



CITY COUNCIL COMMUNICATION

June 22, 2010

SUBJECT: Third Party Administration, Utilization Management/Large Case Management, PPO Network

SUBMITTED BY: Carolyn Marshall, HR/Risk Administrator

REFERENCE NO: RFP No. 012-10

ACTION REQUESTED:

Consider award of RFP No. 012-10 including Third Party Administration, Utilization Management and Large Case Management to WEB-TPA and Network Access to Aetna.

ALTERNATIVES:

- Approve as requested
- Reject proposals
- Amend award of various components
- Table

SUMMARY OF SUBJECT:

The City of Euless requested proposals for services related to the City's health insurance plan including third party administration, utilization management, large case management, and network access.

We evaluated third party administrators based on service delivery, costs, and references. Staff recommends WEB-TPA, our current carrier. WEB-TPA has provided the City with excellent service and claims processing over the past six (6) years. They work well with the current networks (PHCS, PPO USA) and have a strong relationship with Aetna (the recommended network). They have been accessible and responsive to the City's needs and have the full ability to provide us with flexibility in plan design as well as in other components. They also provide convenient on-line access to claims information and reporting and have submitted a competitive quote.

A utilization management and large case management company was recommended by each third party administrator. WEB-TPA provides this service in house. The quoted costs are consistent with our current provider, Hines & Associates. Staff recommends using WEB-TPA for both administration services and for utilization and large claims management as it will streamline the claim and approval process and allow for additional integration of claims data.

WEB-TPA has recommended the Aetna network for both Medical and Dental coverage. Aetna has an extensive network in the DFW area and nationwide. Although the fixed cost to access the Aetna network is higher, the cost analysis indicates that discounts through this network are approximately 20% greater than our current network which will significantly reduce claims costs. Staff recommends approval of the Aetna medical and dental network.

We believe these vendors will provide the City with the best value and assist with cost containment measures, good customer support for our employees, extensive provider access, and overall support in managing the cost of health care.

FINANCIAL CONSIDERATIONS:

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|---------------------------|--|
| Revenue Sources: | City Contributions, Employee/Retiree Premiums |
| Expenditure Accounts: | 610-5015-519-5203; 610-5015-519-5207 |
| Budgeted Fiscal Year(s): | FY 2011 |
| Estimated Expenditure: | Administration & Utilization & Case Mgt. \$95,040 Network Access \$67,200 |
| Over/Under Projection By: | |
| Other Comments: | |

SUPPORTING DOCUMENTS:

- Cost Analysis of Insurance Proposals
- Vendor List

APPROVED BY:

| | |
|-----------------------|-------------------------|
| _____ LG _____ | City Manager's Office |
| _____ SC _____ | City Secretary's Office |