M Management Committee

Meeting date: September 12, 2012

For Metropolitan Council Meeting: September 26, 2012

ADVISORY INFORMATION

Date:	August 30, 2012
Subject:	Authorization to Extend Health Partners Contract for Medical Insurance and add Self Insured Option
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy and Procedure 4-4g Medical and Dental Insurance;
Staff Prepared/Presented:	Sandi Blaeser, Assistant Director Human Resources; Micky Gutzman, Director, Contracts and Procurement
Division/Department:	Regional Administration/Finance

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to amend the contract for Medical Insurance with Health Partners to extended for an additional year (1/1/2014-12/31/2014) and add a self insurance option.

Background

Health Partners was originally selected through a competitive process in 2009 to provide fully insured medical insurance coverage for three years (2010-2012). In March 2012, the Council approved a one-year extension of the contract through 2013 based on a rate cap offer of 7% for 2013.

Since that time, staff has been investigating a self insurance option to continue to provide the medical insurance benefits which contribute to the well-being of our employees and their families that are market competitive and appropriately manage the Council's claims risk.

Rationale

Extending the Health Partners Contract and adding a self insurance option will allow the Council to:
- Transition to a self insured medical plan with Health Partners beginning January 1, 2013; Health Partners agrees to waive fully insured cancelation penalty in return for one-year extension.
- Maintain current plan designs and network
- Realize significant savings over the current plan beginning in 2013

Based upon current actuarial analysis, total savings under a self insured medical plan is estimated to be $7 million for 2013 prior to funding reserves.

Funding

The employer share of medical premiums are included in the operating division budgets.

Know Support / Opposition

None