

COUNCIL COMMUNICATION

	Number:	26-203	Meeting:	June 8, 2026
	Agenda Item:	39	Roll Call:	26-0686
	Submitted by:	Heather Redenius, Human Resources Director		

AGENDA HEADING:

Award of Contract with Wellmark Blue Cross Blue Shield of Iowa (Wellmark), PO Box 9232, Mail Station 3W396, Des Moines, IA 50309, for administration of the City's self-funded health plan for the period July 1, 2026 through December 31, 2026.

SYNOPSIS:

Staff recommends approving administrative services only agreement with Wellmark for administration, including stop loss insurance, for the City of Des Moines employee and retiree health plan beginning July 1, 2026. The current agreement will expire June 30, 2026, staff is recommending approving the exception to the City's request for proposal (RFP) process for good cause and approving the agreement with Wellmark beginning July 1, 2026 through December 31, 2026.

FISCAL IMPACT:

Amount: Administrative fees estimated at \$4,933,504 annually plus claims

Funding Source: Health and Dental Fund; I301ND412647-524040

ADDITIONAL INFORMATION:

- The City provides health insurance to its employees and non-Medicare retirees. Wellmark has administered the City's self-funded plan since July 1, 2011. Their current agreement expires June 30, 2026.
- After analysis and consultation with Holmes Murphy, the City's benefits consultant, staff recommends Wellmark Blue Cross and Blue Shield (Wellmark) be selected as the City's health insurance vendor. Wellmark continues to offer competitive and comprehensive plans that remain among the strongest available in the market, along with responsive and reliable administrative support. Retaining the current provider ensures continuity of care for employees, avoids disruption during open enrollment and claims processing, and maintains established working relationships and service standards.

- Plan design and employee premium contributions are negotiated with the City's three (3) public safety bargaining units. Employees in non-public safety bargaining units and those employees not represented are covered by the City's Capital Health Plan. The City's health plan also includes retirees.
- Services provided by Wellmark include: medical and prescription claims adjudication incurred by employees and their dependents; access to provider networks; disease management; pregnancy care; pharmacy benefit management; wellness consulting; and stop loss insurance for each member incurring claims in excess of \$125,000 per calendar year.
- The costs of a self-funded plan are primarily derived from fixed administrative costs and claims. Fixed administrative costs include: medical administrative fee, pharmacy benefit management, stop loss premiums, and network access fees. These fixed costs total around 11% of the total cost of the health plan.

PREVIOUS COUNCIL ACTION(S):

Date: April 22, 2019

Roll Call Number: [19-0648](#)

Action: [Administrative](#) Services Only Agreement with Wellmark Blue Cross and Blue Shield of Iowa for employee and retiree health plans for the period July 1, 2020 through June 30, 2026 and approving amendment to agreement through June 30, 2020 to reflect lower administrative fees. ([Council Communication No. 19-167](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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