Commission Agenda Item

MEETING DATE: August 26, 2013

SUBJECT: Insurance-Renewal of Commercial Package with Florida Municipal Insurance Trust (FMIT);Renewal of Employee Dental, Vision and Life Coverage; Non-Renewal of Employee Group Health Insurance with FlBlue and replacement of Coverage with AvMed: and, Non-Renewal of insurance Consulting Agreement with Willis of Florida, Inc.

AGENDA SECTION: Agenda

DEPARTMENT: Compliance & Risk Management

PREPARED BY: Grafton Wilson, Director

RECOMMENDED ACTION: Renew the Commercial Insurance Package with Florida Municipal Insurance Trust for the negotiated and proposed base premium of $372,341;Replace the existing Florida Blue employee group coverage with the comparable coverage proposed by AvMed at the negotiated and proposed cost per employee; Renew the existing employee life and vision insurance at the current rate and the employee dental coverage with increased coverage at the proposed modest cost increase; and, authorize the City Manager to execute the documents necessary to bind all coverage for FY 2013/14 and not renew the existing insurance consulting agreement with Willis of Florida, Inc.

Summary

COMMERCIAL PACKAGE

The City placed the entire commercial insurance package (General and Professional Liability, Automobile Liability, Automobile Physical Damage, Property and Workers Compensation) for the current fiscal year with the Florida Municipal Insurance Trust (FMIT). FMIT is a Risk Management Consortium and the City negotiated renewal rates at an overall cost reduction of $17,412.00 below the 2012/13 total package cost. The FY 2013/14 proposed base premium is $372,341 (Exhibit A).

GROUP HEALTH

It has been clear in the face of the adoption of the Affordable Care Act and an accepted 9% upward trend in healthcare costs that the cost of the Group Health Package would trend upward. Staff began studying trends and alternatives early in the year and began discussions and negotiations with FMIT in March. A Request for Proposals was also issued and proposals were received from the existing carrier Florida Blue, United Healthcare, Aetna and AvMed.

Staff anticipated that the Florida Blue rate would represent a large increase over current cost. The assumption was correct and the initial proposed rates were an increase of 47%. The final offered rate by Florida Blue is a 24.4% increase, Aetna proposed a 44.6 % increase and United Healthcare offered an 18% increase. The AvMed proposal came in at a 3.3 % reduction and the FMIT final product came in in the same range. The attached FY 13-14 Premium and Benefit Comparison schedule (Exhibit B) clearly demonstrates the Cost/Benefit comparison between Avmed and FMIT. The percentage of increase is much higher in all HSA plans compared to the PPO/Open HMO plans. All carriers have realized the HSA/High Deductible plans are under priced and have increased rates accordingly

FMIT does not offer an 80/20 HSA plan and that is the basic reason for the higher cost as compared to AvMed. The FMIT Plan(s) result in a total city cost, under the current coverage mix, of $25,450.48 higher that the AvMed Plan(s) (Exhibit B). Staff was and is concerned about the five current employees electing dependent coverage under the HSA plan and also recommends the AvMed option because the individual rate increase is less than FMIT. See the attached Exhibit C where individual rates are compared.

The total savings over current year Group Health premium is difficult to quantify due to unknown turnover rates, vacancy gaps and waiting period totals for the current year and the coming year. It is safe to say the city will save the difference

between the open HMO rate and existing PPO rate times the number of employees covered less the coverage gaps suggested. A good estimate is 100 FTE x ($46.14 x 12) = $55,368. Rounding down to $50,000 yields a conservative cost savings.

GROUP LIFE AND VISION

A two year level premium was negotiated last year, therefore, staff recommends the renewal at no increase in premium.

GROUP DENTAL

A concern has been expressed by numerous employees and is shared by the City Manager that the $1,000 annual maximum benefit is inadequate. The concern is shared by local providers who are concerned necessary treatment is not being chosen by employees due to the out of pocket cost. The recommended plan includes a 4% base cost increase and an additional 8.4% to increase the annual maximum to $1,500. Note the 8.4% cost increase raises the coverage amount 50%. The total (4% +8.4%) amounts to $2.96/mo. per covered employee or 3,226.40 added city cost (Exhibit D)

CONSULTING AGREEMENT

There is in place an Insurance Consulting Agreement between the City and Willis of Florida, Inc. The City Manager and staff believe staff has developed the expertise necessary to conduct the management of insurance matters and recommend not renewing the agreement and thereby not incurring the $36,896.00 annual fee.

