

AGENDA ITEM SUMMARY

Meeting Date:	OCTOBER 17, 2018
Agenda Category:	NEW BUSINESS
Agenda Item Number:	11 A
Subject:	CITY EMPLOYEE GROUP HEALTH INSURANCE RECOMMENDATIONS (CITY MANAGER/FINANCE DIVISION)

Attachments:	Memorandum; Employee Benefits Renewal & Recommendation
---------------------	--

Staff Contact:	City Manager Fettrow/Assistant City Manager & Finance Director Trine
-----------------------	--

Background:	<p>The City Manager and staff have met on a variety of occasions with representatives of the Gehring Group, the City's insurance brokers and consultants. Throughout these meetings, a number of options were explored that would allow the City to continue providing its employees with a robust and comprehensive, yet affordable, set of health care benefits. For the health insurance plan renewal, an increase of 4 percent has been negotiated over last year. If approved, this action would result in an increase of \$6.63 per paycheck for single-dependent coverage and an increase of \$9.02 per paycheck for family coverage. In addition, staff recommends that the employer payment of an administrative fee of \$4.60 per month is continued for those employees participating in the flexible spending account (FSA).</p>
--------------------	--

Reference:	City Employee Health Insurance Benefits
-------------------	---

Suggested Action:	<p>Approve the renewals of health, dental and life insurance plan benefits for City employees with the increases as stated and continue the employer payment of the monthly administrative fee for those employees participating in the flexible spending account (FSA)</p>
--------------------------	---

Memorandum

To: City Council
CC: Dr. Fettrow, Corey Harris
From: Matthew D. Trine
Date: 10/08/2018
Re: Group Insurance Recommendation

The City Manager and staff have met on several occasions with representatives of the Gehring Group, our insurance brokers & consultants. During these meetings, multiple options were explored to continue providing city employees with a robust, comprehensive, and yet affordable set of health care benefit options.

During our meetings, the decision was made to negotiate with our current health care provider, CIGNA for major medical health insurance. The city remains partially self-funded, protecting itself with a maximum annual exposure of \$2,812,985. This is a proposed negotiated increase of only 4.0% over the prior year. The individual stop loss remains at \$70,000. The utilization of this top-side stop loss has been minimal over previous three years (less than 6 participants reaching stop loss medical benefits per year in each year). In the most recent years, our gross claims per employee per month have changed from \$701.24 in 2016 to \$531.50 in 2017 to \$702.37 in 2018. The dental insurance has renewed with no change in benefits or premium. The basic life insurance policy is able to be renewed, with no annual increase, for the next 12 months. A number of supplemental health insurance plans, including specialized risk and gap insurance, remain available to employees through other insurance providers, and at the employees' cost.

In Calendar year 2018, an optional flexible spending account was made available to employees. While the plan is funded with the pre-tax contributions of employees, an administrative expense of \$4.60 per participating employee per month has been paid by the City. This option, along with continuing to provide the optional gap insurance, can allow a more affordable and flexible means for employees to budget for and reduce the risk of financial hardship due to health issues.

The negotiated increase in medical insurance premiums is \$100,997. This increase has historically been allocated between employees and the city. Staff recommends that the City Council contemplate paying for \$83,533 of the increase from the city's Internal Service Insurance Fund. This would result in an increase of \$17,464 absorbed by employees with dependent and family coverage. This is a per paycheck increase to employees of \$6.63 and \$9.02 for single dependent and family coverages, respectively.

Respectfully,



Matthew D. Trine
Assistant City Manager
Director Finance & Risk Management

City of Rockledge
Employee Benefits Executive Cost Summary
Effective Date: January 01, 2019

