

AN ORDINANCE 2014 - 04 - 17 - 0 2 6 4

AUTHORIZING AN AMENDMENT TO THE EXISTING CONTRACT WITH UNITED HEALTHCARE INSURANCE COMPANY, THE CITY'S THIRD PARTY ADMINISTRATOR FOR THE CITY'S SELF-FUNDED MEDICAL PLANS, TO EXTEND THE TERM OF THE CONTRACT FOR ONE ADDITIONAL YEAR THROUGH PLAN YEAR 2015; AND AMENDING THE FEE TERMS FOR PLAN YEAR 2014 (CURRENT YEAR) AND PLAN YEAR 2015 TO INCREASE THE ADMINISTRATIVE CREDITS AND SHARED SAVINGS TO THE CITY, RESULTING IN AN ESTIMATED NET FEE PAID TO UHC OF \$5.3 MILLION IN 2014 AND \$4.6 MILLION IN 2015.

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WHEREAS, the City's Employee Benefits program provides covered employees and retirees with medical, prescription and flexible spending claim and reduced health care costs resulting from contracted provider discounts, utilization review, large case management, wellness programs and disease management, which services include third party administration ("TPA"), Flexible Spending Account ("FSA") Administration, Preferred Provider Organization ("PPO"), and Total Health Management, and Prescription Benefit Management (PBM) services; and

WHEREAS, the contract provides medical third party administration for the City's self-funded medical plans, flexible spending account administration, preferred provider organization, total health management and prescription benefit management services; and

WHEREAS, the initial contract term expired December 31, 2012 and the contract was extended for two (2), one (1) year periods which expires on December 31, 2014, and

WHEREAS, the parties wish to amend the contract term to extend it for an additional one-year period, beginning January 1, 2015 and ending December 31, 2015; and

WHEREAS, the parties also wish to amend the contract to provide for amended fee terms for Plan Year 2014 and Plan Year 2015, to increase the administrative credits and shared saving to the City; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City's contract with United HealthCare is hereby amended as set forth in Attachment 1. This contract is also extended for a one year period, from January 1, 2015 through December 31, 2015 as set forth in Attachment 1. The City Manager, or her designee, is authorized to execute the Extension and Amendment, Attachment 1.

SECTION 2. Funding in the amount of \$3,276,238.00 are budgeted for this contract in fund 75002000, Cost Center 1002010025, and General Ledger 5201040, as part of the Fiscal Year 2014 Budget.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 4. This ordinance is effective immediately upon passage by eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED AND APPROVED this 17th day of April, 2014.


M A Y O R
Julián Castro

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Robert F. Greenblum, City Attorney

Voting Results Interface

Agenda Item:	27 (in consent vote: 4, 5, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, 17A, 17B, 18, 18A, 18B, 19, 21, 23, 24, 26, 27, 28, 29, 30, 30A, 30B, 31)
Date:	04/17/2014
Time:	09:47:00 AM
Vote Type:	Motion to Approve
Description:	An Ordinance authorizing an extension to the contract with United HealthCare Insurance Company, in an estimated annual amount of XXXXX to provide Third Party Administration for the City's self-funded medical plans. [Ben Gorzell, Chief Financial Officer, Joe Angelo, Chief Human Resources Officer]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7	x					
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x			x	
Michael Gallagher	District 10		x				

AMENDMENT AND EXTENSION OF PROFESSIONAL SERVICES CONTRACT

This Extension of the Professional Services Contract with United Healthcare Insurance Company (hereinafter referred to as "VENDOR") to provide third party administrator services to the City of San Antonio (hereinafter referred to as "CITY"), is as follows:

WHEREAS, through Ordinance No. 2007-10-04-1043, passed and approved on October 4, 2007, City Council authorized the execution of the medical third party administration contract (hereinafter the "Contract"), with VENDOR; and

WHEREAS, said Contract provides that VENDOR shall provide medical third party administration, prescription drug benefit management, total health management, preferred provider organization and flexible spending account for its employee/retiree plan participants and their dependents; and

WHEREAS, CITY and VENDOR want to amend the contract term and allow for a one-year extension to begin January 1, 2015 and end December 31, 2015; and

WHEREAS, the Parties wish to amend the Contract as set forth in the attached agreement; **NOW THEREFORE:**

I. Renewal

Pursuant to the provisions of Section VIII of the Contract, CITY and VENDOR mutually agree to extend the term of said Contract commencing on January 1, 2015 and terminating December 31, 2015, under the same terms and conditions as stated in said Contract.

II. Amendment

Section III, Scope of Services, Claim Services – Included In Core Costs, is amended as follows:

Application of the Shared Savings Plan to Indemnity and Managed Indemnity claims, and to the out-of-network claims on PPO and POS plans. The Shared Savings Program includes a Facility Fee Schedule, Physician Fee Schedule, and Physician Fee Negotiation – 29% of savings with a cap of \$110,000.00 monthly for 2015.

Facility R&C negotiated savings from claims ineligible for network or shared services savings -30% of reduction to billed charges is deleted.

Section III, Scope of Services, Managed Pharmacy Services, is amended as follows:

Preferred Drug List Rebates - City to share in pharmacy rebates at 30% for 2014 and 32% for 2015 of all preferred drug list rebates attributable to prescription drug products utilized by participants.

Section VII, Consideration and Billing 7.1 Exhibit C is amended as follows:

Admin Fee Credit	2015	\$10.27
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Section VIII, Term, is amended to allow for a one-year extension as outlined in I. Renewal.

III.

All other terms, conditions, covenants and provisions of the Contract approved through Ordinance No. 2007-10-04-1043 and amended by the parties through Ordinance No. 2013-12-05-0868, 2013-06-20-0477, 2012-11-08-0879 and 2010-09-16-0810 and not specifically provided for herein shall remain in full force and effect for the term.

Executed and Agreed to this the _____ day of _____ 2014.

CITY OF SAN ANTONIO

UNITED HEALTHCARE SERVICES, INC.

By: _____
Sheryl Sculley
City Manager

By: _____
David Milich
CEO South Texas

APPROVED AS TO FORM:

Krista Cover
Assistant City Attorney