CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2020-512 – Approving a contract with UMR to provide health insurance services for city employees.

MEETING DATE
July 6, 2020

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2020-512 Ordinance; Exhibit "A" UMR Contract

REVIEWED BY
Department Head: Leslie Haase; City Attorney: Peter Edwards; City Manager: Nick Edwards

SUMMARY
This Council Bill approves a contract with UMR to provide stop loss coverage, administrative services and EAP services for the City's health self-insurance coverage effective on January 1, 2021.

BACKGROUND
In February, the City issued an RFP, through our insurance consultant Segal, for employee insurance benefits including health, dental, vision, life, and long-term disability coverage. Bids were received in March. Segal assessed the bid results and presented the best overall recommendations at a recent council meeting. Council approved the recommendations in order to finalize contracts for formal approval. Vendors are selected for a five-year period beginning on January 1, 2021. Within the five-year timeframe, contracts are updated depending upon the length of the rate guarantees.

UMR, utilizing a United HealthCare plan, is the recommended vendor for our health insurance components. UMR's plan offers a broad network to city employees that includes both Freeman and Mercy options, as well as other providers like Barnes-Jewish. UMR bid an administrative fee of $32.77 per employee per month, while the current fee is $41.10. This represents an approximate annual savings of $49,580.00. UMR bid a fee of $1.56 for the Employee Assistance Program (EAP) per employee per month, while the current fee is $2.20. This represents an estimated annual savings of $3,809.00. The stop loss fee will not be determined until later in the year as it is based on actual claims experience.

In order to offer the broad network, the discount achieved on claims is less than in the narrow network. As a result, in order to remain cost neutral under the broad network, the plan design will be changed slightly. The plan design has not changed since at least 2010. The single deductible will increase from $500.00 to $750.00 and the out-of-pocket maximum will increase from $1,500.00 to $2,000.00.

The premiums for the health insurance for the 2021 calendar year have not been established. Since we are self-insured, the claims incurred for this year will continue to be assessed prior to setting these rates. The premiums for 2021 will be set in October in time for open enrollment services.

FUNDING SOURCE

This item is included in all funds based on payroll.

RECOMMENDATION

Staff recommends approval of this council bill on an emergency basis in order to begin new vendor implementation and ensure the benefits are established and in place by January 1, 2021 to minimize disruption for employees.