



Legislation Text

File #: 0002-2020, **Version:** 1

BACKGROUND:

In 2019, a Request for Proposal, in accordance with Chapter 329 of the Columbus City Code, was offered for medical and Rx programs. Ten insurance companies submitted bids and after a thorough evaluation by the five member Evaluation Committee, two were determined to be finalists. The Evaluation Committee reviewed the proposals based on the following criteria: competency to perform, quality and feasibility of the offerors technical proposal, ability to perform the required service competently, past performance, and cost structure of the proposal.

Following extensive interviews and evaluation, United Healthcare Insurance Company was recommended as the medical and Rx insurance administrator. In addition, it was recommended that delivery of the tobacco cessation and COBRA programs would be administered more effectively and efficiently by United Healthcare Insurance Company. All recommendations were approved and United Healthcare Insurance Company will provide services for all four programs. The three year contract has two (2) one (1) year renewals.

Cost estimates for 2020 are based on 2018-2019 trust fund expenditures, using a two year average of actual city utilization, expected changes due to union negotiations, as well as input from insurance carriers and from the City's employee benefits consultant. The Human Resources Department requests to establish a contract with United Healthcare Insurance Company and to provide for funding February 1, 2020 through January 31, 2021.

The maximum obligation liability for medical, Rx, COBRA, and tobacco cessation services from February 1, 2020 through January 31, 2021 is \$199,826,000

Emergency action is requested to ensure the programs for city employees are able to commence as soon as contractually possible, thereby maintaining continuity of service.

Contract compliance number is 41-1289245

FISCAL IMPACT: Funding is available in the 2020 Employee Benefits Fund for this contract. This ordinance is contingent on the passage of the 2020 insurance appropriation ordinance 0001-2020.

To authorize the Human Resources Director to enter into a contract with United Healthcare Insurance Company and to provide all eligible employees medical, Rx and tobacco cessation programs and eligible terminated employees with COBRA coverage from February 1, 2020 through January 31, 2021; to authorize the expenditure of \$199,826,000.00 from the Employee Benefits Fund, or so much thereof as may be necessary to pay the costs of said contract; and to declare an emergency. (\$199,826,000.00)

WHEREAS, it is in the best interest of the City of Columbus to enter into a contract with United Healthcare Insurance Company to provide all eligible employees medical, Rx and tobacco cessation programs and eligible terminated employees with COBRA coverage from February 1, 2020 through January 31, 2021; and

WHEREAS, it is necessary to authorize the expenditure of up to \$199,826,000, or so much thereof as may be necessary to pay contract costs for medical, Rx, COBRA, and tobacco cessation programs; and

WHEREAS, an emergency exists in the usual daily operations of the Department of Human Resources in that it is immediately necessary to authorize the Director to enter into contract and expend funds to ensure the medical, Rx, COBRA and tobacco cessation programs are able to commence as soon as contractually possible, thereby maintaining continuity of service; **now therefore**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Human Resources Director is hereby authorized to enter into contract with United Healthcare Insurance Company to provide medical, Rx, COBRA and tobacco cessation programs from February 1, 2020 through January 31, 2021.

SECTION 2. That the expenditure of \$199,826,000 or so much thereof as may be necessary for coverage is hereby authorized to be expended as follows:

Department: 4602 | Fund: 5502 | Subfund: 550206 | Program: RM005 | Amount: \$3,600,000 (Medical Admin fees)

Department: 4602 | Fund: 5502 | Subfund: 550206 | Program: RM006 | Amount: \$150,065,000 (Medical Claims)

Department: 4602 | Fund: 5502 | Subfund: 550207 | Program: RM005 | Amount: \$100,000 (Rx Admin fees)

Department: 4602 | Fund: 5502 | Subfund: 550207 | Program: RM006 | Amount: \$46,000,000 (Rx Claims)

Department: 4602 | Fund: 5502 | Subfund: 550206 | Program: RM003 | Amount: \$25,000 (COBRA fees)

Department: 4602 | Fund: 5502 | Subfund: 550206 | Program: RM004 | Amount: \$36,000 (Tobacco cessation fees)

SECTION 3. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated, and the City Auditor shall establish such accounting codes as necessary.

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.