

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

98-527

SYNOPSIS -

AGENDA:

NOVEMBER 16, 1998

SUBJECT:

1999 RENEWAL OF
SUPERVISORY,
PROFESSIONAL &
MANAGEMENT
(SPM) HMO HEALTH
INSURANCE
CONTRACTS

On November 17, 1997, by Roll Call Nos. 97-3771 and 97-3772, the City Council approved HMO health insurance contracts for Supervisory, Professional and Management employees with Principal Health Care of Iowa, Inc. and Unity Choice Health Plan (Wellmark), respectively. It is proposed that the current contracts with Principal Health Care of Iowa, Inc. and Unity Choice Health Plan be renewed for an additional 12-month period effective January 1, 1999 through December 31, 1999. All benefit plans remain the same. The Open Enrollment Period for selecting plan options will be held November 23, 1998 through December 11, 1998.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

FISCAL IMPACT -

About \$4,400,000 has been budgeted for HMO health insurance premiums in the 1998-99 Operating Budget, page 23, Non-departmental Other Trust and Agency Funds. While the actual impact of the SPM renewal will depend upon the number of employees who choose the various plan options, based on current enrollments it is estimated that the total cost of the proposed renewals will be \$1,127,740. While this represents an increase of about 6.8 percent over the monthly premiums approved for 1998, the monthly premiums approved for 1998 represented a 5.7 percent decrease from those approved for 1997. The employer-paid FSA contribution to encourage enrollment in less expensive plan options will be continued.

SUBMITTED BY:

KEVIN RIPER
FINANCE
DIRECTOR

RECOMMENDATION -

Approval

BACKGROUND -

The City requested renewal options from four alternative health care

providers. Three of the four chose to respond. Based on an evaluation of their responses, it is recommended that the City renew the three plan options currently offered: the Unity Choice Health Plan (Wellmark) primary care plan, and the Principal Health Care of Iowa, Inc. primary care and open access plans. Of the four providers contacted for proposals, John Deere Health Care chose not to submit a proposal and SecureCare of Iowa, Inc. is not being recommended because their proposal was the most expensive of those received and not as competitive when compared to the self-insured plan.

The following is a comparison of the plans being recommended as options to the City's self-insured Comprehensive Plan:

	Premium 1998	FSA 1998	Premium 1999	FSA 1999
Comprehensive Plan				
Single	\$ 177.53	- 0 -	\$ 188.73	- 0 -
Family	428.48	- 0 -	454.83	- 0 -
Principal Primary Care				
Single	\$ 109.82	\$ 35	\$ 117.47	\$ 35
Family	393.12	35	420.52	35
Principal Open Access				
Single	\$ 107.73	\$ 40	\$ 115.24	\$ 40
Family	385.67	40	412.55	40
Unity Choice				
Single	\$ 126.11	\$ 60	\$ 131.89	\$ 60
Family	346.83	60	362.75	60

Determining what the FSA contribution should be for each plan option is an attempt at striking a balance between: (1) how much each plan option saves the City when compared to the Comprehensive Plan; (2) how much the premiums differ from one plan to another; and (3) how much did each plan option's premium differ from its premium of the previous year.

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