



Council Communication

Office of the City Manager

Date

August 11, 2008

Agenda Item No. 54
Roll Call No. 08-
Communication No. 08-502
Department: Tom Turner, Human
Resources Department Director

AGENDA HEADING:

Authority to develop and issue a Request for Proposals (RFP) for a consultant to assist the City with developing and evaluating a competitive RFP for the City's health plans (medical, dental, prescription) and flexible spending account administration and make recommendations regarding the provider and funding mechanism.

SYNOPSIS:

Recommend Council approval to authorize Human Resources Director to initiate a RFP for consulting services for the selection of health insurance provider (medical, prescription and dental) and flexible spending account administration.

FISCAL IMPACT:

Amount: Not to exceed \$60,000.

Funding Source: 2008-2009 Operating Budget, Fund IS301, Org HRS960100, Principal Health and Dental Fund, page 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 medical and prescription 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. Wellmark has been the City's health insurance carrier and third-party administrator for the City's dental plan since 2003. The City has internally administered its FSA plan since 2001.

Wellmark premiums have increased 10.9% since February 2003. In 2005, Mercer Human Resources Consulting was hired to conduct a competitive bid process for the City's active and retiree health plans. Wellmark, as in 2003, was awarded the business through this process. Since then, health insurance renewals have been negotiated by City staff resulting in a decrease in the premium of 4.6%.

The use of a Request for Proposal process to select the consultant is appropriate in this case because the selection will be based on qualifying criteria in addition to price. Criteria considered will include experience in projects of similar type and size, the firm's capabilities and qualifications, prior projects completed successfully for the City of Des Moines, references, price, and a local presence.

The Health Insurance RFP will require the selected consultant to communicate directly with proposers regarding certain proprietary information (provider discounts). This direct communication between the consultant and proposers during the RFP process is outside typical RFP protocol and may require an exception to the City's procurement ordinance. Permission to proceed with the process that includes this exception is included in the Roll Call.

PREVIOUS COUNCIL ACTION(S):

Date: May 19, 2008

1. Roll Call Number: 08-932, 08-933, -Exceptions to competitive procurement process with Wellmark Blue Cross and Blue Shield and extension of contracts from July 1, 2008 to June 30, 2009 for the following:

(A) Health Insurance Coverage for employees and certain retirees.

(B) Administration services related to the City's Self-Insured Dental Plan for employees and certain retirees.

Action: Approval of Wellmark as the City's health and dental insurance provider.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Selection of provider(s) for City's health, dental and FSA plans.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org