

EXECUTIVE SUMMARY
THE CITY OF DUNNELLOM EMPLOYEE BENEFITS
REQUEST FOR PROPOSALS BID #2016-03
August 17, 2016

Submitted by:
William Taylor
City of Dunnellon Insurance Agent
Combined Insurance Services, Inc.

Background Summary:

The City of Dunnellon consists of approximately (36) full-time employees, (5) retirees & (1) Cobra member that are eligible for employee insurance benefits. The Plan Year runs from October 1st through September 30th.

Prior to October 1, 2010 the City of Dunnellon participated in an Inter-local Agreement with the City of Ocala (1200 lives) to provide Employee Insurance benefits for their employees, dependents, and retirees. In 2010 the City was forced out of the Inter-local Agreement and secured coverage on its own through the competitive bid process each year since.

On July 28th, 2016 the City of Dunnellon, with the assistance of Combined Insurance Services, released a RFP to obtain competitive bids for the employee health & dental insurance program. The results were received on August 12th.

Health Insurance:

The Health insurance is currently fully insured with United Healthcare. There are two plans available to the employees to chose from. Internally these are referred to as the “base plan” and the “buy-up” options.

Costs:

Currently the City of Dunnellon contributes 100% of the employee only costs of the “base plan”. If an employee elects to cover their dependents or elects to participate in the “buy-up” plan then they would pay the difference in the premium. National overall medical trend (medical inflation) is projected to be roughly 8% for 2016.

Utilization:

Due to the size of the group utilization has a very limited effect on the overall rate, thus no utilization metrics are available.

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Response:

We received responses from BCBS and United Healthcare. The most competitive response was from United Healthcare. The overall renewal for the current plan options with UHC was 9%.

Current Plan Options

Benefits	United Healthcare Plan 8U9	United Healthcare Plan 5K4
CALENDAR YEAR DEDUCTIBLE (CYD)		
Individual	\$1,000 In-Network/ \$2,000 Out-of-Network	\$750 In-Network/ \$2,000 Out-of-Network
Family Aggregate	\$2,000 In-Network/ \$4,000 Out-of-Network	\$1,500 In-Network/ \$4,000 Out-of-Network
COINSURANCE		
In-Network	20%	20%
Out-of-Network	50%	50%
OUT-OF-POCKET MAXIMUM		
In-Network	\$6,000/\$12,000	\$4,000/\$8,000
Out-of-Network	\$10,000/\$20,000	\$10,000/\$20,000
OFFICE SERVICES		
In-Network Family Physician	\$40 Copay	\$30 Copay
In-Network Specialists	\$80 Copay	\$60 Copay
In-Network <u>Designated</u> Specialist	\$40 Copay	\$30 Copay
Out-of-Network Providers	CYD + Coins	CYD + Coins
HOSPITAL SERVICES		
Inpatient In-Network	\$500 POD + CYD + Coins	\$500 POD + CYD + Coins
Inpatient Out-of-Network	\$500 POD + CYD + Coins	\$500 POD + CYD + Coins
Outpatient In-Network	\$250 POD + CYD + Coins	\$250 POD + CYD + Coins
Outpatient Out-of-Network	\$250 POD + CYD + Coins	\$250 POD + CYD + Coins
Emergency Room In-Network	\$200 Copay	\$200 Copay
Emergency Room Out-of-Network	\$200 Copay	\$200 Copay
Provider Services at Hospital & ER	CYD + Coins	CYD + Coins
BENEFIT MAXIMUMS		
Lifetime Maximum	N/A	N/A
OTHER		
Independent Clinical Labs	\$0 Copay In-Network; CYD + Coins Out-of-Network	\$0 Copay In-Network; CYD + Coins Out-of-Network
Independent Diagnostic Testing Facility	CYD + Coins	CYD + Coins
Ambulatory Surgical Center	\$250 POD + CYD + Coins	\$250 POD + CYD + Coins
Urgent Care	\$100 Copay In-Network; CYD + Coins Out-of-Network	\$75 Copay In-Network; CYD + Coins Out-of-Network
PRESCRIPTIONS		
Copays	\$10/35/60/100	\$10/35/60/100
Monthly Cost	Current / Renewal	Current / Renewal
Employee	\$541.71 / \$590.46	\$574.70 / \$626.42
Employee + Spouse	\$1,164.67 / \$1,269.48	\$1,235.60 / \$1,346.80
Employee + Child(ren)	\$1,002.17 / 1,092.36	\$1,063.20 / \$1,158.88
Family	\$1,625.13 / \$1,771.38	\$1,724.10 / \$1,879.26

Legend:

CYD = Calendar Year Deductible
 Coins = Coinsurance
 POD = Per Occurrence Deductible
 LTM = Life Time Max

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Reviewing alternative plans within UHC we were able to find a new base plan option that will result in the City being able to continue to offer a free plan to its employees. Although there will be impact to the employees through several areas where benefits are reduced we believe premium costs for the majority of the employees outweigh the negatives of the reduced benefits.

