



CITY OF COLUMBIA
Budget Office
INTEROFFICE MEMORANDUM

TO: Steve Gantt, City Manager

DATE: March 21, 2012

CC: Ken Gaines, City Attorney
Erika Moore, City Clerk

FROM: S. Allison Baker, Sr. Assistant City Manager
Pamela Benjamin, HR Director
Missy Caughman, Budget Director
Bill Ellis, Finance Director
Jeff Palen, Treasurer

RE: City Council Approval of BlueCross BlueShield of SC Contract Addendum for Employee Medical Clinic

For City Council's approval, please find attached the Addendum to the Administrative Services Agreement with BlueCross BlueShield of SC for operation of the employee medical clinic.

The Employee Clinic will operate from 7:00 a.m. to 5:00 p.m., Monday through Friday. We can evaluate the operating times to determine if there will be a need to adjust hours according to utilization needs.

We are very excited to offer this service that will be open to employees, retirees and dependents who are on the City's health insurance program. The Clinic is another step in helping improve the overall health and wellness of our employees while saving money for the City and our employees. The estimated net annual savings for the City is approximately \$500,000-\$1,000,000 annually. We are recommending that visits to the clinic require no co-pay which will result in an estimated \$200,000 savings for employees, retirees and dependents.

The cost of the clinic is estimated at \$755,250. Funding for the clinic will be the health insurance fund, account 6048933.

We look forward to discussing this matter with you further.

ADDENDUM TO ADMINISTRATIVE SERVICES AGREEMENT

Between

**City of Columbia
1227 Lady Street
Columbia, South Carolina 29201
("Purchaser")**

and

**Blue Cross and Blue Shield
of South Carolina
I-20 at Alpine Road
Columbia, South Carolina 29219
("BCBSSC")**

EFFECTIVE DATE OF AGREEMENT: January 1, 2010

GROUP NUMBER: 03-14580-00 and appropriate subgroups

This Addendum to the Administrative Services Agreement ("Agreement") referenced above shall be effective on July 1, 2012 ("Effective Date").

WHEREAS, Purchaser and BCBSSC have entered into the Agreement whereby BCBSSC provides certain Services for Purchaser; and

WHEREAS, Purchaser and BCBSSC desire to enter into this Addendum to the Agreement.

NOW THEREFORE, Purchaser and BCBSSC hereby agree as follows:

1. Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them pursuant to the Agreement.
2. In addition to the benefits currently provided to its Members pursuant to the group health plan(s) sponsored by Purchaser, Purchaser now desires to expand such benefits so as to provide a health clinic ("Clinic") for use by Members. The Clinic shall be established by Purchaser for the sole purpose of providing medical and/or healthcare services to Members only. Purchaser, in its sole discretion, shall define the scope of healthcare services to be provided at the Clinic. Purchaser shall provide BCBSSC with 90 days prior notice of any change made to the scope of services. BCBSSC has subcontracted with Doctors Care, P.A. ("Doctors Care"), and Doctors Care shall be responsible for providing appropriate medical or other staff personnel, medical supplies, testing materials, laboratory materials, and other materials as may be reasonably required to provide the Clinic services. Under no circumstances will BCBSSC or its employees provide medical or healthcare services, and BCBSSC shall not be liable for any damages which may occur as a result of any acts or omissions of Doctors Care personnel. As an

administrative services provider, BCBSSC shall not be engaged in the practice of medicine, nursing, physician assistance or otherwise engage in any medical, clinical or patient care services. BCBSSC and Purchaser acknowledge that the operation of the Clinic requires Doctors Care and its employees and/or contractors to comply with the applicable professional standards of their professions. As such, BCBSSC will not interfere with or otherwise influence any medical, clinical or other healthcare related decision regarding any Member who uses the Clinic.

3. BCBSSC shall provide administrative services with respect to claims for medical and/or healthcare services rendered at the Clinic. All such claims will be administered and processed by BCBSSC. BCBSSC shall provide such services for the Health Clinic Fee listed on Schedule A of the Agreement. The Health Clinic Fee is due on the first day of the month. Purchaser shall pay such amount to BCBSSC within twenty (20) days after the due date.

