



MEMO TO: Finance, Administration, and Communications Committee of the Whole

FROM: Nicole Bruce, Human Resources Program Manager

DATE: June 25, 2019

SUBJECT: Third-party-administrator for the RedMed Benefit Plans

I. PURPOSE ☐ For Info Only ☒ Potential Agenda Item ☐ Scheduled for Council Action

II. RECOMMENDATION

Approve the replacement of our Third-party-administrator for the RedMed Benefit Plans.

III. DEPARTMENT CONTACTS

Cathryn Laird, Interim Human Resources Director, 425-556-2125

Malisa Files, Finance Director, 425-556-2166

IV. DESCRIPTION/BACKGROUND

As part of our self-insured medical, dental and vision plans (RedMed), the City of Redmond has a third-party-administrator (TPA) who processes the claims for these plans and administers our required COBRA offerings. The City has used the services of Health Management Administrators (HMA) to do these functions for more than 25 years.

Although HMA has been a good partner over the years, through employee feedback and Human Resources department staff interactions, their recent customer services levels and product offerings are not up to the standard that we expect. The Employee Benefits Advisory Committee (EBAC), with agreement from Human Resources, has started an Request for Proposal (RFP) process to look at the possibility of replacing HMA as the City's TPA for RedMed.

The RFP process was started in February of 2019 and is being led by our Benefits Broker, Gallagher. Gallagher received four responses to the RFP. In conducting this RFP, the goal is to have a better customer service experience for the members of the RedMed plan with as little disruption to the network of doctors that they utilize.

A. Analysis

Gallagher has presented a summary analysis to Human Resources and Finance. Two potential vendors were presented to the EBAC on May 22, 2019 and two additional presentations took place on May 30, 2019. EBAC met on June 13, 2019 to analyze all the vendors and vote on a recommendation. Two summary documents, Attachment A outlining the top considerations for the committee and Attachment B outlining the administrative cost components were reviewed and discussed. The committee vote was 8 in favor and 0 against to recommend Premera as the new vendor for our TPA.

The committee believes that Premera will be a great partner for the City and has the most to offer in terms of the customer service needs of our employees. The administrative costs are higher for Premera, but the network savings in claims discounts will make up for the difference in costs, in fact, it is estimated that overall, we may see a slight savings.

V. TIME CONSTRAINTS

If a new TPA is chosen from this RFP process, Human Resources will implement this new vendor for the 2020 Plan year. Approval would need to be made by City Council at the July 16, 2019 meeting to implement for January 1, 2020. FAC Committee presentations have occurred on May 28, 2019 and (this meeting) June 25, 2019 in order to meet this timeline.

VI. LIST OF ATTACHMENTS

Attachment A – TPA Vendor Comparison
Attachment B – 2020 Administrative Analysis