

**CITY COUNCIL
COMMUNICATION:**

03-292

AGENDA:

JUNE 23, 2003

SUBJECT:

**CONTRACT FOR HMO
COVERAGE FOR
POLICE AND FIRE
BARGAINING UNIT
EMPLOYEES**

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

THOMAS G. TURNER
HUMAN RESOURCES
DIRECTOR

ITEM 67

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

SYNOPSIS —

Approval of contract and authorization of the Mayor Pro Tem and City Clerk to execute and attest, respectively, the Coventry Health Group Master Contract (Mike Teachout – President, 4600 Westown Parkway, West Des Moines, IA 50266) for and on behalf of the City of Des Moines.

FISCAL IMPACT —

FY04 premiums are anticipated to be \$69,465 less than the amount previously budgeted. Projected premiums are \$848,650 for the current 99 employee subscribers versus a budget projection of \$918,115. Most of the savings are due to the fact that the plan will have 5 fewer participants than budgeted.

RECOMMENDATION —

Approval and authorization for contract execution.

BACKGROUND —

During the course of collective bargaining in 2000, most bargaining units agreed to a single self-insured medical plan as the sole health care option for their employees. The Fire and Police bargaining units desired to maintain an HMO option. Requests for quotes were sent to all the City's prior HMO providers (Coventry Health Care, Secure Care and Wellmark) in 2000. Only Coventry submitted a proposal and bid. The Coventry Open Access Plan was selected and offered to the Police and Fire bargaining unit employees. This year, the City requested Wellmark to submit a bid. Wellmark did not make a proposal. Of approximately 540 employees eligible to select this option, 99 have subscribed to this insurance. Last year 104 employees selected this plan. This is an annual renewal to provide coverage consistent with collective bargaining agreements.

The cost of this coverage has increased 21.4%. The total paid claims for the first nine months of FY03 was nearly 48% higher than the previous year. The projected loss ratio of the plan is expected to be more than 90% (claims divided by premiums).

