



City of Hudson, Ohio

Staff Report With Text

File #: 17-164 **Version:** 1 **Name:**
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File created: 10/13/2017 **In control:** City Council
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Title: A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH MEDICAL MUTUAL OF OHIO (“MMO”) FOR CERTAIN HEALTH BENEFIT PLAN SERVICES; AND DECLARING AN EMERGENCY.
 Executive Summary: The City of Hudson provides certain health benefits (medical and prescription drug coverage) to regular full-time city employees. The attached legislation seeks Council’s authorization for the City Manager to enter into a contract with Medical Mutual of Ohio (MMO) for health benefit plan services for the period of January 1, 2018 thru December 31, 2018.

Sponsors: David A. Basil

Indexes: Administration

Code sections:

Attachments: 1. Resolution No. 17-164

Date	Ver.	Action By	Action	Result
10/17/2017	1	City Council	approved on the consent agenda	Pass

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Legislative History

None.

Purpose & Explanation

Staff marketed our current fully insured preferred provider organization (PPO) through an RFP process. Our current provider, Summacare, offered a renewal rate at a 7% increase, Anthem offered 29.4% and Medical Mutual was at 3.6%.

Based on our analysis and meetings with the carriers, it is our recommendation that the City select the Medical Mutual fully insured proposal. Our recommendation is based on the following:

- MMO provided the lowest cost proposal.
- MMO provides robust reporting on plan performance.

- MMO included a wellness fund of \$2,500 for the City to spend on employee wellness.
- MMO proposal included administration of the City's Cobra. The City currently pays for an outside vendor to provide this service.

As part of the process, staff also obtained quotes for a self-insurance program. Medical Mutual also provided the best overall self-insured option for the City. While the expected claim costs and fees to self-insure are only 1.2% higher than the current fully insured rates, there would be an additional exposure of \$418,307 to the City for its aggregate corridor (125% of expected claims). We are not recommending self-insuring the City's current benefit plan at this time due to the uncertainty of the City's medical claims. Staff is recommending we re-evaluate the self-insured option after we have some experience in the Medical Mutual network and the enhanced reporting.

There is separate legislation recommending the City enter into an agreement with Beazley Insurance Company to insure our Health Reimbursement Account (HRA). For several years we funded our HRA for each employee equal to the employee's deductible, a maximum of \$2,000/\$4,000 (single/family) per employee to cover the City's potential liability. The agreement with Beazley would actually reduce our renewal rate even further.

City staff monthly contribution would remain at 15% of the premium.

Timing Considerations

Open enrollment for health insurance is November 1 through November 30, 2017.

Fiscal Impact

- Currently Budgeted
- Supplemental Appropriation Required
- Appropriation Not Required.

Suggested Action

Staff recommends City Council approve the attached Resolution authorizing the City Manager to enter into the health benefit plan contract with **Medical Mutual of Ohio**. Staff also recommends the legislation be passed as an emergency measure so it is in place for open enrollment.

Submitted by,

Jane Howington, City Manager,
Jeff Knoblauch, Assistant City Manager
Brian Griffith, Assistant Finance Director
Suzanne Havranek, HR Coordinator