



## Legislation Details (With Text)

<b>File #:</b>	16-1180	<b>Version:</b>	1	<b>Name:</b>	Insurance Benefits Program
<b>Type:</b>	Agenda Item	<b>Status:</b>		<b>Status:</b>	Approved
<b>File created:</b>	8/3/2016	<b>In control:</b>		<b>In control:</b>	City Council
<b>On agenda:</b>	8/9/2016	<b>Final action:</b>		<b>Final action:</b>	8/9/2016
<b>Title:</b>	Consider and take action on a resolution approving the employee insurance benefits program for the period of October 1, 2016 to September 30, 2017 and authorizing agreements with 1) Cigna Health and Life Insurance Company for administrative services related to employee health insurance, 2) Aetna for employee dental insurance and 3) Deer Oaks for administrative services related to the Employee Assistance Program (Director of Human Resources and Civil Service)				

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Data Sheet, 2. Proposed Resolution, 3. Contributions 2016 2017

Date	Ver.	Action By	Action	Result
8/9/2016	1	City Council	Approved	Pass

Consider and take action on a resolution approving the employee insurance benefits program for the period of October 1, 2016 to September 30, 2017 and authorizing agreements with 1) Cigna Health and Life Insurance Company for administrative services related to employee health insurance, 2) Aetna for employee dental insurance and 3) Deer Oaks for administrative services related to the Employee Assistance Program (Director of Human Resources and Civil Service)

Approval of this item will approve the employee insurance benefit program for the October 1, 2016 through September 30, 2017 plan year; as presented at the City Council special work session on August 2, 2016.

The City's current health insurance contract expires on September 30, 2016. Staff reviewed the existing insurance program with IPS Advisors (benefits consultant for the City) with the following goals in mind: to continue programs at or above benchmarks provided by similar employers, maintain funding levels (both from the City and from the participants) matching benchmarks, provide program choices for employees and to promote healthy choices for participants. Both fully insured and partially self-funded health insurance plans would be considered. After meeting with the City Council on June 7 and reviewing these goals, the City conducted a request for proposals (RFP) for all elements of the benefit program. Proposals were received on July 8.

IPS evaluated responses from two, fully funded and four, partially self-funded health insurance plans. At the August 2 City Council work shop, staff and IPS reviewed the results and presented best and final proposals from "Boon-Chapman (Incumbent - partially self-funded), Blue Cross Blue Shield of Texas (partially self-funded), Cigna (partially self-funded) and Texas Municipal League (TML- partially self-funded). All of the 12 month plans have similar benefit levels as the current plan and costs range from below current plan costs to 41 percent higher than the current plan costs. The carriers also provided plan options that were similar to the 2015 plan, with lower employee out of pocket costs and out of network benefits. Blue Cross Blue Shield of Texas (fully insured) at 17 percent above current costs and TML (fully insured) at 5 percent above current costs offer less plan flexibility as partially self-insured plan provides and were not considered further.

### Plan Design Changes - Health Insurance

Staff recommends a dual option, partially self-funded, twelve month program through Cigna. The dual option plan

provides employee choice and is estimated to cost \$5,539,630 million for the term. This is 4.6 percent less than the current plan cost. This plan, presented as Alternate 1 at the August 2 work shop mirrors, in most respects, the 2015 health plan. Out of network benefits are included at a 60/40 cost share. Maximum out of pockets are reduced by \$500 for individual and \$1,000 for family. Copays for emergency rooms and urgent care facilities have been reduced.

### **Current Core Plan**

The current Boon -Chapman (Aetna) plan has a dual option, with basic in network benefits only as follows:

- Deductible \$1,000/\$2,000
- Maximum Out of Pocket \$4,000/\$8,000
- RX \$10/\$35/\$60/20%
- Mail Order \$25/\$87.50/\$150

### **Proposed Plan - Core Plan Option**

The proposed plan with Cigna as a basic ‘dual option’ plan; will provide both in network and out of network benefits:

- Deductible \$1,000/\$2,000
- Maximum Out of Pocket \$3,500/\$7,000
- In network cost share 80%/20%
- Out of network cost share 60%/40%
- RX \$10/\$35/\$60/20%
- Mail Order \$20/\$70/\$120

The base plan will be provided to employees at no cost, and will provide dependent coverage at the current plan rates. (See Attachment A)

### **Proposed Plan - “Buy Up Option”**

- Deductible \$500/\$1,000
- Maximum Out of Pocket \$2,000/\$4,000
- In network cost share 80%/20%
- Out of network cost share 60%/40%
- RX \$10/\$25/\$50/20%
- Mail Order \$20/\$50/\$100

The buy up option is similar to the core plan and will be available to employees at a cost of \$59.68 per month with dependent coverage also higher. (See Attachment A)

In addition, under both plans, discounted premiums of \$25 per month will be offered to all employees and spouses who do not use nicotine products and \$50 for employees and covered spouses that complete an annual HRA.

The plans deductible and out of pocket rates will continue to run on a calendar year.

### **Dental Plan**

Renewal with the current provider, Aetna, is recommended. There will be a 5% cost increase in the rate with a one year rate guarantee.

### **Vision Plan**

Renewal with current provider, Davis Vision, is recommended. The current cost is part of a multi-year guarantee. This will be the 2<sup>nd</sup> year in a 4 year guarantee as a fully-insured plan.

### **EAP (Employee Assistance Program)**

Propose to contract with Deer Oaks to administer the City’s Employee Assistance Program for 2016-2017. Rate proposed is \$1.27 per employee per month providing a cost savings to the City of 33% or \$3,780 a year.

**Long Term Disability**

It is recommended that the City provide employer paid long-term disability for 2016-2017 plan year. A formal RFP for disability will be completed and awarded for October 1, 2016. Total plan cost is estimated to be less than \$45,000 annually.

**Budgetary Impact**

The FY 2016-2017 proposed budget, as presented to City Council on July 11, 2016 included health insurance costs based upon a reduction of 5% as projected by IPS' preliminary analysis. The costs for this benefit plan should be manageable within the proposed budget. Rates for employees will remain at FY 2016 levels.

**Attachments: (Council will receive final contracts before council meeting)**

1. Data Sheet
2. Proposed Resolution
3. Contribution Levels

CONTRACT ORIGINATION: Various contracts originated by the individual companies and are approved by the City Attorney.

**FUNDING**

{ } NOT APPLICABLE

{ X } Funds are available from Account # Health insurance - 038-5509-603-5465, Dental insurance - 038-5509-603-5466, Vision insurance - 038-5509-603-5467, Life Insurance - 038-5509-603-5468