	Current					Renewal					
MEDICAL	2018 Cigna					2019 Cigna					
Open Access Plus	Total	Employer	Employee	Per Pay ER (26)	Per Pay EE (26)	Total	Employer	Employee	Per Pay ER (26)	Per Pay EE (26)	EE Per Pay Inc
Employee Only 139	\$649.05	\$649.05	\$0.00	\$299.56	\$0.00	\$675.00	\$675.00	\$0.00	\$311.54	\$0.00	\$0.00
Employee + One Dependent 36	\$1,265.43	\$978.17	\$287.26	\$451.46	\$132.58	\$1,316.01	\$1,014.39	\$301.62	\$468.18	\$139.21	\$6.63
Employee + Family 48	\$1,557.70	\$1,166.64	\$391.06	\$538.45	\$180.49	\$1,619.96	\$1,209.35	\$410.61	\$558.16	\$189.51	\$9.02
TOTAL MEDICAL PREMIUM 223											
ANNUAL PREMIUM	\$2,526,516	\$2,177,169	\$349,347			\$2,627,513	\$2,260,702	\$366,811			
\$ INCREASE	N/A	N/A	N/A			\$100,997	\$83,533	\$17,464			
DENTAL	Cigna					Cigna					
Employee Only 112	\$23.01	\$11.51	\$11.50	\$5.76	\$5.75	\$23.01	\$11.51	\$11.50	\$5.76	\$5.75	\$0.00
Employee + One Dependent 41	\$64.53	\$32.27	\$32.26	\$16.14	\$16.13	\$64.53	\$32.27	\$32.26	\$16.14	\$16.13	\$0.00
Employee + Family 47	\$108.33	\$54.17	\$54.16	\$27.09	\$27.08	\$108.33	\$54.17	\$54.16	\$27.09	\$27.08	\$0.00
TOTAL DENTAL PREMIUM 200											
	Expires December 31, 2020					Expires December 31, 2020					
ANNUAL PREMIUM	\$123,772	\$61,898	\$61,874			\$123,772	\$61,898	\$61,874			
\$ INCREASE	N/A	N/A	N/A			\$0	\$0	\$0			
VISION	EyeMed					EyeMed					
Employee Only 92	\$4.70	\$2.35	\$2.35	\$1.18	\$1.18	\$4.70	\$2.35	\$2.35	\$1.18	\$1.18	\$0.00
Employee + One Dependent 37	\$8.93	\$4.47	\$4.46	\$2.24	\$2.24	\$8.93	\$4.47	\$4.46	\$2.24	\$2.24	\$0.00
Employee + Family 44	\$13.12	\$6.56	\$6.56	\$3.28	\$3.28	\$13.12	\$6.56	\$6.56	\$3.28	\$3.28	\$0.00
TOTAL VISION PREMIUM 173											
	Expires December 31, 2020					Expires December 31, 2020					
ANNUAL PREMIUM	\$16,081	\$8,043	\$8,038			\$16,081	\$8,043	\$8,038			
\$ INCREASE	N/A	N/A	N/A			\$0	\$0	\$0			
BASIC LIFE/AD&D	UnitedHealthcare					UnitedHealthcare					
Benefits Volume	\$4,199,000					\$4,199,000					
Life Rate / \$1,000	\$0.185					\$0.185					
AD&D Rate / \$1,000	\$0.030					\$0.030					
TOTAL BASIC LIFE/AD&D PREMIUM	Expires December 31, 2019					Expires December 31, 2019					
ANNUAL PREMIUM	\$10,833	\$10,833	\$0			\$10,833	\$10,833	\$0			
\$ INCREASE	N/A	N/A	N/A			\$0	\$0	\$0			
TOTAL BENEFITS PREMIUM	Total	Employer	Employee			Total	Employer	Employee			
ANNUAL PREMIUM	\$2,677,203	\$2,257,944	\$419,259			\$2,778,200	\$2,341,476	\$436,724			
\$ INCREASE	N/A	N/A	N/A			\$100,997	\$83,533	\$17,464			

Does Not Include Terminal Liability

Census as of September 1, 2018. No Retiree Included in Enrollment.

City of Rockledge
Medical Plan Renewal Evaluation
Effective Date: January 1, 2019

