



MEMORANDUM

To: Mayor and City Council

From: Matia Messemer, Director of Employee Experience

Date: September 26, 2023

Reference: Consider approval of contract addendum for the renewal for third party claims administration services with UMR, Inc. in the amount of \$197,932.20 as budgeted in FY 23-24; and authorizing the City Manager to sign any necessary documents.

2040: Sustainable Government

Introduction:

This item is presented for approval of a contract addendum for the renewal for third party claims administration services with UMR, Inc. in the amount of \$197,932.20.

Background:

This renewal of the existing contract with United Medical Resources (UMR) for third party administrative services will be the 17th year for the City of Coppel to retain UMR to administer our Medical and Prescription Drug (Rx) plan. The City has been served well by the discounts in claims costs afforded by our relationship with UMR and access to their Preferred Provider Organization (PPO) network. The renewal will be completed by amending the existing Administrative Services Agreement.

The estimated annual administrative fees for this contract year with UMR are \$45.19 per employee per month based on 365 covered employees which equals a 0% increase over the current year. UMR administrative services include medical, health reimbursement arrangement (HRA), claims processing, utilization review, ID card generation, internet-based web portal for employees to access claims utilization, and run-out claims administration. UMR also provided an option for their ACO/Limited network option which will not apply for the new plan year since the City intends to offer the most comprehensive PPO network that is currently offered. The City's Medical plan is a self-insurance plan where all medical claims are processed and adjudicated on behalf of the City's plan through a third-party administrator.

Benefit to the Community:

Approval of this item will ensure that the employees who serve the residents and businesses continue to receive health insurance coverage.

Legal Review:

This renewal proposal will be an addendum to the main agreement.

Fiscal Impact:

The fiscal impact of this agenda item is \$45.19 per employee per month based on 365 covered employees, which is an estimated \$197,932.20 for the 2023-2024 fiscal year, funded through the Self-funded Health fund.

Recommendation:

City staff recommends City Council approve the UMR renewal proposal as outlined above.