



# Council Communication

Office of the City Manager

Date

May 19, 2008

Agenda Item No. 62  
Roll Call No. 08-  
Communication No. 08-286  
Department: Tom Turner, Human  
Resources Director

## AGENDA HEADING:

Renewal of the following items with Wellmark Blue Cross and Blue Shield of Iowa for the period July 1, 2008 through June 30, 2009:

- (A) Health Plans
- (B) Administrative Services Only Agreement for dental plan.

## SYNOPSIS:

Approving exception to competitive procurement process and approving extension of contract with Wellmark Blue Cross Blue Shield, John Forsyth, CEO, 636 Grand Avenue Suite 77, Des Moines, IA 50309, for all health insurance coverage for employees and certain retirees for the period from July 1, 2008 through June 30, 2009 and authorize and direct the Mayor to execute health care binder and administrative services only (ASO) agreements for the active and retiree dental plans.

## FISCAL IMPACT:

Amount: \$23,543,000

The anticipated cost for health insurance premiums is \$21,599,000 and \$1,944,000 for dental claims and administration. The budgeted amount is \$24,019,826. The actual premium increase is 11.94% versus a budgeted increase of 14%.

Funding Source: FY 2008-09 Operating Budget, Health/Dental Insurance, Health and Dental Fund, IS301, HRS960100, pg 185.

## ADDITIONAL INFORMATION:

The City of Des Moines provides health insurance to its employees through a plan insured by Wellmark. This plan provides the same level of benefits across the employee groups with slight differences in office visit and prescription drug co-payments. Coverage is also provided as mandated by Iowa Code Section 509A for retirees under the age of 65. The attached chart shows the current and new premiums for each plan. Wellmark initially proposed a 14.06% increase in October of 2007 and then a 12.74% increase in January 2008 and through thorough negotiations with Human Resources staff, they offered a final renewal increase of 11.94%.

Dental insurance is provided to eligible employees through a self-insured plan administered by Wellmark. This year's 10% premium increase is the first in two years.

Section 2-710 (b). The City Manager recommends that Council exempt the Wellmark extension from the City's procurement ordinance per Section 2-710(b) of the City of Des Moines Procurement Ordinance. The

Human Resources department conducted an informal survey of other providers, which indicated that those health insurance rates would be greater than those quoted by Wellmark Blue Cross and Blue Shield of Iowa. Thus a RFP was not issued and negotiations with Wellmark for the lowest possible renewal rates continued.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 18, 2007

Roll Call Number: 07-1174, 07-1175

Action: (A) [Health](#) Plans for the period July 1, 2007 through June 30, 2008. Moved by Coleman to adopt. Motion Carried 6-1.

(B) [Administrative](#) Services Only Agreement for dental plan. ([Council Communication No. 07-365](#)) Moved by Coleman to adopt. Motion Carried 6-1.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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<u>Employee Group</u>	<u>7-1-2007 Plan Rates</u>		<u>7-1-2008 Plan Rates</u>		<u>Percent Difference</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
CIPEC	356.69	891.73	399.28	998.22	11.94%	11.94%
Police Union	356.69	891.73	399.28	998.22	11.94%	11.94%
Library Units 10 & 11	346.76	866.89	388.17	970.41	11.94%	11.94%
AFSCME	346.76	866.89	388.17	970.41	11.94%	11.94%
MEA	349.89	874.73	391.67	979.19	11.94%	11.94%
Fire Union	356.69	891.73	399.28	998.22	11.94%	11.94%
SPM	356.69	891.73	399.28	998.22	11.94%	11.94%
Blue Access - Police & Fire Option	369.30	923.26	413.40	1,033.51	11.94%	11.94%
Retirees - Non-Medicare	356.69	891.73	399.28	998.22	11.94%	11.94%
Retirees-Non-Medicare non-Iowa	451.01	1,127.52	504.87	1,262.16	11.94%	11.94%
Dental	32.40	83.91	35.64	92.27	10.00%	9.96%

## Notes:

## Plan Differences:

CIPEC, Police, Fire, SPM, Retirees: \$10 Office Visit Copay; \$5 generic and \$15 brand name prescription co-pay.

MEA: \$15 Office Visit Copay; \$5 generic and \$20 brand name prescription co-pay.

Library Units and AFSCME: \$20 Office Visit Copay; \$5 generic and \$20 brand name prescription co-pay.