and Blue Shield</p> <p>1/1/2019 – 12/31/2021</p> <p>\$99,300,000.00</p> <p>\$30,000,000.00 (CY19)</p> <p>\$33,000,000.00 (CY20)</p> <p>\$36,300,000.00 (CY21)</p> <p>\$31,100,000.00</p> <p>2 – 1 year options</p> <p>2018</p>	<p>Anthem is the current and <u>selected</u> medical plan administrator and stop loss provider for Wright State. Anthem/ESI is the PBM managing the prescription drug program.</p> <p>The Medical Renewal rebid yielded favorable outcomes for Wright State on all fixed costs of the contract resulting in a 5.3% reduction in administrative costs over current contract. Fixed costs combine for 7.8% of the total contract amount and costs were guaranteed for 3 years. The additional 92.2% of the \$30,000,000 is medical claims by our approximately 1,990 benefit-eligible employees that we pay as a self-insured plan. Approximately 20% is recouped by employee premiums.</p> <p>The rebid also provided:</p> <ul style="list-style-type: none"> ▪ Improved pharmacy costs with lower dispensing fees ▪ Rx rebates increased ▪ Wellness incentives increased by \$10k ▪ Stop loss improved pricing by 1.9% ▪ \$3 PEPM for an Anthem Program Offering <p>Subsequent year increases of 10% are conservative figures provided in case of medical inflation and poor claims experience.</p>