

LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 4, FILE # 031424

FEBRUARY 26, 2004

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File # 031424 is a resolution authorizing the Department of Employee Relations (DER) to hire consultants to assist in preparing requests for proposals for employee benefit contracts for 2005 services.

Background

1. The 2004 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 for approval by the Common Council.
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 2004 three employee health benefit services contracts will expire:
 - Health Maintenance Organizations; 2 contracts with CompCareBlue
 - Basic Plan third-party administrative services, Preferred Provider Organization network and utilization review/case management services with WPS
 - Pre-paid dental service plans; DentalBlue, First Commonwealth and Care Plus
2. This resolution is an authorization for consultant services for 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) or for contract extensions with the current vendors for the expiring benefit contract services.
4. The consultants will prepare, evaluate and review the RFPs or proposals for contract extensions prior to their offer 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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