



Legislation Text

File #: 18-0404, Version: 1

Consider and take action on a resolution approving the employee insurance benefits program for the period October 1, 2018 to September 30, 2019 and authorizing agreement with Cigna Health and Life Insurance Company for medical plan change options related to employee health insurance (Director of Human Resources and Civil Service)

Approval of this resolution will authorize an agreement with Cigna Health and Life Insurance Company for medical plan change options related to employee health insurance, and approve the employee insurance benefit program for the October 1, 2018 through September 30, 2019 plan year, as presented at the City Council work session on July 10, 2018.

The current health plan through Cigna includes a 3 percent increase to plan year 2018-2019 for administrative services costs. Staff has reviewed the existing insurance program with IPS Advisors (the benefits consultant for the City) which is currently operating at 101% of expected claims. A detailed review was conducted of the existing triple option plan including the preferred network arrangement with UTMB that began on January 1, 2018 to help minimize cost increases. Health insurance costs will increase 7.1 percent under the proposed Cigna plan detailed below. The increase will be shared between the employees and the City.

Plan Design Changes - Health Insurance

Staff recommends maintaining the triple option, partially self-funded, twelve-month program through Cigna. The triple option plan provides employee choice and is estimated to cost \$6,953,607 for the term. This is 7.1 percent more than the current plan cost. Staff recommends renewal with Cigna for the 2018 - 2019 plan year with the following plan design changes:

Medical:

- ☐ Increase Mid Plan standard network deductible from \$1,000 to \$1,500 for individuals and from \$2,000 to \$3,000 for families
- ☐ Increase Buy Up Plan Standard network deductible from \$500 to \$750 for individuals and from \$1,000 to \$1,500 for families
- ☐ Increase the Health Savings Account (HSA) contribution to \$1,000 for individuals and \$1,500 for families
- ☐ Reduce telehealth/virtual office visit copay from \$25 to \$5 to continue to steer employees and families away from Emergency Room visits for non-emergency situations

Pharmacy:

- ☐ Increase Generic drug copay from \$2 to \$4 for 30-day prescription fills and \$8 for 90-day fill Retail or Mail

Health Insurance Premiums

Under the Buy Up Plan, the Employee Only contribution will result in employee premium cost of \$82.20, an increase of \$4.73, resulting in 6.1% increase from last year's rate. Dependent care coverage (+ Spouse, + Child(ren) or + Family) will see an increase ranging from 6.8% to 6.9%. This is illustrated in the attached chart. Approximately 18% of our employees participate in this plan.

Under the Mid Plan, the Employee Only contribution will remain at an employee premium cost of \$10/month. Any level of dependent care coverage in addition to employee will see an increase in premium ranging from 6.6% (Employee + Child(ren)) to 6.8% (Employee + Family).

The Core Health Savings Account (HSA) Plan's Employee Only option is paid by the City at 100 percent. Additionally,

dependent care coverage will see rates as low as \$93.26/month for Employee + Child(ren), \$118.95/month for Employee + Spouse, and \$199.84/month for Employee + Family.

Discounted premiums of \$50 will continue to be offered to all employees and spouses who complete an annual HRA under all plans. The rates mentioned above show these lowest rates.

Dental Plan

Dental coverage will continue to be covered under MetLife with no increase in rate for FY2019.

Other Coverages

Vision coverage will continue to be covered under Davis Vision with FY 2019 being the fourth year of a four-year rate guarantee. Life and Long-Term Disability insurances are provided by Mutual of Omaha through FY 2019.

Budgetary Impact

The FY2019 proposed budget, as presented to City Council on July 10, 2018 included health insurance costs based upon an increase of approximately 8 percent. Renewal includes a 3 percent increase to Cigna administration fees, a 20.6 percent increase in fixed stop loss premiums and 4.8 percent increase in aggregate liability. Additionally, one \$375,000 laser deductible on a large claimant has been issued and this additional liability has been included in the renewal cost

As for Expected Annual funding, the renegotiated renewal increases of 7.12% falls in line with the City's proposed FY2019 budget.

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

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Contribution Levels

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

FUNDING

{x} Funds are available from Employee Benefit Fund Health Insurance account 40301650-54650