

EFM SUBMISSION NO.: 2013EFM035

PRESENTED: 1-22-13

ADOPTED: 1-23-13

BY THE EMERGENCY FINANCIAL MANAGER:

Resolution Authorizing Blue Cross Blue Shield of Michigan

The City of Flint currently Participates in the federal RDS prescription drug subsidy program.

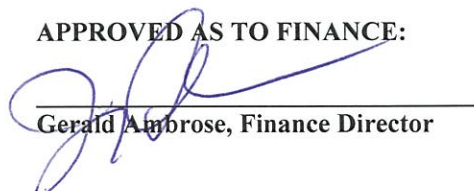
The federal government has recently provided an opportunity for a re-opening of already filed subsidy requests in order to undertake an audit of submitted claims. Blue Cross Blue Shield of Michigan (BCBSM) has submitted a proposal to the City of Flint to perform this undertaking on a 35% contingency fee basis for all additional recovered funds. BCBSM will not charge the City for any expenses even if this re-opening results in no additional recoveries to the City of Flint.

IT IS RESOLVED, that the appropriate city officials are authorized to enter into an agreement with BCBSM to provide RDS Subsidy re-opening services on a 35% contingency fee basis.

APPROVED AS TO FORM:


Peter M. Bade, City Attorney

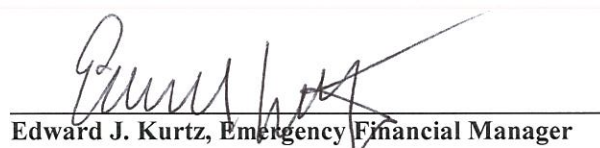
APPROVED AS TO FINANCE:


Gerald Ambrose, Finance Director


Michael K. Brown, City Administrator

EFM DISPOSITION:

ENACT ☒ REFER TO COUNCIL ☐ FAIL ☐


Edward J. Kurtz, Emergency Financial Manager

DATED: 1-23-13

RESOLUTION STAFF REVIEW

DATE: 1-18-13

Agenda Item Title: Medicare Part D Subsidy Re-Opening

Prepared By: Robert C. Erlenbeck – Risk Management and Benefits Administrator

Background/Summary of Proposed Action: In 2005 the Federal government created the Medicare Part D program which provides prescription drug coverage to eligible Medicare participants. This program provides a subsidy payment to providers of self-insured prescription drug medical coverage upon completion of the appropriate application and reconciliation processes. The City has utilized Cornerstone Group to assist in the application and reconciliation process for the January 1, 2006 thru June 30, 2012 plan periods. To date, the City has received rebates totaling \$5,052,057.45. The federal government has recently announced an opportunity to re-open the settlement of the last four years of subsidy payments. Blue Cross Blue Shield of Michigan (BCBSM) has estimated that the City could recover from \$158,000 to \$473,000 through this re-opening. BCBSM has offered to undertake this service on behalf of the City on a straight 35% contingency fee basis. Risk Management is recommending the City enter into an agreement with BCBSM to perform this re-opening service.

Financial Implications: Failure to take timely action could result in the loss of any potential recovery.

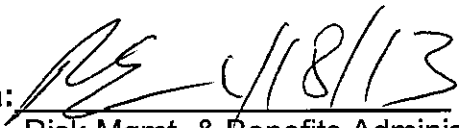
Budgeted Expenditure? x Yes No **Please explain if no:** There is no expenditure as this is a Contingency fee based upon recovery only.

Account No.: NA no direct expenditure

Pre-encumbered? Yes x No **Requisition #**

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: It is Risk Management and Benefit Administration's recommendation that the City of Flint enter into an agreement with BCBSM to undertake an RDS Subsidy re-opening based upon a 35% contingency fee to BCBSM of all recoveries.

Staff Person:  1/18/13 **Approval:** _____
Risk Mgmt. & Benefits Administrator City Administration