

*City of Alexandria, Virginia*

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MEMORANDUM  
**CORRECTED**

DATE: APRIL 14, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 119 : HEALTHCARE SAVINGS FROM REDUCTION IN  
FY 2007 MAMSI/UNITED HEALTHCARE (UH) PREMIUMS

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This memo is intended to provide an update of the FY 2007 increase in the Mamsi/United Healthcare (UH) health insurance premiums. The prior estimate of a 22.1% Mamsi/UH premium increase was based on a rolling 12-month average of utilization and inflation in addition to administrative costs. In an effort to reduce overall healthcare costs, the City authorized its consultant to engage in more recent negotiations with Mamsi/UH to use the most recent months as a new basis for the FY 2007 premiums. This re-estimate resulted in a revised premium increase for Mamsi/UH plans of 18.5% for FY 2007. ***We estimate that the savings in premiums will be about \$340,000.*** We are reflecting this amount as a technical budget re-estimate.