

**CITY OF SAN ANTONIO  
HUMAN RESOURCES DEPARTMENT  
INTERDEPARTMENTAL CORRESPONDENCE**

**CONSENT AGENDA**

**ITEM NO. 34**

**TO:** Mayor and Council

**THROUGH:** J. Rolando Bono, Interim City Manager

**FROM:** Sharon De La Garza, Human Resources Director

**COPIES:** Frances Gonzalez, Assistant City Manager; City Attorney's Office; Finance Department; File

**SUBJECT:** PacifiCare/Secure Horizons Contract Extension

**DATE:** October 21, 2004

**SUMMARY AND RECOMMENDATION**

This Ordinance authorizes the Interim City Manager or his designee to exercise the final one (1) year extension and amendment of the current contract with PacifiCare/Secure Horizons to provide a Health Maintenance Organization (HMO) Plan for eligible retirees and their dependents enrolled in Medicare coverage. This contract will be for a one (1) year term beginning January 1, 2005 and ending December 31, 2005 in an estimated annual amount of \$720,180.

Staff recommends approval of this Ordinance.

**BACKGROUND INFORMATION**

The City's benefits program offers City retirees and their eligible dependents a fully insured HMO Medicare medical plan along with a self-funded CitiMed preferred provider organization (PPO) plan option. An HMO Medicare plan option has been offered to City employees since 1979. The current HMO Medicare plan has been administered by PacifiCare/Secure Horizons since January 1, 2001. The original three (3) year contract included a provision for two (2) one (1) year renewal options. This proposed contract extension would be the final extension authorized by the original contract.

Prior to recommending the extension of this contract, a review of PacifiCare/Secure Horizon's performance was conducted by Human Resources, Asset Management and Finance. This review included:

- Contract Performance: Consistently satisfied performance measures
- Monthly employee premium: Maintained affordable premiums for participants
- Customer Complaints: Minimal complaints received from participants in past four years

**POLICY ANALYSIS**

Renewal of this contract will allow for the continuation of a fully insured HMO Medicare plan option for eligible retirees and their dependents for the 2005 calendar year. The City's open enrollment period for selection of benefits will be held in November of 2004.

### **FINANCIAL IMPACT**

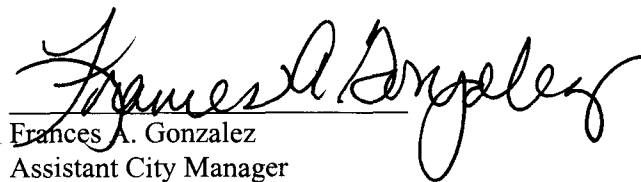
Funds are appropriated annually, by fiscal year, in the Employee Benefits Self-Insurance Fund. This ordinance will authorize the first nine (9) months of this contract in the FY 2004-2005 in an estimated amount of \$540,135 and the remaining three months will be authorized in FY 2005-2006 contingent upon subsequent funding. PacifiCare Secure Horizons Medicare HMO has presented a minimal increase of 5% over the 2004 premiums for the 2005 plan year. This fully insured Medicare HMO plan continues to provide a cost effective alternative for Medicare eligible retirees and dependents which reduces the potential liability of claims cost to the Self Insurance Fund.

### **COORDINATION**


This proposed ordinance has been reviewed and coordinated with the following departments: Human Resources, Finance and the City Attorney's office.

### **SUPPLEMENTAL COMMENTS**

The required Ethics Disclosure Statement is attached.

  
Sharon De La Garza  
Human Resources Director  
Frances A. Gonzalez  
Assistant City Manager

Approved:

  
J. Rolando Bono  
Interim City Manager

Attachments

City of San Antonio  
**Discretionary Contracts Disclosure\***

*For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2*

*Attach additional sheets if space provided is not sufficient.*

*State "Not Applicable" for questions that do not apply.*

\* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

**Disclosure of Parties, Owners, and Closely Related Persons**

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

Not Applicable

(2) the identity of any **business entity**<sup>1</sup> that would be a party to the discretionary contract:

PacifiCare of Texas, Inc.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

There are no individuals or business entities that would be subcontractors on the discretionary contract. However, it should be noted that PacifiCare of Texas, Inc. contracts with various physicians and facilities to provide healthcare services to members.

