

December 2024

LIST OF RATIFICATIONS FOR BOARD APPROVAL

Procurements Requiring Majority Vote:

K. Ratification of Completed Procurement Actions (Involving Schedule E-J)
(Staff Summaries required for items estimated to be greater than \$1,000,000.)

- | | | |
|---|------------------------|--------------------------------------|
| 1. Aetna Life Insurance Company | \$4,682,050,000 | <i>Staff Summary Attached</i> |
| Nine years | | |
| Contract # 15118-0100.3 | | |
| Contract for NYC Transit Medical Benefits Program; Modification to add funding to cover the Retroactive Extension Period. | | |

Schedule K: Ratification of Completed Procurement Actions

Item Number:

Vendor Name (Location) Aetna Life Insurance Company (Hartford, Connecticut)
Description NYCT Medical Benefits Program
Contract Term (including Options, if any) January 1, 2017–December 31, 2025
Option(s) included in Total Amount? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a
Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive
Solicitation Type <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:
Department, Department Head Name: Deputy Chief Benefit Admin Officer, Stephen Scholl

Contract Number 15118-0100	AWO/Modification # 3
Original Amount:	\$ 4,481,850,000
Prior Modifications:	\$ 209,820,000
Prior Budgetary Increases:	\$ 209,820,000
Current Amount:	\$ 9,163,900,000
This Request:	\$ 4,682,050,000
% of This Request to Current Amount:	104%
% of Modifications (including This Request) to Original Amount:	115%

Discussion:

Board approval is requested for a retroactive change order to the competitively negotiated personal service contract awarded to Aetna Life Insurance Company (“Aetna”) for NYC Transit Medical Benefits Program, for the period January 1, 2022, to December 31, 2025 (“Retroactive Extension Period”), and an additional not-to-exceed amount of \$4,682,050,000 to cover the Retroactive Extension Period, resulting in a total contract value of \$9,163,900,000. For the period from January 1, 2017, to December 31, 2021, the Board previously approved \$4,481,850,000 and now being asked to approve \$4,682,050,000 for the Retroactive Extension Period. Of the total contract value, fees are approximately 97.5 percent for medical claims, 2 percent for administration fees, and 0.5 percent based on the monthly premiums for the fully insured Medicare-Advantage plans.

The base contract term was five years (January 1, 2017–December 31, 2021) and covered the provision of medical health benefits for approximately 150,000 NYC Transit represented employees, retirees, and their dependents. Two types of plans are administered by Aetna: (1) self-insured medical plans (PPO and EPO); and (2) fully insured Medicare-Advantage (“MA”) plans. For the self-insured plans, the MTA pays Aetna a fixed fee to administer the plan and MTA is responsible for the medical claims. For the fully insured MA plans, MTA pays a fixed monthly premium, which covers medical claims and administration costs.

Prior to the expiration of this contract (15118-0100), successor Request for Proposal (“RFP”) 15650 was issued and received approval from the Board in September 2021 to award the new contract to Aetna for the period of January 1, 2022–December 31, 2026. After the September 2021 Board, a protest for RFP 15650 was received. The protest alleged that an error was made by the MTA’s benefit consultant engaged at the time when calculating the estimated plan cost of a competitor’s proposal in response to RFP 15650 for the contract. As further set forth in the protest, it was suspected that the proposer’s incorrect network was used to estimate the cost. The basis for the protest was evaluated and determined valid. As a result, RFP 15650 was canceled, and the contract with Aetna approved by the September 2021 Board was not executed.

The MTA retained Mercer Health & Benefits LLC (“Mercer”) to provide benefit consulting services for a contract extension with Aetna and to support the issuance of a replacement RFP. Aetna agreed to continue to provide benefit coverage during this Retroactive Extension Period. The new replacement, RFP 16000, was issued in Q3 of 2024 for the benefit plans effective on January 1, 2026. The first step of the RFP, for the pre-qualification of proposers has been completed. The second step, whereby the detailed RFP will be sent to prequalified proposers will be issued before the end of 2024. Mercer performed an analysis on MTA’s claim experience for the period of January 1, 2022–May 2024, using actual claims data as well as estimates for June 2024 through December 2025. The not-to-exceed amount of \$4,682,050,000 requested to cover the Retroactive Extension Period, is \$353,600,000 less than the projected amount approved by the September 2021 Board for the canceled RFP for the same period of 2022–2025. This is due to favorable emerging claim experience and movement of retirees to the MA plans as per the newly negotiated Collective Bargaining Agreement for the covered population. The pricing utilized during this Retroactive Extension Period is lower by approximately 13 percent for the self-insured administration fees and 89 percent less for the Medicare Advantage rates when compared to Contract No. 15118-0100 pricing, in effect from January 1, 2017, to December 31, 2021.

The MTA and Aetna have developed a valued partnership providing quality account management to the MTA as a buyer, as well as a high-level of customer service to MTA’s members. Aetna has provided satisfactory services.

Aetna has certified pursuant to Executive Order 16, that it is not doing business in Russia.

This contract has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. Any applicable cybersecurity requirements, to the extent required, shall be included in the contract terms and conditions prior to award.

Impact on Funding

Funding is based on approved budgets for NYC Transit.