

AGENDA ITEM SUMMARY

Meeting Date:	OCTOBER 2, 2019
Agenda Category:	NEW BUSINESS
Agenda Item Number:	11 A
Subject:	CITY EMPLOYEE GROUP HEALTH INSURANCE RECOMMENDATION (CITY MANAGER/FINANCE DIVISION)
Attachments:	Memorandum; supporting documentation
Staff Contact:	City Manager Fettrow/Assistant City Manager & Finance Director Trine
Background:	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. The negotiated increase in medical insurance premiums is \$184,972.00. After a number of scenarios were explored, staff is recommending the absorption by the City of \$156,230.00 of that cost, along with an increase of \$11.14 per paycheck, per employee, for employee plus one dependent; and an increase of \$15.16 per paycheck, per employee, for employee plus family.
Reference:	City Employee Health Insurance Benefits
Suggested Action:	Approve staff's recommendation regarding the City employee group health insurance

Memorandum

To: City Council
CC: Dr. Fettrow, Corey Harris
From: Matthew D. Trine
Date: 10/02/2019
Re: Group Insurance Recommendation

*approved
to go to Council
Dr. Fettrow
9/23/2019*

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 total major medical premium of \$2,834,351. This is a proposed negotiated increase of 7% 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 \$644.79 in 2018 and to \$701.82 for year to date for 2019. 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. The continued offering of 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 \$184,972. This increase has historically been allocated between employees and the city. Staff recommends that the City Council contemplate paying for \$156,230 of the increase from the city's Internal Service Insurance Fund. This would result in an increase of \$28,742 absorbed by employees with dependent and family coverage. This is a per paycheck increase to employees of \$11.14 and \$15.16 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 1, 2020



		Current					Renewal					
MEDICAL		2019 Cigna					2020 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	145	\$675.00	\$675.00	\$0.00	\$311.54	\$0.00	\$722.13	\$722.13	\$0.00	\$333.29	\$0.00	\$0.00
Employee + One Dependent	38	\$1,316.01	\$1,014.39	\$301.62	\$468.18	\$139.21	\$1,407.89	\$1,082.14	\$325.75	\$499.45	\$150.35	\$11.14
Employee + Family	45	\$1,619.96	\$1,209.35	\$410.61	\$558.16	\$189.51	\$1,733.05	\$1,289.59	\$443.46	\$595.20	\$204.67	\$15.16
TOTAL MEDICAL PREMIUM	228											
ANNUAL PREMIUM		\$2,649,379	\$2,290,111	\$359,268			\$2,834,351	\$2,446,341	\$388,010			
\$ INCREASE		N/A	N/A	N/A			\$184,972	\$156,230	\$28,742			
DENTAL		Cigna					Cigna					
Employee Only	121	\$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	43	\$64.53	\$32.27	\$32.26	\$16.14	\$16.13	\$64.53	\$32.27	\$32.26	\$16.14	\$16.13	\$0.00
Employee + Family	53	\$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	217		Expires December 31, 2020				Expires December 31, 2020					
ANNUAL PREMIUM		\$135,606	\$67,816	\$67,790			\$135,606	\$67,816	\$67,790			
\$ INCREASE		N/A	N/A	N/A			\$0	\$0	\$0			
VISION		EyeMed					EyeMed					
Employee Only	97	\$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	46	\$8.93	\$4.47	\$4.46	\$2.24	\$2.24	\$8.93	\$4.47	\$4.46	\$2.24	\$2.24	\$0.00
Employee + Family	45	\$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	188		Expires December 31, 2020				Expires December 31, 2020					
ANNUAL PREMIUM		\$17,485	\$8,745	\$8,740			\$17,485	\$8,745	\$8,740			
\$ INCREASE		N/A	N/A	N/A			\$0	\$0	\$0			
BASIC LIFE/AD&D		UnitedHealthcare					UnitedHealthcare					
Benefits Volume		\$4,519,000					\$4,519,000					
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, 2021					
ANNUAL PREMIUM		\$11,659	\$11,659	\$0			\$11,659	\$11,659	\$0			
\$ INCREASE		N/A	N/A	N/A			\$0	\$0	\$0			
TOTAL BENEFITS PREMIUM		Total	Employer	Employee			Total	Employer	Employee			
ANNUAL PREMIUM		\$2,814,129	\$2,378,331	\$435,798			\$2,999,101	\$2,534,561	\$464,540			
\$ INCREASE		N/A	N/A	N/A			\$184,972	\$156,230	\$28,742			

Does Not Include Terminal Liability