



## MEMORANDUM

**To:** Mayor and City Council

**From:** Justin Vaughn, Assistant Director of Administration and Human Resources

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

**Date:** September 28, 2021

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

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### Introduction:

The City Insurance Committee is recommending that we renew our existing contract with UMR for third party administrative services. This will be the 15<sup>th</sup> 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 and access to their PPO network. The renewal will be completed by amending the existing Administrative Services Agreement.

### Analysis:

The estimated annual administrative fees for this contract year with UMR are \$196,500 based on 361 covered employees which equals a 1.9% 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. 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.

**Fiscal Impact:**

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

**Recommendation:**

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