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

PacifiCare Health Plan Administrators      Prescription Solutions  
PacifiCare Health Systems, Inc.  
PacifiCare Behavioral Health

<sup>1</sup> A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

(3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

Not Applicable

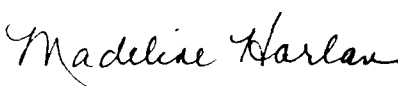
### Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
No contributions were made on behalf of PacifiCare.		

### Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Not Applicable		
<b>Signature:</b>  Madeline Harlan	<b>Title:</b> Director, Litigation Mgmt  <b>Company:</b> PacifiCare	<b>Date:</b>  October 6, 2004

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not

**RENEWAL AND EXTENSION OF**  
**HEALTH MAINTENANCE ORGANIZATION CONTRACT**

This Renewal and Extension of the HEALTH MAINTENANCE ORGANIZATION CONTRACT, (hereinafter referred to as "CONTRACT"), is entered into by and between the CITY OF SAN ANTONIO (hereinafter referred to as "CITY"), a Texas Municipal Corporation, acting by and through its City Manager pursuant to Ordinance No. \_\_\_\_\_, passed and approved on \_\_\_\_\_, and PacificCare of Texas, having its principal place of business at 5001 LBJ Freeway, Suite 600, Tower II Building, Dallas, Texas, 75244-6130 (hereinafter referred to as "VENDOR"), acting by and through James Jones, Vice President of Sales and Marketing for the Southwest Region.

I.

The CITY hereby exercises its option to renew and extend the term of the CONTRACT for an additional one-year period, such option having been granted to the CITY in Section VI, "TERM" and in compliance with Section XXI, "ENTIRE AGREEMENT" of the CONTRACT originally entered into by the CITY and VENDOR, said CONTRACT having been approved by San Antonio Ordinance No. 92594, passed and approved on September 28, 2000.

II.

Section VI, "TERM" of the CONTRACT is hereby amended to read as follows:

6.1 The term of this CONTRACT shall commence at 12:00 a.m., Central Standard Time, on January 1, 2005, and shall terminate at 11:59 p.m., Central Standard Time, on December 31, 2005.

III.

Section II, DESCRIPTION OF SERVICES, subsections 2.11 and 2.12 of the CONTRACT is hereby amended to read as follows:

2.11 The VENDOR will arrange to provide HEALTH CARE SERVICES according to the Schedule of Benefits described in VENDOR'S Proposal, attached to the original CONTRACT as Exhibit B, with any amendments thereto described in the schedule of benefits attached to this RENEWAL AND EXTENSION OF HEALTH CARE MAINTENANCE ORGANIZATION CONTRACT for the plan year 2005, and the Evidence of Coverage issued to Plan Participants, attached to the original CONTRACT as Exhibit C.

2.12 The VENDOR's premium fee schedule for HEALTH CARE SERVICES according to the schedule of benefits attached hereto for enrolled Medicare retirees and their dependents shall be as follows for the year beginning January 1, 2005 and ending December 31, 2005:

• Retiree only	\$160.04	per month
• Retiree + Spouse, 1 Medicare	\$160.04	per month
• Retiree + Spouse, 2 Medicare	\$320.08	per month
• Retiree + Spouse, 1 Medicare, Dependents	\$160.04	per month
• Retiree + Spouse, 2 Medicare, Dependents	\$320.08	per month

Pacificare Renewal  
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## III.

All other terms, conditions, covenants, and provisions of the CONTRACT remain in effect save and except for Sections II and VI, which the undersigned parties agree are hereby amended. All said terms, conditions, covenants and provisions herein or as previously agreed to shall comply with all federal, state and local laws and regulations.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

(EFFECTIVE DATE: January 1, 2005)

CITY OF SAN ANTONIO

PACIFICARE OF TEXAS

\_\_\_\_\_  
J. Rolando Bono  
Interim City Manager

\_\_\_\_\_  
James Jones  
Vice President, Sales and Marketing  
Southwest Region

Approved as to form:

\_\_\_\_\_  
Kathleen Finck  
Assistant City Attorney