



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

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April 19, 2011

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

**File No: 101501 a Request for Proposal for an HMO/EPO vendor to provide
Health Insurance Benefits**

Dear Alderman Murphy:

The Department of Employee Relations (DER) with Willis of Wisconsin will prepare a request for proposal (RFP) for a Health Maintenance Organization – insured HMO Plan – or an Exclusive Provider Organization – self-funded EPO with same benefits as HMO.

The City has gone out to bid on this contract on an annual basis. The current vendor for the City is UnitedHealthcare which provides an insured HMO type plan, UHC Choice, which has a contract through December 31, 2011.

The City will closely review the value of a self-funded EPO plan, compared with an insured HMO plan. The City will make sure the RFP allows the City to make smart benefit design changes that will help control costs for employees and the City. The City will ask the vendor to include a four tier plan – single adult only, single adult with dependent, two adults only and two adults with dependent – to more appropriately break out costs of health insurance. The City will ask the vendor to provide flexibility so the City can provide more than one HMO/EPO plan that allows the employee to pay the full difference for a more expensive plan.

While the City may not make final decisions on employee contributions and plan design, the result of the RFP will allow the City to select the best vendor to work with as those issues are resolved.

The City will review the responses to the RFP and report back to the Finance and Personnel committee with a recommendation regarding the best option for an HMO/EPO plan. Approval of this resolution allows the City to proceed with the RFP. There is no fiscal impact.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,

Michael Brady
Employee Benefits

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Dennis Yaccarino, Budget