



MEMORANDUM

To: Mayor and City Council

From: Matia Messemer, Director of Employee Experience

Date: September 27, 2022

Reference: Consider approval a contract addendum for third party claims administration services with UMR, INC. in the amount of \$186,500 as budgeted in FY 22-23.

2040: Sustainable Government

Introduction:

The City Insurance Committee is recommending renewal of the existing contract with United Medical Resources (UMR), subsidiary and third-party administrator for United Healthcare Services Incorporated, for third party administrative services. This will be the 16th year for the City of Coppell to retain UMR to administer Medical and Prescription Drug (Rx) plans, and the City has been served well by the discounts in claims costs afforded by the long-term customer relationship and access to their PPO network. The renewal will be completed by amending the existing Administrative Services Agreement. There are no changes to the scope of services or cost.

Analysis:

The estimated annual administrative fees for this contract year with UMR are \$186,500 based on 344 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 provides 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. 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 funding method.

Legal Review:

This renewal proposal will be an addendum to the main agreement. The Holmes Murphy compliance/legal team has reviewed the documents.

Fiscal Impact:

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

Recommendation:

Staff recommends approval of the UMR renewal proposal as outlined above.