



City of Saginaw

City of Saginaw

Meeting Date: 8/21/2018

Staff Contact: Dolph Johnson
Asst. City Manager

Agenda Item: 10
(CC-0818-16)

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

BACKGROUND/DISCUSSION

On August 7th 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 are included in the proposed 2018-2019 fiscal year budget.

RECOMMENDATION:

The Employee Insurance Committee's recommendation is to remain with United Healthcare and offer the three plan options (BCZR MOD, AGX7 HAS, and AN-DQ Copay Plan), switch to United Healthcare for dental coverage, continue the life insurance with Standard, and continue the Flexible Spending Account benefit through Alt-Bentley Yates Benefit Administrators.

Attachments

Memo with Attachments from Dolph Johnson

MEMORANDUM

DATE: August 8, 2018
TO: Mayor and City Council
FROM: Dolph Johnson, Assistant City Manager
RE: Employee Health, Dental and Life Insurance
CC: Ellen Ritchie – Library
Doug Spears - Fire
Rick Trice – Public Works
Lee Howell – Police
Keith Rinehart – Recreation
Janice England – City Hall
Kim Quin – Finance

Our insurance brokers, Jack Reaves and Brad McEowen, met with the Employee Insurance Committee (copied above) on August 7th 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. Due to our improved claims history United Healthcare has offered to renew our current plans with *no change in the rates*.

We currently offer three plan options. A Health Savings Account (HSA) plan that has a \$3,000 deductible with no co-pays and no out of network benefits, a standard copay plan with a \$2,500 deductible and 100% coverage and no out of network benefits, and a third option with a \$3,000 deductible and pays 80% after that deductible is met with no out of network benefits. There is no additional cost for the City to offer all three plan options.

The City would continue to provide full coverage for employees and an additional \$365 per month for dependent coverage. The difference in cost between the original co-pay plan and the HSA employee only plan is \$58.61 per month. In order to provide the same amount of benefits for each employee we are recommending the \$58.61 difference continue to be deposited in the HSA account for those employees that choose this plan. The difference in the original co-pay plan and the alternate co-pay plan for employee only is \$114.39. In order to provide the same amount of benefits to an employee who chooses the alternate plan we recommend the \$114.39 difference continue to be applied to the dependent cost.

Under the original copay plan employees would pay \$581.32 per month for spouse only coverage, \$332.86 per month for coverage of children only, and \$1,253.48 per month for full family coverage.

Under the HSA plan employees would pay \$499.99 per month for spouse only coverage, \$272.88 per month for coverage of children only, and \$1,114.37 per month for full family coverage.

Under the alternate co-pay 80% plan employees would pay \$308.19 per month for spouse only coverage, \$101.41 per month for coverage of children only, and \$867.59 per month for full family coverage.

The above numbers are for medical coverage only and do not include dental or the optional vision insurance.

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 five years. Due to our dental claims history Delta offered a renewal rate 20% higher than our current rates. We decided to advertise and accept proposals for Dental coverage. We had nine carriers submit proposals. By far the best submittal was from United Healthcare (our medical insurance carrier) who offered dental coverage with *no increase from our current rates with a two year rate guarantee AND would reduce our medical rates by 1% as part of a bundled package.* Employees would continue to pay \$53.03 per month for dependent dental coverage.

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

After reviewing all of the information, the Employee Insurance Committee recommends remaining with United Healthcare and offering the three plan options (BCZR MOD, AGX7 HSA, and the AN-DQ Copay Plan) switching to United Healthcare for dental coverage with a two year rate guarantee and receiving a 1% discount on medical coverage, continuing our life insurance policy with Standard, and continuing the Flexible Spending Account benefit through Alt-Bentley Yates Benefit Administrators.

UnitedHealthcare
Medical Proposed Rates with Alternate Plan Designs

Customer Name: CITY OF SAGINAW
 Medical Policy: 00730118
 Renewal Date: October 1, 2018

* The numbers below are on an illustrative basis. Rates are subject to Underwriting approval. Renewal Plan

