

AN ORDINANCE 2015-03-12-0199

**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 2016; AND AMENDING THE FEE TERMS FOR PLAN YEAR 2016 TO DECREASE THE ADMINISTRATIVE FEES.**

\* \* \* \*

**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 contract term expires December 31, 2015; and

**WHEREAS**, the parties wish to amend the contract term to extend for an additional one-year period, beginning January 1, 2016 and ending December 31, 2016; and

**WHEREAS**, the parties also wish to amend the contract to provide for amended fee terms for Plan Year 2016 to decrease the administrative fees 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 Insurance Company is hereby amended to extend the contract for a one year period, from January 1, 2016 through December 31, 2016, and to amend certain fee terms, as set forth in Attachment 1. The City Manager, or her designee, is authorized to execute the Extension and Amendment, attached hereto and incorporated herein as Attachment 1.

**SECTION 2.** Funding in the amount of \$3,579,156.00 is budgeted for this contract in fund 75002000, Cost Center 1002010025, and General Ledger 5201040, as part of the Fiscal Year 2015 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 12th day of March, 2015.

  
M A Y O R  
Ivy R. Taylor

**ATTEST:**

**APPROVED AS TO FORM:**

  
Leticia M. Vacek, City Clerk

  
Martha G. Sepeda, Acting City Attorney

<b>Agenda Item:</b>	25 ( in consent vote: 7, 8, 9, 10, 11, 12, 14, 17, 18B, 19A, 19B, 20, 21, 22, 24, 25, 26, 28, 30, 31 )						
<b>Date:</b>	03/12/2015						
<b>Time:</b>	10:06:53 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance 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 for one additional year through Plan Year 2016; and amending the fee terms for Plan Year 2016 to decrease administrative fees resulting in total net fee paid to UHC of approximately \$4.1 million in 2016. [Ben Gorzell, Chief Financial Officer; Lori Steward, Interim Human Resources Director]						
<b>Result:</b>	Passed						
<b>Voter</b>	<b>Group</b>	<b>Not Present</b>	<b>Yea</b>	<b>Nay</b>	<b>Abstain</b>	<b>Motion</b>	<b>Second</b>
Ivy R. Taylor	Mayor		x				
Roberto C. Trevino	District 1		x				x
Alan Warrick	District 2		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				
Michael Gallagher	District 10		x			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, flexible spending account and Health Savings accounts for its employee/retiree plan participants and their dependents as appropriate; 32% pharmacy rebate, and 110% cap of shared savings; and

**WHEREAS**, CITY and VENDOR want to amend the contract term and allow for a one-year extension to begin January 1, 2016 and end December 31, 2016; 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, 2016 and terminating December 31, 2016, under the same terms and conditions as stated in said Contract.

II. Amendment

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

Total Base ASO Fee on a Per Employee Per Month Basis for Calendar Year 2016 \$28.05

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. 2014-04-17-0263, No. 2013-12-05-0868, 2013-06-20-0477, 2012-11-08-0879 and 2010-09-16-0810 and not specifically provided for herein

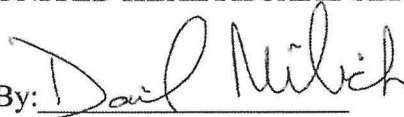
shall remain in full force and effect for the term.

**Executed and Agreed** to this the 9<sup>TH</sup> day of MARCH 2015.

**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