

LRB – FISCAL SECTION ANALYSIS

MARCH 14, 2001 AGENDA

ITEM 4, FILE 001571

FINANCE & PERSONNEL COMMITTEE

Hattie E. Billingsley

This resolution authorizes and directs the Department of Employee Relations to hire outside consultants to assist in the preparation of request for proposals for employee benefit contracts.

Background

1. The City of Milwaukee offers various benefits to its active and retired employees including a choice of health insurance plans, dental plans and long-term disability insurance. These benefits are offered through outside providers who are contracted by the City to provide such services.

Discussion

1. The contracts with providers are generally for three-year terms. Eleven (11) contracts will expire on December 31, 2001. This file authorizes DER to extend the 7 contracts with the Health Maintenance Organizations (HMOs), the pre-paid and fee-for-service dental providers, and the long-term disability vendor with whom the City is currently under contract. DER, in consultation with the City Attorney's staff, concluded no new proposed vendors or rate adjustments for 2002 would result from an RFP being issued for these services. Consequently, they are requesting the contracts with the City's current providers for these services be extended. Annual rate adjustments from these providers will continue to be subject to Council approval.
2. This file also authorizes DER to do a Request for Proposal for the four contracts related to the Basic Health Plan. These contracts include the following Basic Health Plan related contracts:
 - Third Party Administration
 - Preferred Provider Organization
 - Utilization Review
 - Discount Drug Card Program
3. DER uses an outside consultant to assist in the preparation, review and evaluation of the request for proposal for these services. Funds have been allocated in the 2001 Special Purpose Claims Cost Containment Account for this purpose. This resolution authorizes up to \$30,000 for consulting services for this purpose.
3. DER has two consultants whom they are considering to assist in the preparation of the RFPs. They are the firms of Willis-Corroon and GBG, Inc. Willis-Corroon has been used by DER to assist in selecting previous insurance providers.

Fiscal Impact

1. This file authorizes an amount of up to \$30,000 to be used from the special purpose account Claims Cost Containment Account to fund the outside consultant.
2. The Claims Cost Containment Account is budgeted at \$300,000 for 2001.

Other Information

1. The anticipated completion date for the RFP process is mid-June 2001.

Cc: Marianne Walsh
Laura Engan
W. Martin Morics
Jeff Hansen
Florence Dukes
Michael Brady

Prepared by Hattie E. Billingsley
LRB-Fiscal Review
March 12, 2001