	Option 1: Current	Option 2	NEW	Option 3: Current	Option 4	NEW
	AG-X7 Mod (HSA/Emb/PVY/2018) Rx Plan: 2V-HSA	BCZR Mod (Premier) Rx Plan: 2V		AN-DQ (Primary Advantage EPO) Rx Plan: 455	ECZR Mod 2 (Premier) Rx Plan: 2V	
Plan Name	Choice Insurance *	Choice Insurance *		Choice Insurance *	Choice Insurance *	
Product	AGX7 Mod/2V/HSA	AG2D Mod/2V		ANDQ/455		
Option	Multiple Option	Multiple Option		Multiple Option	Multiple Option	
Plan Offering	Option(s) 1-3	Option(s) 1-3		Option(s) 1-3	Option(s) Replaces #2	
Multiple Option with:	HSA	No		No	No	
HRA or HSA						
Benefits*	Network Single/Family	Network Single/Family		Network Single/Family	Network Single/Family	
Office Copay (PCP/SPC)	PCP N/A, SPC N/A	PCP \$30, SPC \$30/\$60		PCP \$0, SPC \$100	PCP \$30, SPC \$30/\$60	
Hospital Copays	OP N/A, IP N/A	OP N/A, IP N/A		OP N/A, IP N/A	OP N/A, IP N/A	
UC/ER/Major Diag Copay	UC N/A, ER N/A, MD N/A	UC \$75, ER \$300+ded, MD N/A		UC \$50, ER \$250+ded+20%, MD N/A	UC \$75, ER \$500+ded, MD N/A	
Other	ENRP	\$0 Kid Copay; ENRP		ENRP	\$0 Kid Copay; ENRP	
Deductible	\$3000/\$6000 (Emb)	\$2,500/\$5,000 (Emb)		\$3,000/\$6,000 (Emb)	\$2,500/\$5,000 (Emb)	
Coinsurance	100%	100%		80%	100%	
Out-of-Pocket	\$6550/\$13100	\$4,000/\$8,000		\$6,500/\$13,000	\$4,000/\$8,000	
Pharmacy	\$10/35/60; 2.5x for M.O.	\$10/35/60; 2.5x for M.O.		\$250/500 ded (Tier 3 & 4 only); \$5/50/100/250; 2.5x M.O.	\$10/35/60; 2.5x for M.O.	
	Out of Network Single/Family	Out of Network Single/Family		Out of Network Single/Family	Out of Network Single/Family	
Deductible	N/A	N/A		N/A	N/A	
Coinsurance	N/A	N/A		N/A	N/A	
Out of Pocket	N/A	N/A		N/A	N/A	
Enrollment						
Employee	7	58		1	58	
Employee + Spouse	0	9		2	9	
Employee + Child(ren)	3	37		13	37	
Employee + Family	0	2		0	2	
Total	10	106		16	106	
	Rates (Billed)	Rates (Billed)		Rates (Billed)	Rates (Billed)	
	Current Proposed	Current Proposed		Current Proposed	Current Proposed	
Employee	\$629.61 \$623.31	\$688.81 \$681.92		\$573.26 \$567.53	\$668.64	
Employee + Spouse	\$1,503.34 \$1,488.30	\$1,644.69 \$1,628.24		\$1,368.79 \$1,355.11	\$1,596.53	
Employee + Child(ren)	\$1,273.94 \$1,261.19	\$1,393.72 \$1,379.78		\$1,159.92 \$1,148.33	\$1,352.91	
Employee + Family	\$2,123.93 \$2,102.68	\$2,323.64 \$2,300.40		\$1,933.84 \$1,914.51	\$2,255.60	
Monthly Cost	\$8,229 \$8,147	\$110,968 \$109,858		\$18,390 \$18,206	\$107,719	
Annual Cost	\$98,749 \$97,761	\$1,331,617 \$1,318,298		\$220,678 \$218,472	\$1,292,625	
Change from Current	-1.0%	-1.0%		-1.0%	-2.9%	

Products assumed for UBundle are .

*High level benefit summary. Please see your plan summary for more detailed benefit description.

POD = Benefit paid as follows: Per Occurrence Deductible, then plan deductible and coinsurance.

LTD # = the number of services covered at that copay, after the limit plan deductible and coinsurance will apply, note PCP and SPC may be combined (see benefit summary)

Day x# = the max number of days the copay will apply

For markets moving to service fees, current rates (for renewals only) include commission expenses. Proposed rates, for your convenience, include any applicable producer service fees. Producer service fees are not a contingency of obtaining insurance coverage but are fees agreed to between you (client) and your producer/service provider for service rendered on behalf of client.

For markets continuing to pay commissions, both the current (applicable for renewals only) and proposed rates include commissions.



Current Dental Plan - Delta Dental DPPO **United Healthcare P8705*** **Standard** **UNUM**

Individual	\$50	\$50	\$50	\$50
Family	\$150	\$150	\$150	\$150

Calendar Year Deductible- Only Applied to Basic and Major Services

Plan Pays and Services Covered	Standard	United Healthcare P8705*	Delta Dental DPPO	UNUM
Preventive Services	Plan pays 100% Preventive Services include: exams, cleanings, limited x-rays, fluoride treatments, space maintainers, sealants	Plan pays 100% Preventive Services include: exams, cleanings, limited x-rays, fluoride treatments, space maintainers, sealants	Plan pays 100% Preventive Services include: exams, cleanings, limited x-rays, fluoride treatments, space maintainers, sealants	Plan pays 100% Preventive Services include: exams, cleanings, limited x-rays, fluoride treatments, space maintainers, sealants
Basic Services	Plan pays 80% after ded. Basic Services include: root canals, periodontics, fillings, space maintainers, oral surgery	Plan pays 80% after ded. Basic Services include: root canals, periodontics, fillings, oral surgery, anesthesia	Plan pays 80% after ded. Basic Services include: root canals, periodontics, fillings, oral surgery, anesthesia	Plan pays 80% after ded. Basic Services include: root canals, periodontics, fillings, oral surgery, anesthesia
Major Services	Plan pays 50% after ded. Major Services include: crowns, dentures, bridges	Plan pays 50% after ded. Major Services include: crowns, dentures, implants, inlays, onlays, bridges	Plan pays 50% after ded. Major Services include: crowns, dentures, implants, inlays, onlays, bridges	Plan pays 50% after ded. Major Services include: crowns, dentures, implants, inlays, onlays, bridges

Child Orthodontia	Standard	United Healthcare P8705*	Delta Dental DPPO	UNUM
Annual Maximum	Plan pays 50% up to \$1,000 lifetime max \$1,000 per covered person	Plan pays 50% up to \$1,000 lifetime max \$1,000 per covered person	Plan pays 50% up to \$1,000 lifetime max \$1,000 per covered person	Plan pays 50% up to \$1,000 lifetime max \$1,000 per covered person
Rate Guarantee	1 year	2 year + 1% bundle credit on medical	2 year	1 year

Rates	Current	Renewal	Rates	Rates
Employee Only	61 \$30.41	\$36.49	\$30.41	\$32.08
Employee + Family	71 \$83.44	\$100.13	\$83.44	\$88.02

Other carriers w similar plans and all 1 year rate guarantees:

- Renaissance \$30.41; \$83.44
- Principal \$30.41; \$85.65
- Mutual of Omaha \$31.72; \$87.03
- Lincoln \$36.52; \$100.20
- Guardian \$34.47; \$94.59