



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

Date August 23, 2006  
To Ways & Means / Budget Committee  
Referral to City Council  
**Subject Medical Insurance RFP Selected Vendor**

### Recommendation

Authorize the proper City officials to enter into a three-year contract with Medica as the selected provider for medical insurance for 2007, 2008 and 2009.

### Previous Directives

On June 30, 2006, the City Council authorized the proper City officials to (1) release a Request for Proposal for City of Minneapolis Medical Insurance coverage and (2) enter into contract negotiations with the selected vendor.

Prepared and Submitted by: Ilena Lonetti, Director Enterprise Services, Human Resources,  
(612) 673-2591

Approved by: Pam French, Director Human Resources \_\_\_\_\_  
Steven Bosacker, City Coordinator \_\_\_\_\_

**Permanent Review Committee (PRC)** Approval \_\_\_\_\_ Not Applicable  \_\_\_\_\_

**Policy Review Group (PRG)** Approval \_\_\_\_\_ Date of Approval \_\_\_\_\_ Not Applicable  \_\_\_\_\_

**Note:** The Policy Review Group is a committee co-chaired by the City Clerk and the City Coordinator that must review all requests related to establishing or changing enterprise policies.

Presenters in Committee: Ilena Lonetti, Director Enterprise Services  
Benefits Labor Management Committee representatives

### Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the \_\_\_\_\_ Capital Budget or \_\_\_\_\_ Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: \_\_\_\_\_ Action is within the plan. \_\_\_\_\_ Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

## Community Impact

City Goals: **A Safe Place to Call Home.** In five years all Minneapolis residents will have a better quality of life and access to housing and services; *residents will live in a healthy environment and benefit from healthy lifestyles*; the city's infrastructure will be well-maintained and people will feel safe in the city.

Other: Ultimately, tax payers will benefit from comprehensive wellness programs that improves employees' health and productivity and helps contain or lower medical costs over the long term.

## Background

The Request for Proposal for City of Minneapolis Medical Insurance was released on July 7, 2006. Responses were received and evaluated by Buck Consultants and the Benefits Subcommittee of the Citywide Labor Management Committee. The evaluation process led to the selection of Medica, as the firm that could best assist the City in achieving its healthcare objectives:

- To provide quality health insurance to employees and eligible members of the City and its affiliated boards and agencies.
- To balance the increasing costs of health care with the desire to keep insurance affordable for all members.
- To ensure that members of the City's health plans are not burdened with extensive out-of-pocket costs.
- To improve employee health and productivity through a program that combines health plan options, disease management programs, and health and wellness programs.

As a result of the RFP process, medical plan premiums will increase approximately 12% in 2007. This compares with the 18% premium increases the City experienced in 2005 and 2006. We were able to achieve these rates through the competitive proposal process without changing basic medical plan provisions. There is one plan design change currently under consideration that, if implemented, could result in a premium increase of 10% (versus the 12% quoted above).

Medica is committed to improving the health of its members. To demonstrate this commitment, Medica will provide the following to the City's medical plans:

- Health risk assessments for all plan members ages 18 and older as well as incentives for members to complete these assessments and to follow up on programs to address their health risks.
- A robust health and wellness portal.
- Assistance in designing, communicating, implementing and monitoring other wellness initiatives to address health risks specific to City employees.

The City will not be able to sustain double-digit increases in medical plan costs. We believe that investing in programs to improve employees' health will contain future medical cost increases.