

Legislation Text

File #: 18-348, **Version:** 1

Presenter/Contact

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SUBJECT:

Approval of a contract with UnitedHealthcare for healthcare administrative services for the City's self-funded medical, prescription, and vision employee benefit plans; and a contract with Cigna Dental Health of Texas, Inc. for the City's fully-insured dental employee benefit plan.

BACKGROUND / RATIONALE:

The City of New Braunfels is currently self-funded for health insurance, and utilizes a health plan administrator to process, review, any pay claims out of the City's Self-Insurance Fund. Additionally, the City utilizes the carrier's health provider network, including associated discounts.

As the contract with the current carrier will conclude in September, City staff, with the assistance of the City's Employee Benefits Advisor, Holmes Murphy & Associates, released a solicitation in February 2018 seeking proposals from qualified vendors to provide Healthcare Administrative Services for the City's self-funded medical, pharmacy, and vision employee benefits plans; and the City's fully-insured dental employee benefit plan.

A Request for Proposal (RFP) was issued on February 20, 2018, to obtain proposals from vendors capable of providing healthcare administrative services. The City received a total of 16 proposals, for varying types of healthcare benefits, which were opened on April 9, 2018.

The proposals were evaluated based upon criteria such as Administrative Flexibility and Reporting; Similar Contract Related Experience and References; Network Capabilities, Design and Claims Administration; Performance Standards/Guarantees; Cost/Pricing, and other considerations. The top-ranked respondents provided presentations to City Management, Human Resources and Finance Department staff, five employees who serve on the City's benefits and wellness committee and a representative from Holmes Murphy on May 30, 2018.

After extensive discussion and consideration, UnitedHealthcare is the top-ranked provider for the medical and prescription plan administration. Cigna Dental Health of Texas, Inc. is the top-ranked provider for the dental employee benefit plan for the best overall value and services. Due to the solicitation process and subsequent negotiation, the City is anticipated to generate cost savings with the move to UnitedHealthcare not only from administration charges, but through greater network savings and cost control strategies..

Cost: UnitedHealthcare's administration charge will be on a per employee per month rate of approximately \$26.25 per employee per month. Therefore, the annual spend will be dynamic each month based on the total number of employees enrolled in the plan. However, we anticipate the

annual cost to range between \$166,000-\$185,000.

There will be no administrative costs associated with Cigna Dental as this is a voluntary, fully insured product supported by employees.

The base term of the contracts will begin October 1, 2018 through September 30, 2019. Additionally, there are four, one-year options to renew for a combined total of five years.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

<input checked="" type="checkbox"/>	Yes	Strategic Priorities:	9. Maintain fiscal stability of City operations
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FISCAL IMPACT:

As described above, the cost is a fixed fee for claims administration. Funding for administrative costs will be incorporated into the FY 2018-19 Proposed Budget. Actual health claims costs vary, based on utilization of the plan benefits and as stated above, will be paid through the Self Insurance Fund. Again, there will be no administrative costs associated with Cigna Dental as this is a voluntary, fully insured product supported by employees.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of a contract with UnitedHealthcare for healthcare administrative services for the City's self-funded medical, prescription, and vision employee benefit plans; and a contract with Cigna Dental Health of Texas, Inc. for the City's fully-insured dental employee benefit plan.