



City of Saginaw

City of Saginaw

Meeting Date: 08/16/2016

Staff Contact: Nan Stanford
City Manager

Agenda Item: 10
(CC-0816-13)

E-mail: nstanford@saginawtx.org

Phone: 817-232-4640

SUBJECT: Consideration and Action regarding Employee Health, Dental, and Life Insurance; and Flexible Spending Account Benefit

BACKGROUND/DISCUSSION:

On August 3rd a meeting of the Employee Insurance Committee was held with our consultants Jack Reaves and Brad McEowen. A summary of that meeting including the details of the committee's recommendation is included in the attached memo.

FINANCIAL IMPACT:

Funds for the group medical, dental, and life insurance are included in the budgets of the respective departments. Funds to cover the expenses will be included in the 2016-2017 fiscal year budget.

RECOMMENDATION:

Staff concurs with the Employee Insurance Committee's recommendation to offer United Healthcare's dual option AG2D plan and the AGX7 HSA plan, continuing the dental coverage with Delta Dental with the two year rate guarantee, continuing the life insurance policy with Standard, and continuing the Flexible Spending Account Benefit through Alt-Bentley Yates Benefit Administrators.

Attachments

Memo with Attachments from Dolph Johnson

MEMORANDUM

DATE: August 4, 2016
TO: Nan Stanford, City Manager
FROM: Dolph Johnson, Assistant City Manager
RE: Employee Health, Dental and Life Insurance
CC: Ellen Ritchie – Library
Doug Spears - Fire
Mark White – Public Works
Russell Ragsdale – Police
Keith Rinehart – Recreation
Janice England – City Hall

Our insurance brokers, Jack Reaves and Brad McEowen, met with the Employee Insurance Committee (copied above) on August 3rd to review our insurance plan information. The following is a summary of that meeting and the committee's recommendations.

Our current health insurance provider is United Healthcare. The initial proposed renewal rate from United showed an increase of 28.6% for our current plan due to our claims history. We had several large claims this year. After discussion with our brokers they offered to renew with a 24% increase. Our brokers were convinced that due to our claims history we would not be able to solicit quotes from other carriers that would provide lower rates. United Healthcare proposed a slightly modified plan that would increase the current rates by 9.5%. That plan would increase the deductible amount from \$2,000 to \$2,500 and would eliminate any out of network benefits. Out of network claims for this year made up less than 2% of the total. All other benefits in the plan would remain the same. United also offered a Health Savings Account (HSA) plan that has a \$3,000 deductible with no co-pays and no out of network benefits with a lower rate that may be more suitable for some employees. There would be no additional cost to the City for the dual option plan. After review and discussion the Committee recommends staying with United Healthcare and offering the dual option plan (AG2D and AGX7 HSA). The difference in cost between the two employee only plans is \$62.07 per month. In order to provide the same amount of benefits for each employee we are recommending the \$62.07 difference be deposited in the HSA account for those employees that choose this plan. United will continue to offer zero copays for children's (under age 19) office visits with their primary care provider. United has also implemented virtual office visits (doctors accessible by phone) with a reduced copay.

The City would continue to provide full coverage for employees and an additional \$365 per month for dependent coverage.

Under the traditional copay plan employees would pay \$533.93 per month for spouse only coverage, \$311.84 per month for coverage of children only, and \$1,134.77 per month for full family coverage.

Under the HSA plan employees would pay \$447.80 per month for spouse only coverage, \$248.32 per month for coverage of children only, and \$987.45 per month for full family coverage.

United Healthcare's optional vision plan will continue to be available to employees at the employee's sole cost with no change in the rates.

Delta Dental has been our dental carrier for the last three years. They originally offered a renewal rate with a 13.55% increase, again due to our dental claims history. The brokers were able to negotiate the increase to 7.42% on the current plan. Delta also offered to guarantee the rates for a two year period with an 8.45% increase (29 cents more per month on the employee only rate.) The benefits and service from Delta have been excellent and the Committee recommended remaining with Delta and locking in the rate for two years.

