

## LRB-RESEARCH AND ANALYSIS SECTION

**FINANCE & PERSONNEL COMMITTEE**

**ITEM 4, FILE # 061554**

**APRIL 5, 2007**

**LESLIE SILLETTI**

This resolution authorizes DER to enter into an agreement with Willis of Wisconsin for a 3-year period from 2007 – 2009 for the purpose of health care consulting. Adoption of this file authorizes expenditure of \$105,000 in 2007. Per year expenditures will not exceed \$105,000, for a 3-year total of \$315,000.

### **Background**

1. The 2007 Employee Health Care Benefits Special Purpose Account, Administrative Expenses Sub-account, includes funds for consultant services to analyze health care costs and recommend potential cost reduction strategies.
2. The Department of Employee Relations did a request for proposals for health care consulting services for 2007 – 2009 to provide comprehensive long term cost containment strategies, assist with stabilizing City and employee premiums and minimize future health care cost increases.
3. A 5-person review committee composed of representatives from the Budget Office, the Comptroller's Office and DER reviewed the proposals and recommended awarding the contract to Willis of Wisconsin.
4. Adoption of this file authorizes a 3-year agreement, 2007 – 2009, with Willis of Wisconsin, with per year expenditures not to exceed \$105,000.

### **Discussion**

Willis of Wisconsin has worked with the City of Milwaukee for nearly 10 years, primarily as consultants in the development of request for proposals for employee benefit proposals. This agreement will authorize a more extensive relationship with Willis of Wisconsin, whereby they will perform a full range of services related to design, implementation, maintenance, communication and ongoing improvement of the City's health insurance programs.

An advantage of continuing to work with Willis of Wisconsin is that they have been maintaining the City's health care utilization and experience data for the past 2 years, and will continue in this capacity. Their system allows for specific health care data to be queried (e.g., office visits, drug usage and annual physicals), as well as for the compiling of aggregate data for summaries and trend analysis. The DER has expressed that an essential component of managing the City's health care system is to be able to compile and analyze data in a way that enables them to develop an accurate picture of how health care benefits are utilized. This provides for a better targeting of where money is being spent, and the opportunity to make changes accordingly. For example, through assessment of utilization patterns, the City has learned that the number of office visits and emergency room visits is high and preventative usage, including annual physicals and baby wellness visits, is low, and thus can target reductions in utilization and increase preventative strategies. This agreement with Willis of Wisconsin will further provide for this service, while enabling Willis to play a more active role in other activities related to the City's health care system.

Among its tasks, Willis of Wisconsin will participate in health care maintenance, planning and implementation and help to assess long-term risk reduction strategies such as disease management, health risk analysis and wellness programs. Monitoring results, informing City staff on emerging trends, advising on legislative requirements and communicating with employees are among services Willis will provide after implementation of any new plans or strategies.

### **Summary of Fiscal Impact**

1. The total amount relative to this resolution in 2007 is \$105,000, to be expended from the Employee Health Care Benefits Special Purpose Account, Administrative Expenses Sub-account. The Administrative

Expenses sub-account was funded at \$2.2 million in the 2007 Budget, with the total Health Care Benefits SPA funded at \$106,730,000.

2. The cost will not exceed \$105,000 per year in 2007, 2008 and 2009, for a total of \$315,000 over the 3-year life of the contract.

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