



# Travis County Commissioners Court Agenda Request

**Meeting Date:** September 4, 2012  
**Prepared By/Phone Number:** Cindy Purinton, Benefits Administrator/854-9626 *CP*  
**Elected Official/Dept. Head:** Leslie Browder, County Executive, PBO *LB*  
 Diane Poirot, Director, HRMD *Diane Poirot*  
**Commissioners Court Sponsor:** Judge Biscoe

## AGENDA LANGUAGE:

Consider and take appropriate action on the following Employee Benefit Plan renewal items for fiscal year 2013.

- A. Consider and take appropriate action to renew UnitedHealthcare as the Third Party Administrator for the Travis County Employee Benefit Plan and to approve administrative rates as shown below for Fiscal Year 2013
- B. Consider and take appropriate action to renew UnitedHealthcare Cobra and Retiree Billing administration.

## Authorizations

- X       Planning and Budget Office (854-9106)
- X       Human Resources Management Department (854-9165)
- X       Purchasing Office (854-9700)
- X       County Attorney's Office (854-9415)
- X       County Auditor's Office (854-9125)
- X       County Judges Office Office- (854-9555) Cheryl Aker
- X       County Commissioners Court –Gillian Porter



# HRMD

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## Backup Memorandum

**DATE:** August 27, 2012

**TO:** Members of the Commissioners Court

**FROM:** Leslie Browder, County Executive, Planning and Budget Office  
Diane Poirot, Director, Human Resources Management Department  
John Rabb, Benefits Manager  
Cindy Purinton, Benefits Administrator (transition)  
Shannon Steele, Benefits Administrator

**Subject:** UnitedHealthcare – Fiscal Year 2013 Administrative rates

### Proposed Motion

- A. Consider and take appropriate action to renew UnitedHealthcare as the Third Party Administrator for the Travis County Employee Benefit Plan and to approve administrative rates as shown below for Fiscal Year 2013
- B. Consider and take appropriate action to renew UnitedHealthcare Cobra and Retiree Billing administration.

### Background and Summary

UnitedHealthcare (UHC) has been the County's Third Party Administrator for the health plan since October 1, 2001, the inception of the self-funded plan. For FY2012, Travis County negotiated a significant reduction in UHC's administrative fees with a two-year rate guarantee. The administrative rates below reflect the negotiated rates, with an additional 1.1% reduction for FY2013.

### **Staff Recommendation:**

- A. Staff recommends approval of UHC as the Third Party Administrator and recommends approval of UHC administrative rates for the Fiscal Year 2013
- B. Staff recommends approval of UHC Cobra/ Retiree Billing Administration and the rates for the Fiscal Year 2013.

The following bulleted items are the important points or changes for the plan renewal with UnitedHealthcare.

- The Plan administration fee will **decrease** by approximately 1.1%. (.46) from \$40.37 to \$39.91 PSPM (per subscriber per month) for all three plans.
- The administrative rates for Cobra Administration and Retiree Billing Administration will remain the same for Fiscal Year 2013.
- Front-line customer service support will be provided by the UHC Claims Team who actually process Travis County's claims via the toll-free number provided by UHC (on the back of every ID card) rather than an on-site UHC representative. This change expands the service hours for front-line customer support and reduces the administrative fees by 1.1%.
- Escalated issues may be handled via HRMD Staff or directly through the UHC Service Center.
- Prescription Solutions has undergone a name change to Optum Rx.

**The following items are included in the United Healthcare administration fee:**

- **Personal Health Support (PHS) 2.0 Nurse Team**
  - **The PHS Nurse team** will be assigned to Travis County. There will be a Clinical Lead who can work directly with Travis County Benefit Staff to resolve members care management/health issues.
    - Customer specific predictive modeling results;
    - Enhanced member-specific wellness mailings and messaging
- **Treatment Decision Support**  
They have added these two services in an effort to help us with our ongoing high claimants and specifically high cost back surgery claims.
  - **The Treatment Decision Support program** is designed for members facing surgical treatment decisions for nine conditions with high practice variations or outcomes, including:
    - **Musculoskeletal:** back pain / Knee and hip replacement
    - **Women's Health:** benign uterine conditions / hysterectomy
    - **Men's Health:** Benign prostate disease
    - **Heart Disease:** Coronary disease / CABG / Angioplasty
    - **Obesity:** Bariatric surgery (note: Travis County plan does not cover Bariatric Surgery).

**Budgetary and Fiscal Impact**

The monthly fixed costs of the plan will **decrease 1.1%** due to negotiation, and removal of onsite representative.

