



Department of Employee Relations

July 18, 2019

Alderwoman Milele Coggs, Chairwoman  
City of Milwaukee Common Council Finance and Personnel Committee  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

**Tom Barrett**  
Mayor

**Maria Monteagudo**  
Director

**Renee Joos**  
Employee Benefits Director

**Nicole Fleck**  
Labor Negotiator

**File No: 190021 Resolution to Execute a Contract for Healthcare and Pharmacy Benefits**

Dear Alderwoman Coggs and Finance Committee Members:

The Department of Employee Relations (DER) on behalf of the City of Milwaukee has collaborated with other local public entities since 2013 to initiate, evaluate and complete proposal requests for health plan administrator and pharmacy benefit manager (PBM) services. The City's current contract with UnitedHealthcare (UHC) and OptumRx for health plan and PBM administration expires December 31, 2019. The DER along with its benefit consultant, Willis Towers Watson, reached out to Milwaukee County, Milwaukee County Transit System (MCTS) and Milwaukee Public Schools (MPS) to continue the collaborative efforts for the next contract cycle. A review committee was formed including all of the aforementioned entities except for MPS, who was not able to participate due to contract renewal timing issues.

The review committee and Willis Towers Watson agreed to conduct a joint request for information process for health plan administrator services to decide if a full request for proposal (RFP) process was needed. Health plan network discounts and member utilization are the main determinants of healthcare expenditures. Based on the request for information results, if UHC still provided the deepest discounts and the broadest network coverage, the review committee determined there would be no need to consider a change to a different health plan administrator. After evaluating the information provided, the review committee and Willis Towers Watson agreed that UHC still provides the best network access and discounts. In addition, UHC agreed to a minimal increase in administrative fees of 2% the first year with no additional increase for 2021 and 2022.

A joint RFP was issued for PBM services with the same review committee and Willis Towers Watson. At the conclusion of the evaluation process and final negotiations, the committee determined that OptumRx offered the best financial terms and savings, flat administrative fees over the three year term as well as the ability to integrate with UHC. OptumRx also agreed to an annual market check provision with termination for convenience to ensure their pricing structure remains competitive each year. Additional information on both the health plan administrator and PBM assessment are included in a separate report as part of this file.



Willis Towers Watson and the DER believe the proposed benefit package and financial terms from UHC and OptumRx are very competitive. In addition, UHC and OptumRx committed to build upon existing integration efforts for the medical plan and prescription drug benefits under the new contract terms to better address cost management and health outcomes. Both UHC and OptumRx are valuable partners with the City in helping to provide high quality healthcare for members at the best possible value. The DER recommends the Finance and Personnel Committee approve the file to execute a three year contract with UHC and OptumRx beginning January 1, 2020.

I am happy to answer any questions or comments regarding this file.

Sincerely,  
Renee Joos  
Employee Benefits

