Reply to Common Council File No. 030406
From DOA-Budget and Management Division

July 1, 2003

Ref: 03013(45)

Common Council file 030406 contains a resolution authorizing the execution of contracts for health, dental and fringe benefits with service benefits. More specifically, the contracts are the Health Maintenance Organizations (HMO), fee for service dental and flexible benefits.

It is recommended that the city retain its current providers in each category. The city will continue with two HMOs (CompcareBlue Aurora Family Network and CompcareBlue Traditional), one fee for service dental provider (Delta Dental) and one flexible benefit provider (The Flex Company).

Flexible benefits and the fee for service dental have a very small impact on city costs. The flexible benefit three-year contract calls for a small administrative fee increase in the first year. The impact to the city is a slight reduction in cost of about $10,000 annually. The fee for service dental has a fixed contribution by the city, therefore, there is no additional financial impact to the city from this contract.

The HMO contract came in nearly $3.5 million less than anticipated in the 2004 budget request. The requested amount for the city contribution of $54.5 million will be reduced to $51.0 million. The increase in the rates is 9.55%.

RECOMMENDATION: ADOPTED COMMON COUNCIL RESOLUTION 030406 AUTHORIZING THE EXECUTION OF CONTRACTS FOR HEALTH, DENTAL AND FRINGE BENEFITS WITH SERVICE BENEFITS.

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