



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

Date: July 23, 2007

To: Ways and Means / Budget

Referral to: City Council

Subject: Contract with Administration Resources Corporation

Recommendation:

Authorize the proper City officials to extend the contract with Administration Resources Corporation (ARC) to provide administrative services under the City of Minneapolis Health Reimbursement Arrangement Plan and the City of Minneapolis Minneflex Plan through December 31, 2008 and to amend such contract to incorporate certain clarifying and legally required changes and to reflect an increase in administration fees from \$3.65 per participant per month to \$3.75 per participant per month effective August 1, 2007.

Previous Directives:

On December 15, 2003, the City Council authorized the proper City officials to enter into a contract with ARC for the period of January 1, 2004 through December 31, 2006.

Prepared by: Joyce Traver, Benefits Manger

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

Presenters in Committee: Joyce Traver

Financial Impact

- Action is within the Business Plan; an administrative fee increase effective January 1, 2007 was factored into the budget for 2007 and 2008.
- Request provided to the Finance Department when provided to the Committee Coordinator

Supporting Information

The current administrative fee of \$3.65 per participant per month (which includes all postage charges) has been in effect since January 1, 2004. ARC's renewal proposal of a 2.7% increase to \$3.75 per participant per month is acceptable considering:

- Since January 1, 2004, first class postage has increased from \$.37 to \$.41 per ounce, and
- Starting in 2007, ARC added two annual mailings to plan members.