



MEMORANDUM

To: Mayor and City Council

From: Vivyon V. Bowman, Director of Administration and Human Resources

Date: September 25, 2018

Reference: Approval of renewal proposal for Administrative Services Agreement with UMR, Inc.

2030: Top Quality City Workforce

Introduction:

Consider approval of renewal proposal with UMR, Inc. for third-party administrative services. The renewal will be completed by amending the existing Administrative Services Agreement in the annual amount of \$207,188 as budgeted and authorizing the City Manager to sign all necessary documents.

Analysis:

This will be the 12th year for the City of Coppel to retain UMR to administer our medical and Rx plan and the City has been served well by the discounts in claims costs afforded by our relationship with UMR, Inc. and access to their PPO network. The renewal increase is 1% current fiscal year costs. The increase is due to a slight increase in the Utilization and Case Management fee, which we estimate to save the plan money through this resource. UMR, Inc. 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, run out claims administration, and United Health Care's PPO network access. Attached is the UMR, Inc.'s renewal proposal, as well as the current administrative services agreement for your review. The City's medical plan is a self-insured plan where all medical claims are processed and adjudicated on behalf of the City's plan through a third-party administrator. The consequences on not approving this proposal would result in the City either going back to the market for these services or finding a fully-insured carrier to cover the City's workforce and abandoning the Self-Insurance Fund method.

Legal Review:

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

Fiscal Impact:

The cost is budgeted in the City's Self-Insurance Fund.

Recommendation:

The city staff recommends the Mayor and City Council approval of the UMR, Inc. renewal proposal as outlined above.