RECOMMENDED ACTION

Adopt the recommended motion to put in place the insurance coverage described and outlined in this presentation.

ATTACHMENTS: Exhibit A - FMIT Commercial Insurance Package Renewal Quote
Exhibit B - FY 13-14- Premium & Benefit Comparison
Exhibit C - Table of Monthly Premium Cost Current, Proposed and Recommended
Exhibit D - Group Dental Renewal

REVIEWED BY CITY MANAGER: Alain

Department of Insurance and Financial Services

FLORIDA MUNICIPAL INSURANCE TRUST

RENEWAL QUOTE FOR 2013-2014

City of Alachua

FMIT 0002

Coverage		Deductible	Limit	Premium
General/Professional Liability		$5,000	$3,000,000	$159,847
Automobile Liability		Full	$3,000,000	$21,683
Automobile Physical Damage		Per Schedule		$12,194
Property		$5,000	$38,205,365	$90,445
Workers' Compensation		$0	Total Payroll	
Experience Modification	1.17	10/1/13	$5,101,985	$88,172
TOTAL PREMIUM				**$372,341**

*Includes: Drug Free Credit: Yes
Safety Credit: Yes

Note: Coverage summaries provided herein are intended as an outline of coverage only and are necessarily brief. In the event of loss, all terms, conditions, and exclusions of actual Agreement and/or Policies will apply.

FY 13-14 Premium & Benefit Comparison

Premiums	Avmed High Deductible	FMIT UHC 005- HSA	Avmed HMO	FMIT UHC 004
Employee	$374.95	$432.00	$450.17	$453.00
Employee Spouse	$749.91	$864.00	$900.35	$906.00
Employee Child(ren)	$712.41	$774.00	$855.32	$815.00
Family	$1099.85	$1339.00	$1,440.55	$1,404.00
	City Contribution to HSA $75.82	City Contribution to HSA $21.00		
Total Yearly Premium	**$554,975.52**		**$580,426.00**	
Avmed Savings		**$25,450**		

BENEFIT SUMMARY		Avmed High Deductible HSA	FMIT HSA Plan 005	Avmed HMO Open Access	FMIT Choice Plan 004
Annual Deductible	Individual	$1,500	$1,250	$500	$500
	Family	$3,000	$2,500	$1,500	$1,500
Out of Pocket Max	Individual	$3,000	$3,750	$3,000	$3,000
	Family	$6,000	$7,500	$6,000	$6,000
Coinsurance		20%	10%	20%	20%
Physician's Office Services -Preventative Care $0 Primary Care		CYD then 20%	CYD then 10%	$25 copay	$20 copay
Specialist		CYD then 20%	CYD then 10%	$50 copay	$40 copay
Ambulance Services - Emergency only			CYD then 10%		CYD then 20%
Emergency Health Services		CYD then 20%	CYD then 10%	$100 COPAY	$125 COPAY
Hospital - Inpatient Stay		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Injections Received in a Physician's Office		CYD then 20%	CYD then 10%	$25 COPAY/$ 50 COPAY	$20 COPAY / $40 COPAY
Maternity Services		CYD then 20%	CYD then 10%	$25 1ST VISIT	$20 1ST VISIT
Delivery SEE INPATIENT					
Outpatient Surgery, Diagnostic and Therapeutic Services					
Outpatient Surgery		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Outpatient Diagnostic Services- X-Ray and Mammogram Preventative Care $0		CYD then 20%	CYD then 10%	CYD then 20%	No Copay
X-Ray		CYD then 20%	CYD then 10%	CYD then 20% $0 for capitated provider	$0
Lab Preventative Care $0		CYD then 20%	CYD then 10%	$0	$0
Outpatient Diagnostic/Therapeutic Services - CT Scans, Pet Scans, MRI and Nuclear Medicine		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Outpatient Therapeutic Treatments		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Refractive eye examinations are limited to one every other		CYD then 20%	CYD then 10%	$25 COPAY	$20 COPAY
Professional Fees for Surgical and Medical Services		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Prosthetic Devices			CYD then 10%		CYD then 20%
Reconstructive Procedures		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Rehabilitation Services - Outpatient Therapy		CYD then 20%	CYD then 10%	$25 COPAY	$20 COPAY
Skilled Nursing Facility/Inpatient Rehabilitation Facility Services		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Transplantation Services		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Urgent Care Center Services		CYD then 20%	CYD then 10%	$40 COPAY	$35 COPAY
Mental Health and Substance Abuse Services Outpatient Must receive pre-service notification through the Mental Health/Substance Abuse Designee.		CYD then 20%	CYD then 10%	$25 COPAY	$20 COPAY
Mental Health and Substance Abuse Services Inpatient and Intermediate Must receive pre-service notification through the Mental Health/Substance Abuse Designee.		CYD then 20%	CYD then 10%	CYD then 20%	CYD then 20%
Spinal Treatment Benefits include diagnosis and related services and are			CYD then 10%		$40 COPAY
Prescription- Pharmacy	Tier 1	CYD then $10	CYD then $10	$15	$10
	Tier 2	CYD then $30	CYD then $30	$30	$30
	Tier 3	CYD then $50	CYD then $50	$50	$50
		Once Out of Pocket is met the cost is $0	Once Out of Pocket is met the cost is $0		
Prescirptions Mail Order 90 Day Supply	Tier 1	CYD then $30	CYD then $25	$30	$25
	Tier 2	CYD then $90	CYD then $75	$60	$75
	Tier 3	CYD then $150	CYD then $125	$100	$125

