



Legislation Text

File #: 17-294, **Version:** 1

ACTION REQUESTED:

Communication from the Human Resource Director and the City Manager with a Request to Authorize the City Manager to do the Following:

- A. ENTER into a 3-Year CONTRACT with UMR, A United Health Care Company, to be Effective 1/1/2018 through 12/31/2020, to Serve as the City's Administrator of its Medical/Dental Benefits and Administer The United Healthcare Choice Plus Hospital/Physician Network; and
- B. RENEW for a 3-Year Period the CONTRACT with CVS/CAREMARK, and its Consortium, Employee Health Care Coalition of Ohio, to be Effective 1/1/2018 through 12/31/2020.

BACKGROUND: In 2017, the Joint Labor/Management Health Care Committee conducted an RFP process to review the possibility of changing vendors to administer the City's medical/dental and network benefits that could deliver the highest level of service with an integrated approach for the best price for the City. A key expectation of the Committee was the ability of vendors to offer access to all local hospitals with one administrator with deep discounts. Other important aspects for the Committee was that the administrator would proactively serve as a resource for plan participants, especially those at a high risk of experiencing critical health issues by helping them to effectively manage their health, avoiding escalation of their disease state, encouraging behavior change and working toward wellness.

The City received 6 viable proposals and, after review by the Committee members and its consultant, selected 2 vendors as finalists, UMR-a United Health Care Company, and Blue Cross/Blue Shield of Illinois. The Committee did not bring in the incumbents as finalists, Humana and Aetna, since their proposals were not competitive. During its finalist meeting, Blue Cross/Blue Shield of Illinois indicated they could not provide access to all local hospitals with the same plan design.

The Joint Labor/Management Health Care Committee unanimously voted to recommend UMR-a United Health Care Company, as the selected administrator, pending approval by the City Council. Attached is a spreadsheet which outlines the savings with several different options with vendors, indicating that UMR offers the lowest annual cost.

The Joint Labor/Management Health Care Committee unanimously voted to recommend a 3-year renewal with CVS/Caremark due to the deep discounts the City currently receives.

FINANCIAL IMPACT: The City's Health Care Plan will receive deep overall discounts on hospital and physician claims through the United Healthcare Choice network, which, when compared to other networks based on a repricing of 2016 medical claims, will result in a savings of approximately \$225,000 to the City's Health Care Plan. United Health Care has agreed to performance guarantees for its network discounts, guaranteed 0 increase in administrative fees over the 3 years of the contract, and waived the administrative fee for the first 4 months of 2018.

The City will continue to receive deep discounts on prescription benefits through CVS/Caremark in addition to prescription claim rebates on a quarterly basis.

NEIGHBORHOOD CONCERNS: NA

IMPACT IF APPROVED: The City will receive deep discounts on network medical claims and the ability to offer participants the choice of any local hospital with one administrator. It is anticipated that overall medical costs to the Plan will realize a savings of approximately \$225,000 per year by utilizing the United Healthcare Choice plus Network, which will help reduce the City's costs and increase the City's health care reserves. The City will continue to receive deep discounts on prescription benefit claims with CVS/Caremark. With the performance guarantees from UMR-a United Health Care Company, and the rebates received from CVS/Caremark through its coalition, the City's Plan costs will be positively affected.

IMPACT IF DENIED: The City's Health Care Plan could incur substantially more health care plan expenses if the deep discounts cannot be accessed and the City will not be able to effectively address spiraling health care costs.

ALTERNATIVES: NA

EEO CERTIFICATION NUMBER: #03453-180930

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2014 - 2029 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Financially Sound City Government, Effective City Organization

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Have an efficient government.

DEPARTMENT: Human Resources