

CITY OF MINNEAPOLIS

# Medical Plan Recommendations

Committee of the Whole

July 30, 2014



# Background

- Medical and pharmacy benefits request for proposal released on May 28, 2014
- RFP requirements included the ability to provide:
  - Engaging, personalized health and wellness resources
  - Transparency solutions to assist plan members make informed health care decisions by delivering information on provider cost and quality
  - Narrow networks that effectively manage member health care and produce cost savings
  - Both fully-insured and self-insured funding options
- Proposals received from Medica, BCBS of MN, HealthPartners and PreferredOne

## Background (cont.)

- Self-insured proposals reflected potential savings over Medica's initial 2015 renewal quote in line with previous City estimates
- Medica and HealthPartners also proposed fully-insured rates with guaranteed savings comparable with expected savings under self-funding

# Evaluation Team

- Sandy Christensen – Finance & Property Services
- John Ewaldt – ACFSME Council 5, Local 9
- Pam French – Minneapolis Park & Recreation Board
- Amy Friedman – Human Resources
- Duane Johnson – Minneapolis Professional Employees Assoc.
- Tony Kelly – City Employees #363
- Katie McGuire – Human Resources
- Jim Michels – IAFF Local 83, Fire Chiefs, Mpls Police Federation
- Laura Spartz – Foremen and Supervisors Unions
- Joyce Traver – Human Resources
- Ellen Velasco-Thompson – Finance & Property Services

# Recommendation

- Authorize the proper City officials to enter into a full-insured contract with Medica effective January 1, 2015
- Three-year contract with option to extend for two additional years
- Contract with Medica will result in a 3% premium decrease for 2015 with rates caps of 5% for both 2016 and 2017

# Other Deciding Factors

- Medica's financial proposal provides more stable rates over a three-year period
- A superior wellness program as a result of Medica's new partnership with RedBrick
- Medica's agreement to work with the City to refine the new wellness program and to create a robust transparency solution
- Mitigate disruption associated with new provider networks, drug formularies and health management programs

# Next Steps

- Refer to Ways & Means/Budget and City Council
- Negotiate contract terms including performance guarantees
- Refine wellness programs and associated rewards and to develop a robust transparency solution

# On Going Plan Oversight

- Continue the focus on the long-term stability of the City's medical plan with periodic updates to elected officials
- Continue to build on past work to prepare the City for self-insurance in the near future