City of Benson
City Council Communication

Regular Meeting **June 8, 2015**

To: Mayor and Council Agenda Item # 7

From: William Stephens, City Manager
Dustin DeSpain, Finance Director

Subject:

Discussion and possible action regarding a Health Insurance contract with Blue Cross Blue Shield for the Employee Benefits for Fiscal Year 2015-2016, and authorization for the City Manager to sign the health insurance contract

Discussion:

This item is requesting approval of Blue Cross Blue Shield (BCBS) to provide our employee health insurance and to give authorization for the City Manager to sign the health insurance contract. Employee Solutions Group (ESG) worked to get the City the best renewal rate it could with BCBS and in doing so, solicited several offers from competing companies. ESG then brought the proposals before the Finance Director, the City Clerk (assisting as HR) and the City Manager for review. After analyzing all offers, Staff concluded that staying with BCBS was preferable. Staff feels confident that through continuing coverage with BCBS, the City can continue to offer the same level of health insurance coverage without substantial increases in premiums. With BCBS, the City will offer a PPO and a Health Savings Account (HSA) plan option.

Staff Recommendation:

Approval of the health insurance contract with Blue Cross Blue Shield for the Employee Benefits for Fiscal Year 2015-2016, and authorization for the City Manager to sign the health insurance contract

CITY OF BENSON

FINAL - JUNE 2, 2014

SUMMARY COMMENTS:

1 **HSA SAVINGS BASED ON CURRENT CENSUS IS $16,378, COST OF HSA MATCHING PROGRAM INCLUDING ANNUAL ER CONTRIBUTION IS $6,460.**

2 **HRA (PPO) - $1,000 EMPLOYEE DEDUCTIBLE, HRA REIMBURSES 10% OF NEXT $4,000. TOTAL OUT OF POCKER PER DEDUCTIBLE IS $1,400.**

3 **HRA (HSA) POST DEDUCTIBLE; $2,500 EE DEDUCTIBLE, HRA REIMBURSES THE LAST $2,500. TOTAL OUT OF POCKET PER MEMBER IS $2,500.**

4 **EMPLOYEE COST SHARING NEEDS TO BE EVALUATED FURTHER.**

INSURED PARTICIPANTS

	PPO	HSA	TOTAL
Single	24	5	29
Employee + Spouse	7	2	9
Employee + Children	15	3	18
Family	12	2	14
Total Census	58	12	70
Total Deductibles			111

2015 / 2016 FINAL COST ANALYSIS -

BCBS CORE RATES: (PPO)			
($5K Ded - 100% - OV $25 / $40 - Rx $15/$35/$65/$120)		**PPO**	**ANNUAL TOTAL**
Employee		$ 447.64	$ 128,920.32
Employee + Spouse		$ 774.42	$ 65,051.28
Employee + Child(ren)		$ 653.55	$ 117,639.00
Family		$ 935.57	$ 134,722.08
	TOTAL PREMIUM		**$ 446,332.68**

BCBS CORE RATES: (HSA)				
($5K Ded - 100% - (OV & RX Applied to Ded)		**HSA**	**TOTAL**	
Employee		$ 369.86	$ 22,191.60	
Employee + Spouse		$ 639.86	$ 15,356.64	
Employee + Child(ren)		$ 540.00	$ 19,440.00	
Family		$ 773.01	$ 18,552.24	
	TOTAL PREMIUM		**$ 75,540.48**	
	HRA EXPECTED CLAIMS (Ded+ ER)		**$ 42,744.00**	
	ESG ADVOCATE FEES		**$ 16,200.00**	**Fee Load 3.10%**
	TOTAL ANNUAL COST (Premium + HRA)		**$ 580,817.16**	**BASE**

BCBS LOADED RATES: (PPO)	PPO	LOADED FINAL
($5K Ded - 100% - OV $25 / $40 - Rx $15/$35/$65/$120)		
Employee	$ 447.64	$ 461.54
Employee + Spouse	$ 774.42	$ 798.46
Employee + Child(ren)	$ 653.55	$ 673.84
Family	$ 935.57	$ 964.61

BCBS LOADED RATES: (HSA)	HSA	LOADED FINAL
($5K Ded - 100% OV - Post Deductible - Rx After Deductible)		
Employee	$ 369.86	$ 381.34
Employee + Spouse	$ 639.86	$ 659.72
Employee + Child(ren)	$ 540.00	$ 556.76
Family	$ 773.01	$ 797.01

HSA PREMIUM SAVINGS & MATCHING COST PROPOSAL

	HSA CURRENT CENSUS	PPO LOADED FINAL	HSA LOADED FINAL	MONTHLY PREMIUM SAVINGS	HSA PREMIUM SAVINGS CURRENT CENSUS
Employee	5	$ 461.54	$ 381.34	$ 80.19	$ 400.97
Employee + Spouse	2	$ 798.46	$ 659.72	$ 138.74	$ 277.47
Employee + Child(ren)	3	$ 673.84	$ 556.76	$ 117.07	$ 351.22
Family	2	$ 964.61	$ 797.01	$ 167.61	$ 335.21
					$ 16,378.60

MATCHING FUNDS COST BASED ON CURRENT CENSUS	HSA CURRENT CENSUS	BASE FEE	MONTHLY MATCH	COB ANNUAL CONTRIBUTION	TOTAL HSA COST
SINGLE	5	$ 100.00	$ 20.00	$ 340.00	$ 1,700.00
FAMILY	7	$ 200.00	$ 40.00	$ 680.00	$ 4,760.00
					$ 6,460.00

