

# MAYOR & COUNCIL AGENDA COVER SHEET

**MEETING DATE:**

May 5, 2008

**CALL TO PODIUM:**

**Margaret Daily**  
**Human Resources Director**

**RESPONSIBLE STAFF:**

**Margaret Daily**  
**Human Resources Director**

**AGENDA ITEM:**

(please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input type="checkbox"/>	Work Session Discussion Item
<input type="checkbox"/>	Other:

**PUBLIC HEARING HISTORY:**

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

<b>TITLE:</b>
Resolution of the Mayor and City Council Authorizing the City Manager to Reject All Medical Insurance Benefits Bids Received March 3, 2008, and to Enter Into a Contract to Provide Medical Insurance to Qualified Employees

<b>SUPPORTING BACKGROUND:</b>
<p>The City issued a Request for Proposals to provide medical insurance coverage for City employees in Fiscal Year 2009 (beginning July 1, 2008). Four proposals were received: Carefirst, Kaiser Permanente, RMSCO, Inc., and United Health Care, Inc.</p> <p>The lowest bid quote was from Kaiser Permanente, but physician disruption would be significant. RMSCO proposed a self-insured program, but this would not be cost effective for the City at this time. The quotes from Carefirst and United Health Care (the City's current provider) were very similar in plan design, network of participating providers, and premium increase. After review, it was determined that it was in the best interests of the City to reject all bids and allow the City Manager to negotiate a contract to provide health insurance coverage for City employees.</p> <p>As a Metropolitan Washington Council of Governments (COG) member, the City also has the option to participate in COG's Health Care Coalition; and staff investigated this option for medical insurance benefits. Participating in the Coalition (which contracts with United Health Care) would provide a nearly identical design to our current plan and offer some enhanced benefits (i.e., lower copays and out-of-pocket limits, lower prescription costs/additional prescription options) and a lower overall premium increase.</p> <p>Based on these comparisons, staff recommends a contract be negotiated with the Metropolitan Washington Council of Governments Health Care Coalition to provide medical insurance to qualified City employees in FY2009. Participating in the Coalition will allow us to continue insurance coverage with United Health Care (which has a long track record of providing excellent customer service to the City and its employees), ensuring no significant disruptions for our employees and their families. Additionally, the benefits available to our employees will be enhanced and the City and employees will realize a greater cost savings than if we contracted with a health care provider on our own.</p>

<b>DESIRED OUTCOME:</b>
<b>Vote on Resolution</b>

Resolution No. \_\_\_\_\_

RESOLUTION OF THE MAYOR AND CITY COUNCIL  
AUTHORIZING THE CITY MANAGER TO REJECT ALL MEDICAL  
INSURANCE BENEFITS BIDS RECEIVED MARCH 3, 2008, AND  
TO ENTER INTO A CONTRACT TO PROVIDE  
MEDICAL INSURANCE TO QUALIFIED EMPLOYEES

WHEREAS, the City of Gaithersburg solicited sealed bids for providing medical insurance benefits coverage for qualified City employees; and

WHEREAS, sealed bids for RFP No. 2008-018 for medical insurance benefits were received on March 3, 2008, and it was determined that both quality and cost savings would be achieved by negotiation over and above the sealed bids; and

WHEREAS, Section 57 of the Gaithersburg City Charter provides that the City Council may permit negotiations of contracts without sealed bids for products and services where, in the opinion of the Council, the interests of the City would be best served by negotiated contracts:

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Gaithersburg that the City Manager be and he hereby is authorized to reject all bids for medical insurance benefits received on March 3, 2008.

AND BE IT FURTHER RESOLVED by the Mayor and City Council that the City Manager be and he hereby is authorized to enter into a contract to provide medical insurance benefits to qualified City employees with the Metropolitan Washington Council of Governments (COG) Health Care Coalition, 777 North Capitol Street, N.E., Suite 300, Washington, DC 20002-4290, said contract to be effective July 1, 2007.

ADOPTED by the City Council this 5th day of May, 2008.

\_\_\_\_\_  
SIDNEY A. KATZ, Mayor and  
President of the Council

THIS IS TO CERTIFY that the foregoing  
Resolution was adopted by the City Council,  
in public meeting assembled, on the 5th  
day of May, 2008.

\_\_\_\_\_  
James D. Arnoult, Acting City Manager