



Legislation Text

File #: Res. 2024-123R, **Version:** 1

AGENDA CAPTION:

Consider approval of Resolution 2024-123R, approving an extension to the contract with United Healthcare Services, Inc., for medical, pharmacy, and dental insurance administration to extend the contract for two years through December 31, 2026, at an estimated cost of \$432,910.19; authorizing the City Manager, or her designee, to execute documents necessary to implement the extension; and providing an effective date.

Meeting date: July 2, 2024

Department: Human Resources Department - Linda Spacek, Director

Amount & Source of Funding

Funds Required: \$346,328.15 City Cost; (shared cost City cost approx. 80% and employee contribution approx. 20%)

Account Number: 30030260 - 51040

Funds Available: Yes

Account Name: City Health Insurance Administration Fees (All Departments)

Fiscal Note:

Prior Council Action: June 21, 2016 - City Council approved the initial contract #216-172 for Medical, Pharmacy, and Dental Insurance Administration via Res 2016-77R.

City Council Strategic Initiative: [Please select from the dropdown menu below]

Core Services

Choose an item.

Choose an item.

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

- Economic Development - Choose an item.
- Environment & Resource Protection - Choose an item.
- Land Use - Choose an item.
- Neighborhoods & Housing - Choose an item.
- Parks, Public Spaces & Facilities - Choose an item.
- Transportation - Choose an item.
- Core Services

Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

Background Information:

United Healthcare Services, Inc.(UHC), was selected as the City’s provider of medical, pharmacy, and dental insurance administration in June 2016 following a Request for Proposal (RFP) process to provide benefit administration services for our partially self-funded plan. Services including administration for Medical, Pharmacy, Dental Plan and Enrollment Administration, COBRA and Flexible Spending Account (FSA) Administration.

UHC has provided a contract extension offer of two years at no fixed rate increase through December 31, 2026. Our benefit consultant has recommended that we extend the contract based on their survey of the market, based on UHC’s performance and to take advantage of the no fee increase to the City. The renewal fees apply to each employee, so as the number of employees increases, the total cost increases. Payments are based on enrollment for each monthly billing period. We have an additional contract with UHC for large claim or “stop loss” insurance for the medical and pharmacy plans.

The estimated total cost of the extension based on the zero fixed fee rates and projected plan enrollment is \$432,910.19.

Staff recommends extending a contract awarded to United HealthCare Services, Inc. June 21, 2016 for coverage effective January 1, 2017 through December 31, 2024 be extended through December 31, 2026. A request for proposal will be conducted for the term beginning January 1, 2027.

RECOMMENDATION :

- UHC has been an effective business partner navigating complex and challenging healthcare delivery system to meet the evolving needs of employees. UHC supported our needs during COVID providing expansion of benefits and finding new ways to support service delivery during the pandemic.
- We are expanding wellness programming and screenings. Our benefits consultant has advised that the fees and network discounts are very competitive.
- UHC has extensive experience working with other public entities across the state of Texas, including several in Central Texas.
- The contract includes guaranteed administration fees for the next 2 years as well as continuation of negotiated performance guarantees that align with the City’s goals for quality customer service and discount rebates.
- The network is one of the broadest networks with the deepest discounts, which is critical to assist in keeping the City’s medical costs manageable.
- UHC has industry-leading customer support tools and price transparency services that will assist our employees in proactively determining the most cost-effective services for

themselves and for the City's plan.

- UHC has claims processing technology and clinical programs available that tightly manage the City's claims and ensure they are being processed appropriately within the City's plan.
- UHC provides best in class programs that evaluate and recognize doctors that are practicing quality and cost-efficient care. These programs are communicated to members on the plan and have strategically supported medical cost management.
- UHC has a well-qualified and tenured account management team with a strategic focus on prevention, early identification, wellness, and regulatory reporting to maintain compliance with the Affordable Care Act (ACA) and other federal requirements.
- This extension increases the not to exceed amount from 2.8 million to 3.2 million over a total term of 10 years. The not-to-exceed amount represents the maximum funding amount for the full ten-year term of the agreement, subject to annual evaluation and appropriation of funding.

A request for proposal will be conducted and new contract submitted for the term beginning January 1, 2027.

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

Staff recommends extension of Contract #216-172 for Medical, Pharmacy, and Dental Insurance Administration through December 31, 2026.