

May 20, 2014

Alderman Nik Kovac, Chairman
Members of the Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 140072 Authorize three year agreement with health benefit plan administrator

Dear Alderman Kovac:

The Department of Employee Relations (DER) recommends that the City enter into a three-year contract with an option to extend for two years with UnitedHealthcare to provide health benefit plan administrator services for the City. The contract would begin on January 1, 2015 and extend through December 31, 2017, with the option of extending for one or two years.

The DER, with Willis of Wisconsin, and the Milwaukee County Health Care Consortium (MCHCC) completed a Request for Information (RFI) process to determine if there was any significant gain to doing a full request for proposal process and determine if a major competitor of UHC can offer network discounts that would generate greater savings to the group or individuals. The MCHCC includes the City, Milwaukee County, Milwaukee Public Schools, and Milwaukee County Transit System.

Responses to the RFI were received from UHC and three other plan administrators. Willis prepared a five page summary of their findings that is attached to the file. Willis believes UHC's offers is very competitive and suggests the employers in the MCHCC consider entering into an agreement with UHC. Willis found the closest competitor network would have resulted in \$32.9M in additional costs for the employers. Based on the broad network of UHC, the network discounts of UHC, the ability of UHC to offer a narrow network and the evolving strategy of UHC towards quality and patient outcomes, DER recommends that the Finance and Personnel Committee approve a three year agreement with UHC.

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 Montegudo, Deborah Ford, Mary Turk, Dennis Yaccarino, Renee Joos, Ellen Tangen