



Department of Employee Relations

January 22, 2002

The Honorable Common Council
City Hall, Room 205
200 East Wells Street
Milwaukee, WI 53202

John O. Norquist
Mayor

Jeffrey Hansen
Director

Florence Dukes
Deputy Director

Frank Forbes
Labor Negotiator

Michael Brady
Employee Benefits Manager

RE: Run Out Services for Blue Cross Blue Shield PPO Network

Dear Ladies and Gentlemen:

Please introduce a file at the January 22, 2002 Common Council meeting to authorize Employee Benefits to extend a contract with Blue Cross Blue Shield for Preferred Provider Network Services. Effective January 1, 2002, the City has a PPO contract with WPS to obtain discounts from providers and hospitals on bills incurred in 2002. This resolution would allow Blue Cross Blue Shield to continue to discount and process bills from 2001 dates of service only during the first six months of 2002.

The City will pay for two months of services and receive six months of service. The cost should not exceed \$25,000. The projected savings for the run-out services are in the area of \$350,000, based on \$300,000 during months 1-3 after the contract termination and \$50,000 during months 4-6 following termination. Savings of 75% of the 2001 savings during the first three months and 15% during the next three months following termination are anticipated.

This file would authorize the Department of Employee Relations to extend the current contract with Blue Cross Blue Shield. Please call me at 286-2317 if you have any questions or comments.

Sincerely,

Michael Brady
Employee Benefits

City Attorney Grant Langley
Ellen Tangen
Dennis Yaccarino, Budget Office
Barry Zalben, Legislative Reference Bureau
Marianne Walsh, Fiscal Staff
Jeffrey Hansen
Florence Dukes
Frank Forbes