

MEMORANDUM

To: Mayor and City Council

From: Molly King – Benefits Director

Date: 2/3/2026

Subject: UnitedHealthcare Contract Status and Audit Oversight

Summary

This memo provides an overview of the City's healthcare contract with UnitedHealthcare (UHC), including contract renewal safeguards, ongoing performance review, and audit oversight practices. Under this arrangement, UHC serves as the administrator of the City's Health Insurance Plan, and the City of Milwaukee retains financial responsibility for healthcare claims as a self-insured employer.

Contract Oversight

The City's agreement with UHC is structured as an evergreen contract, meaning it automatically renews for the same term unless action is taken in advance. To prevent unintended renewals, staff actively monitors the contract well ahead of expiration and ensures that the City Council is informed of recommended next steps.

Historically, the City conducts a comprehensive review and evaluation of its healthcare contract every five years. In alignment with this practice, staff requested authorization in 2022 to initiate a Request for Proposals (RFP 220411). Following completion of due diligence and evaluation, a subsequent request was made to execute the contract (220138).

The City conducts an annual health plan performance review with UHC, the City's consultant, Gallagher, and the City's wellness partner, WFH. These reviews evaluate prior-year performance and identify opportunities for improvement. The 2024 review indicated that while overall healthcare spending increased by 3%, the City's per member per month (PMPM) cost remains approximately 8% below the industry average.

The current healthcare contract is effective through January 1, 2028. This aligns with a five-year review cycle. Prior to this date, the Benefits Director will return to Council with a recommendation to initiate an RFP/RFI to do a market check. This process will be conducted with ample lead time to ensure continuity of coverage and avoid any disruption to employee benefits.

Audit and Compliance Oversight

The City maintains ongoing audit oversight to ensure compliance with contract terms and accuracy in claims administration. An annual audit of pharmacy benefit manager (PBM) services is conducted by the City's consultant, Gallagher. In addition, the most recent medical claims audit was completed in 2021 and included claims for the period from January 1, 2020, through August 31, 2021.

These audit processes provide assurance that plan administration, claims payments, and vendor performance are consistent with contractual requirements and industry standards.

Please do not hesitate to reach out with any further questions, concerns, or inquiries.

Respectfully,

Molly King - Benefits Director