4. BCBSSC may only change the Health Clinic Fee upon the occurrence of any of the following:

- (a) Upon thirty (30) days notice prior to the first anniversary of the Effective Date; or,
- (b) Purchaser modifies the scope of services and such modification imposes greater duties, obligations or costs on BCBSSC than the duties obligations or costs originally contemplated by this Addendum (as may be amended); provided that such modification shall be limited to the amount that is necessary to compensate BCBSSC for the effect of the related change;
- (c) The number of Members changes by ten percent (10%) or more.

5. If the Health Clinic Fee is changed pursuant to Section 4 (b), such change is effective as of the date of the modification of the Plan of Benefits. If the Health Clinic Fee is changed pursuant to Section 4 (c), such change is effective as of the date mutually agreed to by the parties.

6. BCBSSC shall bill Purchaser a Supply Fee on a monthly basis. The amount of the Supply Fee shall be based on the corresponding charge(s) received from Doctors Care. The Supply Fee shall include the consumables utilized in the operation of the Clinic (including, but not limited to injections, vaccines, plastic gloves, sanitizing hand foam, gauze, bandages, general first aid supplies and other general supplies needed for day-to-day patient care). While the Supply Fee will be billed at cost, because the amount of consumables will vary depending on the services sought by the patients and the overall volume of business, the Supply Fee may vary accordingly.

7. Purchaser has contracted with Medco for the management of pharmacy benefits provided to Members. However, BCBSSC shall bill Purchaser, at cost, a Clinic Pharmacy Fee on a monthly basis for any prescriptions dispensed at the Clinic. The

Clinic Pharmacy Fee shall be based on the corresponding charge(s) received from Doctors Care.

8. The Supply Fee and the Clinic Pharmacy Fee will be included in the Purchaser's weekly invoice and shall be due and payable in accordance with the terms of such weekly invoice.

9. The Clinic will be operated at _____ in a space leased by Purchaser. This Addendum to Administrative Services Agreement is contingent upon the lease of space by Purchaser. Purchaser shall be solely responsible for the care, maintenance, custodial services, security and utilities for the Clinic. If requested by Doctors Care or BCBSSC, Purchaser shall designate a liaison that is to promptly correct any issues regarding the condition of the Clinic. Purchaser and its employees and contractors shall not interfere with, review files of or otherwise attempt to obtain any confidential information contained within the Clinic. Purchaser acknowledges and agrees that all medical records related to the provision of any healthcare services shall remain the property of Doctors Care. Upon termination of this Addendum, Purchaser shall cooperate with BCBSSC and Doctors Care in the removal of any equipment, Doctors Care property or records from the Clinic. Purchaser shall hold BCBSSC and Doctors Care harmless from any claims, suits, attorneys fees, costs, damages or liabilities related to the condition, maintenance of the Purchaser's facility by the Purchaser or the provision of security at the Purchaser's facility if any, which shall be in the sole and exclusive discretion of the Purchaser; provided, however that nothing in this agreement shall be construed to waive the Purchaser's immunities or limitations on liability to the full extent provided by law, including but not limited to the South Carolina Tort Claims Act. Doctors Care shall be a third party beneficiary to Purchaser's obligations hereunder.

10. The initial term of this Addendum will be for three (3) years commencing on the Effective Date. Thereafter, the parties may, by mutual agreement, renew this Addendum for additional terms and will endeavor to commence negotiations one hundred twenty (120) days prior to the expiration of the initial term or any subsequent renewal term. If the Agreement terminates while the Addendum is still in effect, the parties agree to work in good faith to renegotiate the terms of this Addendum to align with Purchaser's new administrative services agreement, if any.

11. Except as specifically set forth herein, all other terms and conditions of the Agreement (as amended) shall remain in full force and effect.

IN WITNESS WHEREOF, BCBSSC and Purchaser have caused this Addendum to be signed by their duly authorized representatives the day and year indicated below, provided that, if signed after the stated Effective Date of this Addendum, the Addendum will have retroactive effect to such Effective Date.

[Signatures on following page.]

**BLUE CROSS AND BLUE SHIELD
OF SOUTH CAROLINA**

An Independent Licensee of the Blue Cross
and Blue Shield Association

By: _____

Print Name: _____

Title: _____

Date: _____

PURCHASER

By: _____

Print Name: _____

Title: _____

Date: _____