Standard will renew our life insurance policy with no change in the rates.

After reviewing all of the information, the Employee Insurance Committee recommends offering United Healthcare's dual option AG2D plan and the AGX7 HSA plan, continuing our dental coverage with Delta Dental with the two year rate guarantee, continuing our life insurance policy with Standard, and continuing the Flexible Spending Account benefit through Alt-Bentley Yates Benefit Administrators.



Renewal Date: October 1, 2016

United Healthcare Current/Renewal Plan				UHC Option 1	UHC Option 2
Plan Name	AGZT			AG2D	AGX7 H.S.A. Plan
Network Name	ChoicePlus PPO			Choice EPO	Choice EPO
Calendar Year Deductible					
Individual	\$2,000			\$2,500	\$3,000
Family	\$4,000			\$5,000	\$6,000
Out-of-Pocket Max (per calendar yr includes deductible and copays)					
Individual	\$3,500			\$4,000	\$6,850
Family	\$7,000			\$8,000	\$13,700
Office Visits					
Preventive Care	No Charge			No Charge	No Charge
Physician Visit	\$0 PCP if < age 19 \$30 Copay PCP \$60 Copay Specialist \$25 Copay Virtual Visit			\$0 PCP if < age 19 \$30 Copay PCP \$60 Copay Specialist \$25 Copay Virtual Visit	Plan pays 100% after you satisfy annual deductible
Other Services					
Inpatient Hospital Services	Plan pays 100% after you satisfy annual deductible			Plan pays 100% after you satisfy annual deductible	Plan pays 100% after you satisfy annual deductible
Outpatient Hospital Facility Services	Plan pays 100% after you satisfy annual deductible			Plan pays 100% after you satisfy annual deductible	Plan pays 100% after you satisfy annual deductible
Emergency Room	\$300 Copay per visit			\$300 Copay per visit	Plan pays 100% after you satisfy annual deductible
Urgent Care	\$75 Copay per visit			\$75 Copay per visit	Plan pays 100% after you satisfy annual deductible
Prescription Drug Program					
Tier 1	\$10			\$10	\$10 - after deductible
Tier 2	\$35			\$35	\$35 - after deductible
Tier 3	\$60			\$60	\$60 - after deductible
Tier 2 Specialty	NA			NA	NA
Tier 3 Specialty	NA			NA	NA
Rates	Current	Renewal	Revised Renewal	Monthly Rates	Monthly Rates*
Employee	\$556.89	\$716.43	\$690.54	\$609.56	\$547.49
Employee + Spouse	\$1,329.70	\$1,710.64	\$1,648.82	\$1,455.46	\$1,307.26
Employee + Child(ren)	\$1,126.80	\$1,449.61	\$1,397.22	\$1,233.37	\$1,107.78
Employee + Family	\$1,878.62	\$2,416.81	\$2,329.48	\$2,056.30	\$1,846.91
Percentage Increase/(Decrease)		28.6%	24.0%	9.5%	-1.7%

* City of Saginaw will contribute \$62.07 per month into the employee's H.S.A. account (\$62.07 is difference between employee only premium for plan AG2D and AGX7).

Dental Plan		DELTA DENTAL DPO	
Calendar Year Deductible- Only Applied to Basic and Major Services			
	Individual	\$50	
	Family	\$150	
Plan Pays and Services Covered			
	Preventive Services	Plan pays 100% Preventive Services include: exams, cleanings, limited x-rays, fluoride treatments	
	Basic Services	Plan pays 80% after ded. Basic Services include: root canals, periodontics, fillings, space maintainers, oral surgery	
	Major Services	Plan pays 50% after ded. Major Services include: crowns, dentures, inlays, onlays, bridges	
	Orthodontia	Plan pays 50% of the allowable	
	Annual Maximum	\$1,000 per covered person	
Rates		Current	Renewal*
	Employee Only	\$28.04	\$30.12
	Employee + Family	\$76.92	\$82.63

*2-year rate guarantee offered at rates of EO \$30.41 and EF \$83.44.