



## Legislation Text

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**File #:** 16-0014, **Version:** 1

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Resolution to Approve the Renewal Contract with Medicare Part D Advisors, Inc. to Fulfill Administrative and Actuarial Services to the City (\$165,000)

The attached Resolution authorizes the City Administrator to execute the renewal contract for administrative services with Medicare Part D Advisors, Inc. Part D Advisors, Inc. receives 25% of the funds reimbursed to the City by Medicare.

Budget/Fiscal Impact: The necessary funds were appropriated as part of the FY16 approved budget through June 30, 2016 and required funding for the remainder of the contract term will be budgeted in the FY 17 budget. The estimated annual cost of this service is \$110,000.

The Medicare Part D program added voluntary outpatient prescription drug benefits to the Medicare program effective January 1, 2006. Medicare pays an employer a subsidy of up to 28% of its prescription drug costs if its retirees covered under the retiree medical plan do not participate in the Medicare Part D program.

This does not adversely impact the FY16 or FY17 budgets, as the City receives a refund from Medicare and the City uses a portion of this refund to appropriate funds to pay the consultant.

The contract for this service is transitioning from a fiscal year term to a calendar year term; which will require retroactive approval of the contract term from July 1, 2015-December 31, 2015.

Prepared By: Kelly Beck, Employee Benefits Supervisor

Reviewed By: Robyn Wilkerson, Director of Human Resources and Labor Relations

Reviewed By: Mary Joan Fales, Senior Assistant City Attorney

Approved By: Tom Crawford, Interim City Administrator

Whereas, The City provides retiree medical coverage to eligible retired City employees and their eligible dependents in accordance with the employee benefits program and various labor contracts;

Whereas, The Federal Government enacted a provision to the Medicare program, Medicare Part D to provide outpatient prescription drug benefits effective January 1, 2006;

Whereas, The City-provided benefit is more generous than that offered under Medicare Part D;

Whereas, Medicare will pay employers a subsidy to have retirees not participate in the Part D program;

Whereas, City Council approved the contract initially effective October 1, 2005, and the administrative fees at renewal have remained unchanged; and

Whereas, There is no change to the administrative charges for the renewal contract with Part D Advisors; and

Whereas, Part D Advisors complies with the requirements of the City's Non-Discrimination and Living Wage ordinances;

RESOLVED, That City Council approve the renewal contract for the period January 1, 2016 to December 31, 2016, with Medicare Part D Advisors, Inc; and

RESOLVED, That the City Administrator is authorized and directed to execute the necessary contract documentation after approval as to form by the City Attorney and take any further necessary administrative actions to implement this resolution.