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**To:** Members of the Finance and Personnel Committee  
**From:** Sylvia Coronado-Romero and the Healthcare Project Team  
**Date:** December 8, 2014  
**Subject:** Finance and Personnel Agenda Item

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The Healthcare Project Team was proposed in late 2006 and had its first meeting on January 16, 2007. The team was established to act in an advisory capacity and is made up of representatives of the City's administration, five representatives of the City's labor unions, chosen by the unions, and one retiree. The Members are: Stephen Nenonen (since retired), Sylvia Coronado-Romero, Jessica MacPhail, Janelle Grammer, Steve Diener, Barry Henkel, Kathy Kasper, Scott Sharp, Gary Solfest and Thomas Bunker.

The main goal of the Project Team is to look at alternatives to reduce the City of Racine's health care costs. Although the team will encourage wellness programs and other options the major focus is determining how we can achieve the best discounts and service from our network and third party administrators.

The process is:

1. Requested proposals from outside consultants
2. Interviewed consultants on March 20, 2007
  - Gallagher Benefit Services, Inc. and Public Business Consulting Group, Inc. Fee \$22,000
  - Health Care System Consultants, Inc. Fee \$3,600/month for 9 months
  - Mercer Health and Benefits Fee \$25,000 to \$40,000
  - The Willis Group Fee \$15,000 to \$40,000
3. Attend the MEI board meeting on April 20th where Towers Perrin presented similar information. Their results were inconclusive as the discounts were based on optimal rather than current plan design. MEI is getting more information and expects to make a recommendation at the board meeting on June 15<sup>th</sup>.
4. Hire a consultant

**We have evaluated the material, interviewed the consultants and voted. The team's recommendation is that the City of Racine contract with The Willis Group to act as our consultant on this project.**

Their proposed fees are from \$15,000 to \$40,000. We will attempt to negotiate a lower fee but should pay no more than \$40,000. The money will come from our health insurance fund. The maximum fee includes a Network Analysis, a Third Party Administrator/Carrier RFP, and a direct contract. The Willis Group is an expert who will not receive a commission for any contracts entered into as the result of their work.