Exhibit B

City of Alachua
Health Insurance Premium
FY 13/14

	Current	Proposed	Proposed	Recommended
PPO	BCBS PPO	BCBS PPO Proposed	FMIT UHC PPO 004	Avmed HMO Open Access
Employee Only	$496.31	$617.17	$453.00	$450.17
Add Spouse	$531.05	$660.37	$453.00	$450.17
Add Children	$436.76	$543.12	$362.00	$405.15
Add Family	$1,079.48	$1,342.35	$951.00	$990.38

	Current	Proposed	Proposed	Recommended
HSA	BCBS HSA	BCBS HSA-Proposed	FMIT UHC 005-HSA	Avmed High Deductible HSA
Employee Only	$349.17	$434.20	$432.00	$374.95
Add Spouse	$260.07	$323.40	$432.00	$374.96
Add Children	$204.15	$253.86	$342.00	$337.46
Add Family	$558.31	$728.20	$907.00	$724.90

City of Alachua

2013 Dental Renewal Analysis

Willis

Benefits	Standard Current		Total
Rates	**Lives**	**Fully Insured**	
Single	72	**$23.80**	
EE+SP	14	**$56.36**	
EE+ Ch	11	**$65.84**	
Family	12	**$95.24**	
	109		**109**
Total Monthly		**$4,370**	**$4,370**
Total Annual		**$52,437**	**$52,437**

Benefits	Standard Renewal		Total
Rates	**Lives**	**Fully Insured**	
Single	72	$26.08	
EE+SP	14	$61.72	
Family	11	$72.12	
	12	$104.32	
	109		**109**
Total Monthly		**$4,787**	**$4,787**
Total Annual		**$57,444**	**$57,444**
$ Difference vs. Current		**$5,007**	**$5,007**
% Difference vs. Current		**9.5%**	**9.5%**

Benefits	Standard - Revised Renewal		Total
Rates	**Lives**	**Fully Insured**	
Single	72	$24.76	
EE+SP	14	$58.64	
EE+Ch	11	$68.48	
Family	12	$99.08	
	109		**109**
Total Monthly		**$4,546**	**$4,546**
Total Annual		**$54,551**	**$54,551**
$ Difference vs. Current		**$2,114**	**$2,114**
% Difference vs. Current		**4.0%**	**4.0%**

Benefits	Standard - Revised Renewal Increase Dental Plan Max to $1500 per yr		Total
Rates	**Lives**	**Fully Insured**	
Single	72	$26.76	
EE+SP	14	$63.36	
EE+Ch	11	$73.98	
Family	12	$107.04	
	109		**109**
Total Monthly	**$2,917**	**$4,912**	**$4,912**
Total Annual	**$35,002**	**$58,944**	**$58,944**
Total Cost to the City Monthly		**$2,917**	
Total Cost to the City Annual		**$35,002**	
$ Difference vs. Current		**$53,937**	**$6,507**
% Difference vs. Current		**1077.3%**	**12.4%**