SCHEDULE OF BENEFITS	\$70K ISL Current	\$70K ISL Negotiated Renewal
	Cigna - Graded Funding OAPIN	Cigna - Graded Funding OAPIN
Plan Basics	<i>In Network Only</i>	<i>In Network Only</i>
Lifetime Maximum	Unlimited	Unlimited
Calendar Year Deductible (CYD)		
Single	\$3,000	\$3,000
Family	\$6,000	\$6,000
Out of Pocket Max	<i>Includes Deductible, Copays, Rx and Coinsurance</i>	<i>Includes Deductible, Copays, Rx and Coinsurance</i>
Single	\$5,000	\$5,000
Family	\$10,000	\$10,000
Coinsurance (Member Responsibility)	20%	20%
Non Hospital Services		
Primary Care Physician	\$20	\$20
Specialist	\$40	\$40
Preventive Services	No Cost	No Cost
Laboratory Services (Doctor's OV)	No Cost	No Cost
Advanced Imaging (CT, PET, MRI)	\$250	\$250
Spinal Manipulation Therapy	\$40	\$40
Urgent Care Center	\$50	\$50
Hospital Services		
Inpatient Hospital	20% after CYD	20% after CYD
Outpatient Hospital	20% after CYD	20% after CYD
Physician Services at Hospital	20% after CYD	20% after CYD
Emergency Room	\$200	\$200
Mental Health/Substance Abuse		
Inpatient Hospital	20% after CYD	20% after CYD
Outpatient Services	\$40	\$40
Retail Pharmacy Plan		
RX Calendar Year Deductible (RXD)	\$0	\$0
Tier 1 drugs	\$15	\$15
Tier 2 drugs	\$30	\$35
Tier 3 drugs	\$50	\$50
Mail Order/Retail 90 Days		
Tier 1 / Tier 2 / Tier 3 (90 Days)	\$38/\$75/\$125	\$38/ \$88 /\$125
Monthly Premium	<i>Maximum Liability</i>	<i>Maximum Liability</i>
Employee Only 143	\$649.05	\$675.00
Employee + Child(ren) 42	\$1,265.43	\$1,316.01
Employee + Family 51	\$1,557.70	\$1,619.96
Monthly Cost 236	\$225,405	\$234,415
Annual Cost	\$2,704,859	\$2,812,985
\$ Increase / Decrease	N/A	\$108,126

Enrollment as of 9/1/2018; includes Retirees

Fixed Costs + Expected Claims:

\$2,356,962

Does Not Include Terminal Liability:

\$279,524

Fixed Costs + Expected Claims:

\$2,463,190

Does Not Include Terminal Liability:

\$290,698

City of Rockledge
Medical Plan Renewal Evaluation - Cost Summary
Effective Date: January 1, 2019



		Current	Negotiated Renewal
FIXED COSTS		Cigna	Cigna
Administration Fees			
Employee Only	143	\$22.84	\$23.30
Employee + One Dependent	42	\$44.52	\$45.42
Employee + Family	51	\$54.80	\$55.92
Monthly Cost		\$7,931	\$8,091
Individual Stop Loss			
Employee Only	143	\$117.03	\$139.27
Employee + One Dependent	42	\$228.17	\$271.52
Employee + Family	51	\$280.87	\$334.23
Monthly Cost		\$40,643	\$48,365
Aggregate Stop Loss			
Employee Only	143	\$8.31	\$8.82
Employee + One Dependent	42	\$16.19	\$17.18
Employee + Family	51	\$19.93	\$21.15
Monthly Cost		\$2,885	\$3,061
Total Monthly Fixed Costs		\$51,458	\$59,518
Total Annual Fixed Costs		\$617,500	\$714,217
CLAIMS LIABILITY			
Attachment Factor			
Employee Only	143	\$500.87	\$503.61
Employee + One Dependent	42	\$976.55	\$981.89
Employee + Family	51	\$1,202.10	\$1,208.66
Monthly Cost		\$173,947	\$174,897
Total Monthly Liability Costs		\$173,947	\$174,897
Total Annual Liability Costs		\$2,087,359	\$2,098,767

EXPECTED COSTS			
Fixed Costs + Expected Claims			
Employee Only	143	\$565.57	\$591.07
Employee + One Dependent	42	\$1,102.67	\$1,152.36
Employee + Family	51	\$1,357.35	\$1,418.52
Monthly Cost		\$196,414	\$205,266
Total Monthly Expected Cost		\$196,414	\$205,266
Total Annual Expected Cost		\$2,356,962	\$2,463,190
\$ Increase / Decrease		N/A	\$106,228

MAXIMUM LIABILITY (Does Not Include Terminal Liability)			
Fixed Costs + Attachment Factor		120% Corridor	120% Corridor
Employee Only	143	\$649.05	\$675.00
Employee + One Dependent	42	\$1,265.43	\$1,316.01
Employee + Family	51	\$1,557.70	\$1,619.96
Monthly Cost		\$225,405	\$234,415
Total Monthly Maximum Liability Cost		\$225,405	\$234,415
Total Annual Maximum Liability Cost		\$2,704,859	\$2,812,985
\$ Increase / Decrease		N/A	\$108,126

TERMINAL LIABILITY			
		2018 Terminal Liability	2019 Terminal Liability
Terminal Liability Fixed Costs		\$63,812	\$73,807
Terminal Liability Claims Exposure		<u>\$215,712</u>	<u>\$216,891</u>
Total Terminal Liability		\$279,524	\$290,698
Additional 2019 Terminal Liability		N/A	\$11,174