



Department of Employee Relations
July 14, 1011

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

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

File No: 110176 Health Maintenance Organization (HMO) type health plan or Preferred Provider Network type health plan recommendation on Administrator

Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends that the City enter into a three-year contract with an option to extend with UnitedHealthcare to administer the City's Health Maintenance Organization type plan, or Exclusive Provider Organization (EPO) health plan. The contract would begin on January 1, 2012 and extend through December 31, 2014, with the option of extending for one or two years.

The DER did a request for proposal process and had five vendors bid to be the administrator of the City EPO plan administrator and one vendor bid to be provided an insured HMO plan. The HMO plan has been an insured plan. An EPO plan is basically a self-funded "HMO style" plan. An EPO (or HMO) plan requires members to use network providers or if using non-network providers, pay for the services themselves. The new HMO or EPO benefit designs are described in File #110300.

The contract with UnitedHealthcare and the switch to a self-funded EPO type health plan instead of a HMO type health plan will result in lower costs to the City. UnitedHealthcare was the only vendor that offered a bid on an insured HMO type health plan. UnitedHealthcare offered a bid as administrator of the self-funded EPO type health plan. The other vendors were Anthem, Humana, Wisconsin Public Service and the WEA. There was a five person team that reviewed the proposals under the direction of staff from Willis of Wisconsin, the City's benefit consultant. The team included Troy Hamblin, Labor Relations; Renee Joos, Budget; Jim Michalski, Comptroller's; Matt Hanchek, Milwaukee County Benefits; and Michael Brady, Employee Benefits. The attached thirteen page document from Willis indicates the reason the team recommends 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 Monteagudo, DER; Troy Hamblin, DER; Renee Joos, Budget