

LRB-RESEARCH AND ANALYSIS SECTION

FINANCE AND PERSONNEL COMMITTEE

ITEM 8, FILE # 051469

APRIL 6, 2006

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File # 051469 is a substitute resolution authorizing the Department of Employee Relations (DER) to hire consultants to assist in preparing requests for proposals for employee benefit contracts.

Background

1. The 2006 Employee Health Care Benefits Special Purpose Account, Claims Cost Containment Sub-Account, includes funds for consultant services to analyze health care costs and recommend potential cost reduction plans for new health and benefit contracts.
2. The Claims Cost Containment Sub-Account expends monies for the review of submitted medical claims and ensuing pricing and payment for provided medical services and is used in instances where consultant services are required to examine health care costs to the city.

Discussion

1. At the end of 2006, the following employee health benefit services contracts will expire:
 - Contracts with the two Health Maintenance Organizations
 - Contract with the Flexible Choices Plan administrator
 - Contract with Fee-For-Service Dental Plan
 - Contract with three Pre-Paid Dental Plans
2. This resolution is an authorization for consultant services assisting the process of benefit contract formulation that occurs prior to the expiration of the current benefit contracts.
3. This resolution will authorize DER to pay consultants to assist in preparing requests for proposals (RFPs) for the expiring benefit contract services.
4. The consultants will prepare, evaluate and review the RFPs prior to their extension to the service providers.
5. The Department of Employee Relations has contracted with the Willis Corporation for these services in the past and anticipates contracting with them again.

6. The terms of this contract for 2006 specify additional services for 2006 that extend beyond the customary annual request for the assistance of Willis of Wisconsin. These additional services (other than the RFP contract process) include the following:
 - Coordinate data gathering and information sharing regarding health care services and costs.
 - Prepare projected costs for all Basic Plan groups for 2007.
 - Make recommendations regarding disease management and wellness activity.
 - Make recommendations regarding improvement of prescription utilization and control of costs.
 - Make recommendations regarding utilization of Medicare Part D with over 65 Medicare retirees.
 - Assist the City in developing a comprehensive strategic direction for health care services and costs. This item will include the development of a strategic direction for the City of Milwaukee in controlling health care costs.

Fiscal Effect

1. The total amount relative to this resolution is **\$90,000** to be expended from the Employee Health Care Benefits Special Purpose Account, Claims Cost Containment Sub-Account.
2. The cost of the services contracted is not to exceed \$90,000.

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