

## LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 7, FILE # 011515

FEBRUARY 27, 2002

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File # 011515 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 2002 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 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 2002, five employee health benefit services contracts will expire:
  - Health Maintenance Organizations; 3 contracts
  - Pre-paid Dental Organizations; 3 contracts
  - Fee-for-service Dental Insurance
  - Long-Term Disability Insurance
  - Flexible Choices Program
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 five 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.

**Fiscal Impact**

1. The total amount relative to this resolution is **\$30,000** 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 \$30,000.

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LRB-Fiscal Review Section  
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