

OFFICE OF THE CITY MANAGER  
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-241  
JUNE 3, 1996 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
HMO CONTRACTS (ADDITIONAL INFORMATION)	◆ RESOLUTION ORDINANCE RECEIVE/FILE	MARTIN FREDERICKSON FINANCE DEPARTMENT

**SYNOPSIS —**

On May 28, 1996, the City Council deferred action on the recommended alternative health care contracts for union employees until further information was provided by staff. The Council requested information regarding the benefit coverage being offered and lists of physicians by plan. The health plans being recommended are the same as the plans currently in effect. The level of benefits offered is dictated by the labor agreements which address HMO plans.

It should also be noted that the current HMO contracts expire as of June 30, 1996. To meet a July 1 effective date for new contracts, a two week open enrollment will be required to allow employees time to decide on the plan they desire. A minimum of one additional week will be needed to process the changes and notify the plans of any additions and deletions.

**FISCAL IMPACT —**

Health care premiums are budgeted in the 1996-97 Operating budget. Actual fiscal impact will depend upon the number of employees who choose the various plan options. *However, the estimated annual cost for this contract period is expected to increase only \$527.*

This small increase is due to Principal Health Care not changing their premium rates from the current year, and SecureCare raising their rates only 1/2 of one percent. Because 695 of the 728 employees currently enrolled in these plan options are in a Principal Health Care plan, the cost increase only applies to 33 employees.

**RECOMMENDATION —**

Authorize the Mayor to execute contracts with Principal Health Care of Iowa, Inc. and SecureCare of Iowa, Inc. to provide health care benefits to employees covered by the Police, Municipal Employees Association (MEA), Des Moines Association of Professional Firefighters, Central Iowa Public Employees Council (CIPEC) collective bargaining agreements, employees of the Des Moines City Library, and employees of Veteran's Memorial Auditorium.

**BACKGROUND —**

In response to the Council's request, staff is submitting summaries of the benefit plans and the participating physicians lists for the plans submitted to Council for approval on May 28, 1996.

The benefit levels included in plans offered by the City are governed by the City's current labor agreements which expire on June 30, 1997. The benefits offered in the plans recommended to Council on May 28 comply with the requirements of the labor agreements. Changes to HMO plan benefit levels can be renegotiated prior to June 30, 1997 only if the City and the Bargaining Units were to agree to open contracts for that specific purpose. As a result, each year the City solicits proposals for comparable plans in order to gain the lowest premium possible for offering the benefit levels required by the labor agreements.