

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-200

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

**AGENDA:
MAY 18, 1998**

SYNOPSIS –

**SUBJECT:
RENEWAL OF HMO
CONTRACTS FOR
EMPLOYEES
SUBJECT TO
COLLECTIVE
BARGAINING**

The annual contracts for the health maintenance organization (HMO) options offered to employees subject to collective bargaining expire on June 30, 1998. Renewal rates have been received and reviewed, and renewal agreements have been prepared. Staff recommends renewal of the three HMO's currently offered: Principal Health Care of Iowa's Primary Care Gold Plan and Open Access Plan, and SecureCare of Iowa's three-tier plan. Staff also recommends approval of the waiver of payment agreements with the Municipal Employees Association (MEA) and the Des Moines Association of Professional Firefighters that waive the contractual obligation of the employees of these bargaining units to pay \$16 of the monthly premium if the employee selects either of the least costly plans: Principal Health Care of Iowa Primary Gold Plan or the SecureCare of Iowa, Inc. Plan.

**TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE**

**SUBMITTED BY:
MARK SCHULTZ
RISK
MANAGEMENT
COORDINATOR**

FISCAL IMPACT —

The premiums proposed by Principal Health Care are 5 percent lower than in Fiscal Year (FY) 1997-98, and SecureCare premiums are 5 percent higher with Principal Health Care accounting for 94 percent of all enrollees.

About \$4,400,000 has been budgeted in FY1998-99 to cover the anticipated costs of HMO premium payments. The actual fiscal impact will be contingent upon the number of employees who choose each option offered. Based on current enrollments in the HMOs recommended, premiums offered to collective bargaining employees for HMO coverage for FY1998-99 will total approximately \$3,378,000.

RECOMMENDATION —

Authorize the Mayor to execute contracts with Principal

Health Care of Iowa, Inc. and SecureCare of Iowa, Inc. to provide health insurance benefits to employees covered by collective bargaining agreements with the Des Moines Police Bargaining Unit Association, MEA, Des Moines Association of Professional Firefighters, Central Iowa Public Employees Council (CIPEC), and employees of the Public Library of Des Moines.

BACKGROUND —

As it does each year in April, the City mailed a request to all local HMOs asking that they propose rates and plans to be offered to the City’s employees who are subject to collective bargaining agreements. Copies of the benefit plan summaries of the current HMOs offered were included in the mailing, and each HMO was asked to offer plans comparable to those currently being offered. All four HMOs responded: Principal Health Care of Iowa, Inc. (two plans: Primary Care Gold and Open Access), SecureCare of Iowa, Inc. (three-tier plan), Unity Choice Health Plan (primary care plan), and John Deere Health Care (primary care plan). Both Principal and SecureCare offered renewals of the plans currently offered while Unity Choice and John Deere Health Care submitted proposals for consideration. Upon reviewing the levels of benefits being offered, the premium associated with those benefits, and the likelihood that employees would choose to move from the City’s self-insured plan to an HMO, staff recommends that the City continue to offer Principal Health Care of Iowa’s Open Access and Primary Care plans and SecureCare of Iowa’s three tiered plan. Of the two plans not recommended to be offered, one provided a benefit package similar to the recommended plans, but at a significantly higher cost. The other provided a premium similar to the recommended plans, but with a significantly lower benefit.

Monthly Premium

Health Maintenance Organizations	Single	Family
Principal Health Care of Iowa: Primary Care Gold Plan	97.44	348.84

Principal Health Care of Iowa: Open Access Plan	123.56	442.33
SecureCare of Iowa	98.45	393.35

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