



August 28, 2019

Agenda Item 1

REPORT TO THE COMMISSIONERS

FROM: Tracey Scott, Interim Executive Director / CEO

SUBJECT: Medical and Dental Insurance Provider Contracts

Previous Directives: In September 2014, the MPHA Board of Commissioners authorized the Executive Director or her designee to execute an agreement with HealthPartners to provide MPHA Staff and their dependents with Health insurance effective January 1, 2015.

Resident Association Notification: This Report will be reviewed by the Resident Advisory Board (RAB) immediately prior to the Board's August 28, 2019 meeting.

Budget Impact: The budget impact of this action based on a 5.2% decrease from the current costs based on the number/ demographics of MPHA staff expected to utilize these services. The cost impact is estimated to be \$3,825,000 per year.

Affirmative Action Compliance: HealthPartners has an Affirmative Action Policy that has been approved by the State of Minnesota.

Procurement Review: This Report has been reviewed and approved by the Agency's Contracting Officer.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the Interim Executive Director or her designee to execute the agreement with HealthPartners (including an additional 4 years via future 1-year extension options in accordance with the MPHA Procurement Policy and HUD requirements) to provide MPHA staff and their dependents with Medical and Dental insurance effective January 1, 2020.



In August 2019, an MPHA Review Committee was formed and selected HealthPartners, through a Request for Proposal (RFP) process, to continue to provide medical insurance coverage for MPHA employees. The following responded to the medical RFP: HealthPartners, Blue Cross Blue Shield of Minnesota, Medica, Public Employers Insurance Program, and United HealthCare. Allina/Aetna and Preferred One declined to quote.

HealthPartners proposed a contract with a 3.2 percent decrease for current medical insurance premiums and an additional three-year rate not to exceed of 9% for 2021 and 12% maximum for both 2022 and 2023. If claims experience continues in the same positive direction, the increase could be lower. HealthPartners offers fully insured options with various networks and rates for single, single +1, and family coverage. This is the same level of coverage currently provided.

The dental insurance contract currently with Delta Dental, was not up for renewal until 2020 but included in the RFP process to get all employee benefits on the same contract cycle.

HealthPartners proposed to further decrease medical premiums by an additional 2% if MPHA accepted dental insurance through them. Staff is recommending that MPHA continue the relationship with HealthPartners and accept the 5.2% decrease in medical premiums which will include the same plan offerings, for the following reasons:

- Other vendors were higher in cost or had a significant decrease in services or network, which would have a negative impact on employees
- Consistency in the delivery of health care services and network options to employees
- Changes to health care providers can be disruptive and costly

Given the average increase of 8.5% when compared to both the public and private market, MPHA rates are very competitive and is within the average cost of other agencies but in many cases, our contribution to the total compensation package exceeds other agencies.

This Report was prepared by Teresa Jepma, MPHA's Director Human Resources. For additional information, please contact Ms. Jepma at (612) 342-1484 or tjepma@mplspha.org.