

# M Management Committee

For the Metropolitan Council meeting of March 28, 2012

## ADVISORY INFORMATION

**Date Prepared:** March 19, 2012

**Subject:** Extension of contract with Health Partners medical insurance

### **Proposed Action:**

That the Metropolitan Council authorize the Regional Administrator to execute an extension of one year (1/1/13-12/31/13) to the contract for medical insurance with Health Partners.

### **Summary of Committee Discussion / Questions:**

The Metropolitan Council is currently in its third year of a possible five year contract with HealthPartners for medical insurance. A competitive process in 2009 resulted in the selection of HealthPartners. Due to low utilization of our health plans in 2011 the rates for 2012 increased by less than the anticipated cap of 11-14.5% (depending on plan design). HealthPartners has offered a rate cap of 7% for 2013. Because rates for 2013 are competitive based on our utilization of health care and market trend, staff recommended the contract be extended for year. A two year recommendation was not made in light of the Council's investigation of other options include self funding or joining the State of Minnesota Health Plan.

The proposed action was offered, accepted and approved. The Committee recommended inclusion of this business item on the Consent List for the March 28, 2012 meeting of the Metropolitan Council.

# M Management Committee

Meeting date: March 14, 2012

ADVISORY INFORMATION	
<b>Date:</b>	March 7, 2012
<b>Subject:</b>	Extension of contract with Health Partners medical insurance
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy 3-3 Expenditures more than \$100,000
<b>Staff Prepared/Presented:</b>	Sandi Blaeser, Assistant Director, Human Resources, 651-602-1582, and Ronald Groess, Manager, Human Resources – Benefits, 651-602-1370
<b>Division/Department:</b>	Human Resources/Benefits

### Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to execute an extension of one year (1/1/13-12/31/13) to the contract for medical insurance with Health Partners.

### Issues/Background

Health Partners had been selected through a competitive process in 2009 for medical insurance for three years (2010-2012). Increases for 2011 and 2012 were capped at 11% or 14.5% depending on health plan option. Due to low utilization of our health plans in 2011, 2012 rates only increased by 4.26%. HealthPartners have offered a rate cap of 7% for 2013.

The total cost for medical insurance is estimated to be \$55,623,554.00 in 2012 for active and retired employees (based on current enrollment). This is offset by employee and retiree contributions. The total cost in 2013 is estimated at \$59,517,202.00.

### Rationale

Because rates for 2013 are competitive based on our utilization of health care and market trend, staff recommends the contract be extended for one year. We are not recommending a contract beyond 2013 because we are investigating other options, such as self funding or joining the State of Minnesota Health Plan.

### Funding

Funds are budgeted and within the Council's operation budget.

### Known Support / Opposition

None.