

M Management Committee

Meeting date: September 24, 2008

For Metropolitan Council Meeting: October 8, 2008

ADVISORY INFORMATION

Date:	September 17, 2008
Subject:	Extension of contract with Health Partners for dental and medical insurance
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 3-3 Expenditures more than \$100,000
Staff Prepared/Presented:	Sandi Blaeser-Assistant Director, Human Resources, 651-602-1582; Barbara Padrnos-Manager, Human Resources – Benefits, 651-602-1370
Division/Department:	Human Resources/Benefits

Proposed Action/Motion

That the Metropolitan Council authorizes the Regional Administrator to execute an extension of one year (1/1/09-12/31/09) to the contracts for medical and dental insurance with Health Partners.

Issues/Background

Health Partners had been selected through a competitive process in 2005 for medical insurance for three years with an option to extend for two more years. They were also selected in 2006 for dental insurance for two years with an option to extend for two years. Health Partners offered rates for 2009 ranging from 5.27% - 12% on our 3 medical plans and a 7% increase for our dental plan. Because rates for 2009 are competitive based on our utilization of health care and market trend, staff recommends the contracts be extended for one year. We are not recommending a contract beyond 2009 because we may conduct an RFP or recommend a one year extension for 2010 based upon market conditions and our utilization.

The total cost for medical insurance in 2008 was \$52,144,605 for active and retired employees. The total cost in 2009 is estimated at \$56,905,725. The total cost of dental insurance in 2008 was \$3,473,907. The estimated cost for 2009 is \$3,717,236.

Additionally, through Health Partners we are offering an additional medical option called Distinctions III which is a tiered plan that determines benefits based on the clinic which is utilized. This option offers our employees a more affordable option than our current co-pay plan, Open Access.

Overview and Funding

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