Recommended modified base compared to current

Benefits	Current Base Plan	Modified Base Plan
	United Healthcare Plan 8U9	United Healthcare Plan AHHW
1 CALENDAR YEAR DEDUCTIBLE (CYD)		
2 Individual	\$1,000 In-Network/ \$2,000 Out-of-Network	\$2,000 In-Network/ \$4,000 Out-of-Network
3 Family Aggregate	\$2,000 In-Network/ \$4,000 Out-of-Network	\$4,000 In-Network/ \$8,000 Out-of-Network
4 COINSURANCE		
5 In-Network	20%	20%
6 Out-of-Network	50%	40%
7 OUT-OF-POCKET MAXIMUM		
8 In-Network	\$6,000/\$12,000	\$6,000/\$12,000
9 Out-of-Network	\$10,000/\$20,000	\$12,000/\$24,000
10 OFFICE SERVICES		
11 In-Network Family Physician	\$40 Copay	\$30 Copay
12 In-Network Specialists	\$80 Copay	\$90 Copay
13 In-Network <u>Designated</u> Specialist	\$40 Copay	\$60 Copay
14 Out-of-Network Providers	CYD + Coins	CYD + Coins
15 HOSPITAL SERVICES		
16 Inpatient In-Network	\$500 POD + CYD + Coins	Designated Network -\$500 POD + CYD + Coins; Network- \$1,000 POD + CYD + Coins
17 Inpatient Out-of-Network	\$500 POD + CYD + Coins	\$1,000 POD + CYD + Coins
18 Outpatient In-Network	\$250 POD + CYD + Coins	\$500 POD + CYD + Coins
19 Outpatient Out-of-Network	\$250 POD + CYD + Coins	\$500 POD + CYD + Coins
20 Emergency Room In-Network	\$200 Copay	\$350 Copay
21 Emergency Room Out-of-Network	\$200 Copay	\$350 Copay
22 Provider Services at Hospital & ER	CYD + Coins	CYD + Coins
23 BENEFIT MAXIMUMS		
24 Lifetime Maximum	N/A	N/A
25 OTHER		
26 Independent Clinical Labs	\$0 Copay In-Network; CYD + Coins Out-of-Network	\$0 Copay In-Network (Free Standing Lab/Physicians Office); CYD + Coins Out-of-Network
27 Independent Diagnostic Testing Facility	CYD + Coins	CYD + Coins (Free Standing Diagnostic Center/Physicians Office); \$500 POD + CYD + Coins All Others
28 Ambulatory Surgical Center	\$250 POD + CYD + Coins	CYD + Coins (Ambulatory Surgical Center); \$500 POD + CYD + Coins All Others
29 Urgent Care	\$100 Copay In-Network; CYD + Coins Out-of-Network	\$100 Copay In-Network; CYD + Coins Out-of-Network
30 PRESCRIPTIONS		
31 Copays	\$10/35/60/100	\$10/35/60/100
32 Monthly Cost	Current / Renewal	
33 Employee	\$541.71 / \$590.46	\$546.71
34 Employee + Spouse	\$1,164.67 / \$1,269.48	\$1,175.42
35 Employee + Child(ren)	\$1,002.17 / 1,092.36	\$1,011.42
36 Family	\$1,625.13 / \$1,771.38	\$1,640.13

Legend:
 CYD = Calendar Year Deductible
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In reviewing options for the “buy-up” plan we were able to find a plan that keeps the premiums close to current with some positive and negative benefit adjustments. The increase applied to the current buy-up stretches the real affordability of the richer plan. With moving to the new commended “buy-up” plan we will be able to offer a plan that is richer than the new base plan for those that see a value in it while keeping the premium as close as possible to current.