	<b>Current Fiscal Year 2012</b>	<b>Fiscal Year 2013</b>
<b>Average Monthly Cost</b>	\$199,428	\$197,153
<b>Average Annual Cost</b>	\$2,393,134	\$2,365,841
		<b>-1.1%</b>

Note: costs shown above do not include Individual Stop Loss premiums. This item is currently under bid and will be brought to the Court in an agenda item.

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# ATTACHMENT 1

## UNITEDHEALTHCARE ADMINISTRATIVE SERVICES ONLY (ASO) RENEWAL EXHIBIT

Fixed Costs	Current fiscal year 2012 administrative rates	Renewal- fiscal year 2013 administrative rates
<b>Administration Fee</b>		
<b>Plan name-----Enrollment</b>		
<b>Choice EPO (Exclusive Provider Organization)-----910</b>	\$40.37	\$39.91
<b>Choice Colnsured EPO (Exclusive Provider Organization) -----700</b>	\$40.37	\$39.91
<b>Choice Plus PPO (Preferred Provider Organization)-----3330</b>	\$40.37	\$39.91
<b>-----Total Subscribers 4940</b>		
<b>Composite Fee per Subscriber per month-PSPM</b>	\$40.37	\$39.91
<b>Fixed cost PSPM (per Subscriber per month)</b>	\$40.37	\$39.91
<b>Monthly Fixed Cost</b>	\$199,428	\$197,153
<b>Annual Fixed Cost</b>	\$2,393,134	\$2,365,841
<b>% of increase or decrease</b>		-1.1%
<b>Expected Claims PSPM (per Subscriber per month)</b>	\$815.52	\$842.96

## ATTACHMENT 2

### Fiscal Year 2013 COBRA AND RETIREE Direct Billing and Administrative Fees (NO INCREASES)

Cobra/ Retiree billing-UnitedHealthcare Benefit Services	Fiscal Year 20 09	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
On going maintenance Fee (once a yr charge)	\$1,155.00	\$1,155.00	\$1,155.00	Fee waived	Fee waived
Cobra continuant takeover charge (1 time chg per current continuant from previous Cobra Administration) (should not apply in our case as we haven't changed)	\$16.54	\$16.54	\$16.54	\$16.54	\$16.54
Ongoing Cobra Continuant per month charge	\$11.25	\$11.25	\$11.25	\$11.25	\$11.25
Outside carrier eligibility feeds and premium remittance –per carrier per month	\$41.21	\$41.21	\$41.21	\$41.21	\$41.21
Qualifying Event- fee per qualifying event	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
Cobra Initial Rights Notifications-per notice	\$4.46	\$4.46	\$4.46	\$4.46	\$4.46
Retro Cobra Initial Rights notices- per notice	\$4.46	\$4.46	\$4.46	\$4.46	\$4.46
TX State Continuation- per notice	\$11.00	\$11.00	\$0.00	\$0.00	\$0.00
Past Due notices to continuants -per notice	\$2.10	\$2.10	\$0.00	\$0.00	\$0.00
<b>Direct Billing Services</b>					
Retiree Billing-per retiree per month	\$7.35	\$7.35	\$7.35	\$7.35	\$7.35
Past Due notice- per notice	\$2.10	\$2.10	\$0.00	\$0.00	\$0.00
<b>OPTIONAL SERVICES</b>					
<b>Employee notification Services</b>					
HIPAA is abbreviation for - Health Insurance Portability and Accountability Act					
HIPAA Initial rights notifications –per notice	\$4.25	\$4.25	\$6.25	\$6.25	\$6.25
Retro HIPAA Initial Rights Notifications –per notice	\$4.25	\$4.25	\$6.00	\$6.00	\$6.00
Post-COBRA HIPAA certificates of coverage on outside COBRA members – per certificate	\$6.25	\$6.25	Not indicated on renewal	Not indicated on renewal	Not indicated on renewal
HIPAA Privacy Notices- per notice	\$6.00	\$6.00	Not indicated on renewal	Not indicated on renewal	Not indicated on renewal
Women's Health Cancer Rights Act- per notice	\$3.25	\$3.25	Not indicated on renewal	Not indicated on renewal	Not indicated on renewal
<b>Open Enrollment Services</b>					
Partial Open Enrollment Service- per person Includes custom letter and plan change form	\$11.75	\$11.75	\$11.75	\$11.75	\$11.75
Full open enrollment Services- per person Same as partial Plus packaging and distribution of all related benefit materials and or informational documents as designated and provided by the client	\$23.50	\$23.50	\$23.50	\$23.50	\$23.50

UnitedHealthcare returns the 2% COBRA administrative fee that is charged to COBRA participants to the County.