

COUNCIL COMMUNICATION

From: The City Manager

Subject: BASIC Drug Prescription Reimbursement Agreement

Manager's Recommendation:

I recommend that the contract with Benefit Administration Services International Corporation, a/k/a, BASIC be approved so that the City can implement its reimbursement program for brand name drugs, as provided in the collective bargaining agreements and the nonunion employees contract amendments. The Agreement has been approved by me as to substance and the City Attorney as to form. This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Justification:

In January 2004, the City completed negotiations with five of its six open collective bargaining agreements. As a part of the City's effort to contain and/or reduce the cost of employee benefits, specifically health care, the Unions and the City agreed to one health care plan, with higher co-pays and drug rider. The City and the unions negotiated the reimbursement program to ease the immediate impact on City employees who can only obtain brand name prescriptions from the \$40.00 co-pay. The City program will only reimburse employees that cannot obtain generic prescriptions. They will be reimbursed up to \$20.00 of the \$40.00 co-pay for brand name prescription drugs.

The prior agreement expired on December 31, 2008. To comply with current bargaining unit provisions, continuation of this benefit with all bargaining units will need

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to be extended until the earlier of December 31, 2009 or such time bargaining unit contracts determine a change in this benefit.

BASIC has been the provider for the City, with facilitating the federally required COBRA responsibilities for the City since 1999. BASIC will provide the administrative functions needed to efficiently deliver timely reimbursements to the affected employees.

The necessary program reporting requirements, processing procedures and HIPPA responsibilities, will be handled under the agreement with BASIC. The cost to the City for BASIC to handle the reimbursement program is at \$2,226.00 per month, up to a maximum of \$26,712.00 annually. The cost is proposed to be spread across all departmental funds, based on the approval of mid-year adjustments.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.