Recommended modified buy-up compared to current

	Benefits	Current buy-up	Modified buy-up
		United Healthcare Plan 5K4	United Healthcare Plan AHG5
1	CALENDAR YEAR DEDUCTIBLE (CYD)		
2	Individual	\$750 In-Network/ \$2,000 Out-of-Network	\$1,500 In-Network/ Not Covered Out-of-Network
3	Family Aggregate	\$1,500 In-Network/ \$4,000 Out-of-Network	\$3,000 In-Network/ Not Covered Out-of-Network
4	COINSURANCE		
5	In-Network	20%	10%/30%
6	Out-of-Network	50%	Not Covered
7	OUT-OF-POCKET MAXIMUM		
8	In-Network	\$4,000/\$8,000	\$4,000/\$8,000
9	Out-of-Network	\$10,000/\$20,000	Not Covered
10	OFFICE SERVICES		
11	In-Network Family Physician	\$30 Copay	\$25 Copay
12	In-Network Specialists	\$60 Copay	\$50 Copay
13	In-Network <u>Designated</u> Specialist	\$30 Copay	\$50 Copay
14	Out-of-Network Providers	CYD + Coins	Not Covered
15	HOSPITAL SERVICES		
16	Inpatient In-Network	\$500 POD + CYD + Coins	CYD + 10% Coins
17	Inpatient Out-of-Network	\$500 POD + CYD + Coins	Not Covered
18	Outpatient In-Network	\$250 POD + CYD + Coins	CYD + 30% Coins
19	Outpatient Out-of-Network	\$250 POD + CYD + Coins	Not Covered
20	Emergency Room In-Network	\$200 Copay	\$350 Copay
21	Emergency Room Out-of-Network	\$200 Copay	\$350 Copay
22	Provider Services at Hospital & ER	CYD + Coins	CYD + Coins In-Network; Not Covered Out-of-Network
23	BENEFIT MAXIMUMS		
24	Lifetime Maximum	N/A	N/A
25	OTHER		
26	Independent Clinical Labs	\$0 Copay In-Network; CYD + Coins Out-of-Network	\$0 Copay In-Network (Free Standing Lab/Physicians Office); CYD + Coins All Other In-Network Only; Not Covered Out-of-
27	Independent Diagnostic Testing Facility	CYD + Coins	CYD + Coins; Not Covered Out-of-Network
28	Ambulatory Surgical Center	\$250 POD + CYD + Coins	CYD + Coins; Not Covered Out-of-Network
29	Urgent Care	\$75 Copay In-Network; CYD + Coins Out-of-Network	\$75 Copay In-Network; Not Covered Out-of-Network
30	PRESCRIPTIONS		
31	Copays	\$10/35/60/100	\$10/35/60/100
32	Monthly Cost	Current / Renewal	
33	Employee	\$574.70 / \$626.42	\$579.88
34	Employee + Spouse	\$1,235.60 / \$1,346.80	\$1,246.74
35	Employee + Child(ren)	\$1,063.20 / \$1,158.88	\$1,072.78
36	Family	\$1,724.10 / \$1,879.26	\$1,739.64

Legend:

CYD = Calendar Year Deductible
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It is my recommendation that the current plan options be replaced with the new modified plan options. This new pairing will allow from a budget perspective for the City to continue to offer a free plan to its employees. The new modified buy up will provide a affordable option for employees to buy-up to if they see the value in doing so.

