



## Legislation Text

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**File #:** 06-0983, **Version:** 1

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Recommendation to authorize City Manager to execute the renewal of contracts with PacifiCare for the Health Maintenance Organization (HMO) group health plan; Delta Dental for the fee-for-service dental plan; PacifiCare Dental for the closed-panel dental plan; Standard Insurance Company for Long and Short Term Disability; and Union Mutual Life Insurance Company (UNUM) through Larry Lambert & Associates Insurance Services for the long-term care benefits;

Authorize City Manager to execute an amendment to extend the existing contract on a month-to-month basis with Great-West Life, the City's Third Party Administrator for the Preferred Provider Organization (PPO) and the Point of Service (POS) group health plans and to continue the City's self-funded, in-hospital indemnity program administered by Great-West Life; and

Authorize City Manager to execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws on all plans. (Citywide)

The City retained the services of Driver Alliant, a health insurance consultant, to conduct an optimization review of our healthcare and employee benefits programs . It is anticipated that savings can be achieved through renegotiation of existing agreements or agreements with new providers without compromising the level of benefits currently enjoyed by City employees. City staff and members of the Health Insurance Advisory Committee are working with the consultant on this study . Final results will be forthcoming during the next few months.

Health and dental insurance contracts for 2005-2006 benefit year expire November 30, 2006, for active employees ; and January 31, 2007, for retired employees . Since the healthcare study has not been completed, it is requested that the contract with Great West Life Healthcare be extended on a month-to-month basis effective December 1, 2006 . This contract extension includes no plan design or benefit changes. Annual open enrollment and the opportunity to make changes among the existing plans will be afforded to all active employees and retirees, as is our usual practice . Should the City select a Third-Party Administrator other than Great West Healthcare, staff will bring the new contract back to the City Council for review and adoption . The Health Insurance Advisory Committee supports this recommendation .

This letter was reviewed by Deputy City Attorney Christina Checél and Budget Management Officer David Wodynski on September 8, 2006 .

Open enrollment for the health, dental and life plans is conducted in October 2006. Therefore, City Council action is requested on September 19, 2006, so the Department of Human Resources will have adequate time to prepare information for distribution to employees in late September.

The net cost of these programs is estimated to be \$41 .3 million annually for all covered employees and retirees . Based upon current contract rates, proposals and continuing favorable claims experience and reserves on hand, our Consulting Actuary has determined that there is little or no

change in fiscal impact to the City . These charges have been included in the Proposed Fiscal Year 2007 Budget in the Employee Benefits Fund (IS 391) in the Department of Financial Management Citywide (XC).

Approve recommendation.

Kevin Boylan

APPROVED

Director, Department OF Human Resources

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GERALD R. MILLER  
CITY MANAGER