



CITY COUNCIL COMMUNICATION

June 10, 2014

SUBJECT: Third Party Administration, Utilization Management, Care Management and PPO Network Access

SUBMITTED BY: Dale Harwell, Director of Administrative Services

REFERENCE NO: RFP No. 012-10

ACTION REQUESTED:

Consider extension of contract, per RFP No. 012-10, with Web-TPA for Third Party Administration, Utilization Management and Care Management related to the City's health insurance plan. Web-TPA will use Aetna for Pre-Certification services and Network Access. The extension will cover the period of October 1, 2014 to September 30, 2016.

ALTERNATIVES:

- Table the request
- Deny the request

SUMMARY OF SUBJECT:

Web-TPA has provided the City with excellent service over the past 10 years. Their 2010 proposal provided for a two year term with two 2-year renewals. This request would represent the second renewal. Web-TPA has agreed to an extension of the contact with an increase sufficient to cover increased labor costs and overhead costs. The requested increase is approximately 2.8%. Pre-Certification services and Network Access will be provided by Aetna. The attached letter reflects the proposed pricing based on a cost per employee per month (PEPM). Staff believes the increase is reasonable and recommends the extension be granted.

FINANCIAL CONSIDERATIONS:

Revenue Sources: City Contributions, Employee/Retiree Premiums

Expenditure Accounts: 610-5015-519-52.03; 610-5015-519-52.07

Budgeted Fiscal Year(s): FY 2015

Budgeted Expenditure:

Estimated Expenditure: Admin. & Utilization & Care Mgt.: \$150,166.40
Pre-Certification & Network Access: \$89,865.60

Over/Under Projection By:

Other Comments:

SUPPORTING DOCUMENTS:

- Renewal Letter: Web-TPA

APPROVED BY:

_____ **LG** _____ City Manager's Office

_____ **KS** _____ City Secretary's Office