

**Date:** August 27, 2018

**To:** Diane Palmer-Boeck, Director of Procurement and Project Management

**From:** Shante Akafia, Director of Human Resources and Risk Management

**Subject:** Employee Benefits Claim Third Party Administrator of Medical 2014-5-C, and Vision Insurance 2014-169-C Extensions

---

Currently, United Healthcare administers the City's self-insured medical, prescription and dental benefits, as well as administers COBRA and Flexible Spending. UHC is also the City's fully insured vision carrier. The contracts under which they perform these services are 2014-5-C, and 2014-169-C. Under these initial contracts the first four years' rates were guaranteed.

Moving into the fourth year of the contract (2018), UHC has offered to extend the current rates for the calendar years 2019 and 2020. The rates were favorable in terms of what is being offered in the marketplace.

By extending the contract by one year with one (1) one-year City optional renewal, the City is guaranteed two years of favorable rates. The total estimated annual cost of this contract extension is listed below:

Medical administration costs	\$1,166,963
Dental administration costs	\$ 107,349
Behavioral health administration costs	\$ 65,443
Flexible spending administration costs	\$ 40,739
Cobra costs	\$ 560
Vision insurance premiums	<u>\$ 304,796</u>
	\$1,685,850

Actual expenditures incurred will be dependent on the active and retiree headcounts.

The impact of this contract not being extended would be that the City would be without an administrator of its health, dental, vision, flexible spending and COBRA.