



Request for City Council Committee Action from the Department of Human Resources

Date: July 13, 2010

To: Ways and Means / Budget Committee

Referral to: City Council

Subject: Medical Insurance Request for Proposal

Recommendation:

Authorize the proper City officials to: a) enter into final contract negotiations with the medical insurance carriers selected as a result of the Medical Insurance Request for Proposal issued on May 18, 2010 and b) enter into a three (3) year contract with the selected insurance carrier with an option to extend the contract for up to two (2) additional one-year periods.

Previous Directives:

On May 14, 2010, the City Council authorized City officials to issue a request for proposal for City of Minneapolis medical insurance for coverage effective January 1, 2011. Human Resources is to present results of the proposal evaluations to the Ways and Means/ Budget Committee before entering into final contract negotiations with selected vendors.

Department Information

Prepared by: Joyce Traver, Benefits Manager

Approved by: _____
Pamela French, Director HR Steven Bosacker, City Coordinator

Presenters in Committee: Joyce Traver

Financial Impact

- Action is within the Business Plan

Supporting Information

Working with outside consultants and members of the Benefits subcommittee of the Citywide Labor Management Committee (the BLMC), Human Resources staff developed and released a Request for Proposals for Medical Insurance on May 18, 2010. The City sent invitations to participate to five insurance carriers – Blue Cross and Blue Shield of Minnesota, Innovo Benefits (third party administrators for the Minnesota Public Employees Insurance Plan), Health Partners, Medica and Preferred One. On June 11, 2010, proposals were received from all but Preferred One.

Members of the evaluation committee thoroughly analyzed the various proposals. Based on financial proposals as well as health management capabilities, member services and

administration capabilities, strength of provider network, client services, along with other intangibles, the committee intends to follow up with two of the proposers – HealthPartners and Medica. This follow up includes requests for revised financials and for additional information on their wellness programs, services that allow members to make more informed health care purchasing decisions, innovative provider reimbursement and long-term strategies for containing health care costs. The follow up will also include requests for responses to any proposed plan modifications recommended by the BLMC.

After the additional information is received, Human Resources and union members will enter into final negotiations with the finalists and, with assistance from our outside consultant, select an insurance carrier for medical benefits starting in January 1, 2011. A final contract will be developed with assistance from the City Attorney's Office for final execution by the proper City officials.