



Legislation Text

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BACKGROUND: The City of Columbus currently contracts with United Health Care Services (UHC) for employee medical insurance benefits January 31, 2005. Recently, the Human Resources Department entered into discussions with UHC about alternate financing; whereby the City would receive higher provider discounts along with a penalty if the target was not met; and the medical monthly administrative fee would be lowered to \$39.95 per employee per month. Currently the City receives provider discounts, with a 100% pass through arrangement. Based upon current utilization and administrative fees, the City and Mercer HR Consulting, the City's benefit consultant, expect the proposed arrangement to be more cost effective. The projected implementation date is February 1, 2005. The Human Resources Department solicited a one-year contract extension to modify and extend the existing contract and to provide for additional funding February 1, 2005 through January 31, 2006, for UHC medical insurance coverage. UHC has agreed to extend the respective contract at the aforementioned medical contract terms.

Contract compliance number is 31-1142815.

FISCAL IMPACT: To modify and extend the existing medical contract with UHC to allow the City to receive higher provider discounts along with a penalty if the target discount is not met; and to modify the monthly medical administrative fee to \$39.95 per employee per month; to authorize the expenditure of \$42,728,673.00 from the Employee Benefits Fund; and to authorize a one-year contract extension on the medical contract from February 1, 2005 through January 31, 2006. Funding is available in the 2005 budget for this contract. This ordinance is an emergency measure to ensure continued insurance coverage as negotiated by union contracts.

To authorize the Human Resources Director to modify and extend the current contract with UHC to allow the City to receive higher provider discounts along with a penalty if the target discount is not met; and to modify the monthly medical administrative fee to \$39 per employee per month from February 1, 2005 through January 31, 2006; to authorize the extension of the medical employee insurance contracts; to waive the competitive bidding requirements of the Columbus City Code; to authorize the expenditure of \$42,728,673.00; and to declare an emergency. (\$42,728,673.00)

WHEREAS, it is in the best interest of the City of Columbus modify and extend the contract with United Health Care, to provide all eligible employees medical insurance from February 1, 2005 through January 31, 2006; and

WHEREAS, it is in the best interest of the City of Columbus to waive competitive bidding as indicated in the City of Columbus Code, provision Chapter 329.27, and

WHEREAS, it is necessary to authorize the expenditure of up to \$42,728,673.00, or so much thereof as may be necessary to pay contract costs for group medical insurance services; and

WHEREAS, an emergency exists in the usual daily operation of the City of Columbus in that it is immediately necessary to modify and extend the contract and to pay the associated contract costs for the City's employee insurance programs to ensure continued employee insurance coverage thereby preserving the public peace, property, health, safety and welfare;

Now, Therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS, OHIO

SECTION 1. That the Human Resources Director is hereby authorized to modify and extend the contract with United Health Care to provide medical insurance to all eligible employees from February 1, 2005 through January 31, 2006.

SECTION 2, That the expenditure of up to \$42,728,673.00 or so much thereof as may be necessary for coverage from the Employee Benefits Insurance Fund, Fund 502, Department of Human Resources 46-01, is hereby authorized and directed.

See Attachment ORD0020-2005

SECTION 3. That the competitive bidding provisions contained in Section 329.27 are hereby waived.

SECTION 4. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after passage, if the Mayor neither approves nor vetoes the same.