City of Benson
2015 Benefits Summary

FINAL

HEALTH INSURANCE

		Current Contract:		BCBS of AZ:			UHC			Aetna	Cigna			APEHP			Humana			HEALTHNET
		Current $$	Orig. Renewal $$	% Inc (Dec)	Negotiated Renewal $$	% Inc (Dec)	Proposal Update	$/Mo	% Inc (Dec)	Proposal Update	Proposal Update	$/Mo	% Inc (Dec)	Proposal Update	$/Mo	% Inc (Dec)	Proposal Update	$/Mo	% Inc (Dec)	Proposal Update
CENSUS	PPO						Most competitive proposal with			DECLINED TO QUOTE	Proposal offers $5,000 100%;			Proposal offers $750 80% ; Max			Proposal Offers PPO $5,000			DECLINE TO QUOTE
24	EE	$ 425.57	$ 491.30	15.45%	$ 447.64	5.19%	$5,000 100%; $6,000 OOP Max	$426.56			$6,000 OOP Max (current at	$ 468.94		OOP $5,000 (current rate is	$ 555.00		100%; $6,350 Max OOP (Current	$ 388.72		
7	ES	$ 736.24	$ 849.95	15.44%	$ 774.42	5.19%	(current at $5,000) co-pay	$737.95			$5,000) co-pay $25/$40 (current	$ 811.28		$5,000) co-pay $20/$40 (Current	$ 1,108.00		at $5,000) copays at $30/$55	$ 816.32		
15	EC	$ 621.33	$ 717.30	15.45%	$ 653.55	5.19%	$20/$40 (current at $25/$40)	$622.78			at $25/$40).	$ 684.66		is $20/$40)	$ 920.00		(current at $25/$40)	$ 758.01		
12	Fam	$ 889.44	$ 1,026.82	15.45%	$ 935.57	5.19%		$891.51				$ 980.09			$ 1,401.00			$ 1,282.79		
58		$ 35,360.59	$40,822.19	15.45%	$ 37,194.39	5.19%		$35,442.91	0.23%		SELF FUND - REQUIRES HEALTH EVALUATIONS	$ 38,964.50	10.19%	Family Deductibles 3X (Current is 2X) HRA still required for OOP	$ 51,688.00	46.17%	NETWORK CONCERNS - COCHISE	$ 41,807.15	18.23%	
		Current	Renewal	%																
CENSUS	HSA	$$	$$	Inc (Dec)																
5	EE	$ 350.88	$ 405.05	15.44%	$ 369.86	5.41%	Most competitive proposal with	$383.57		DECLINED TO QUOTE	Proposal Offers $5,000 100%,	$ 382.67		Proposal offers $750 80% ; Max	$ 365.00		Proposal Offers HSA $5,000 90%;	$ 239.59		DECLINE TO QUOTE
2	ES	$ 607.02	$ 700.74	15.44%	$ 639.86	5.41%	$5,000 100%; $6,000 OOP Max,	$663.58			Max OOP $5,000 (current at	$ 662.00		OOP $5,000 (current rate is	$ 731.00		$6,350 Max OOP - Current at	$ 503.14		
1	EC	$ 512.28	$ 591.37	15.44%	$ 540.00	5.41%	no Copays on HSA.	$560.01			$5,000 100%), no copays on HSA	$ 558.67		$5,000) co-pay $20/$40 (Current	$ 606.00		$5,000, no cpays on HSA Plan	$ 467.20		
2	Fam	$ 733.34	$ 846.55	15.44%	$ 773.01	5.41%		$801.66			Plan	$ 799.78		is $20/$40)	$ 925.00			$ 790.64		
10		$ 4,947.40	$ 5,711.20	15.44%	$ 5,215.04	5.41%		$5,408.34	9.32%		SELF FUND - REQUIRES HEALTH EVALUATIONS	$ 5,395.58	9.06%	NOT COMPETITIVE	$ 5,743.00	16.08%	NETWORK CONCERNS - COCHISE	$ 4,252.71	-14.04%	
TOTAL $$ PREMIUM		$ 40,307.99	$ 46,533.39	15.44%	$ 42,409.43	5.21%	TOTAL $$ PREMIUM	$40,851.25	1.35%		TOTAL $$ PREMIUM	$ 44,360.08	10.05%	TOTAL $$ PREMIUM	$ 57,431.00	42.48%	TOTAL $$ PREMIUM	$ 46,059.86	14.27%	

LIFE INSURANCE

Current Contract:			Principal
	Current $$ / $1,000	Renewal $$ / $1,000	% Inc (Dec)
LIFE	0.244	0.276	13.11%
AD&D	0.046	0.046	0.00%

DENTAL INSURANCE / Voluntary

Current Contract: Humana			
	Current $$	Renewal $$	% Inc (Dec)
EE	$ 33.31	$ 36.57	9.79%
ES	$ 75.95	$ 83.39	9.80%
EC	$ 63.96	$ 70.22	9.79%
Fam	$ 107.93	$ 118.50	9.79%

VISION INSURANCE / Voluntary

Current Contract: VSP			
	Current $$	Renewal $$	% Inc (Dec)
EE	$6.83	$6.83	0.00%
ES	$10.94	$10.94	0.00%
EC	$11.16	$11.16	0.00%
Fam	$18.00	$18.00	0.00%