2016-2017 modified plan pairing recommendation

Benefits	Modified Base Plan United Healthcare Plan AHHW	Modified Buy-Up United Healthcare Plan AHG5
1 CALENDAR YEAR DEDUCTIBLE (CYD)		
2 Individual	\$2,000 In-Network/ \$4,000 Out-of-Network	\$1,500 In-Network/ Not Covered Out-of-Network
3 Family Aggregate	\$4,000 In-Network/ \$8,000 Out-of-Network	\$3,000 In-Network/ Not Covered Out-of-Network
4 COINSURANCE		
5 In-Network	20%	10%/30%
6 Out-of-Network	40%	Not Covered
7 OUT-OF-POCKET MAXIMUM		
8 In-Network	\$6,000/\$12,000	\$4,000/\$8,000
9 Out-of-Network	\$12,000/\$24,000	Not Covered
10 OFFICE SERVICES		
11 In-Network Family Physician	\$30 Copay	\$25 Copay
12 In-Network Specialists	\$90 Copay	\$50 Copay
13 In-Network <u>Designated</u> Specialist	\$60 Copay	\$50 Copay
14 Out-of-Network Providers	CYD + Coins	Not Covered
15 HOSPITAL SERVICES		
16 Inpatient In-Network	Designated Network -\$500 POD + CYD + Coins; Network- \$1,000 POD + CYD + Coins	CYD + 10% Coins
17 Inpatient Out-of-Network	\$1,000 POD + CYD + Coins	Not Covered
18 Outpatient In-Network	\$500 POD + CYD + Coins	CYD + 30% Coins
19 Outpatient Out-of-Network	\$500 POD + CYD + Coins	Not Covered
20 Emergency Room In-Network	\$350 Copay	\$350 Copay
21 Emergency Room Out-of-Network	\$350 Copay	\$350 Copay
22 Provider Services at Hospital & ER	CYD + Coins	CYD + Coins In-Network; Not Covered Out-of-Network
23 BENEFIT MAXIMUMS		
24 Lifetime Maximum	N/A	N/A
25 OTHER		
26 Independent Clinical Labs	\$0 Copay In-Network (Free Standing Lab/Physicians Office); CYD + Coins Out-of-Network	\$0 Copay In-Network (Free Standing Lab/Physicians Office); CYD + Coins All Other In-Network Only; Not Covered Out-of-
27 Independent Diagnostic Testing Facility	CYD + Coins (Free Standing Diagnostic Center/Physicians Office); \$500 POD + CYD + Coins All Others	CYD + Coins; Not Covered Out-of-Network
28 Ambulatory Surgical Center	CYD + Coins (Ambulatory Surgical Center); \$500 POD + CYD + Coins All Others	CYD + Coins; Not Covered Out-of-Network
29 Urgent Care	\$100 Copay In-Network; CYD + Coins Out-of-Network	\$75 Copay In-Network; Not Covered Out-of-Network
30 PRESCRIPTIONS		
31 Copays	\$10/35/60/100	\$10/35/60/100
32 Monthly Cost		
33 Employee	\$546.71	\$579.88
34 Employee + Spouse	\$1,175.42	\$1,246.74
35 Employee + Child(ren)	\$1,011.42	\$1,072.78
36 Family	\$1,640.13	\$1,739.64

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Providers:

By renewing with United Healthcare you will have no disruption among current in-network providers. The renewal plans utilize the same network the employees are currently using.

Other Options:

State Health Insurance Plan Option:

Florida Statute 110.1228 allows for participation by small counties, small municipalities, and district school boards located in small counties in the States Health Insurance Plan.

In order to participate in this program the City would need to meet the following requirements:

- The Governing body would need to apply to participate in the program with a \$500 nonrefundable fee to the State.
- The City must go out for competitive bids on its Health Insurance. You have now met this requirement via this latest RFP.
- The City must agree to be enrolled in the States program for a minimum of 3 years.
- The City would need to pay a monthly fee of \$2.61 per enrollee per month to reimburse the State for its costs.
- If the City would terminate its participation after 3 years it would need to give a minimum of 1 years notice.
- The City would reimburse the State for all costs associated with the plan including claims and administrative costs.

Currently funding for this program at the State level has not gone through. There are currently no Counties or Cities participating in the State of FI Insurance program.

Florida Municipal Insurance Trust

The FMIT did not respond to the RFP but did indicate to the City that they would not be able to provide a competitive quote.

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Dental Insurance:

The Dental Insurance is currently through Standard Life Insurance Company. The employees currently pay 100% of the dental coverage. Previously the City paid 100% of the employee cost. The employees currently have two dental plans to choose from. The benefits for both plans are identical. The difference in the benefits is in how much reimbursement is allowed for out of network providers. Those employees who wish to use an out of network provider can choose a plan that will allow for higher charges by those providers than the lower plan option.

The RFP netted the City 5 responses. Although there were some very good responses it is my recommendation that the City renew with Standard. Their option will allow the employees to continue to have two options and their overall premiums are more competitive than the other respondents.

Carrier Name	The Standard Plan 2 PPO		The Standard Plan 1 PPO	
Plan Name				
Plan Type				
Network Website				
Waiting Periods	1st of the month / 90 days		1st of the month / 90 days	
Annual Deductible	In Network	Out of Network	In Network	Out of Network
Individual	NA	NA	NA	NA
Family	NA	NA	NA	NA
Waived for Preventative?	NA	NA	NA	NA
Annual Maximum per Person	\$1,000	\$1,000	\$1,000	\$1,000
Type 1 (Preventative)	100%	100%	100%	100%
	Oral Exams, Bitewing Xrays, Full Mouth Xrays, Cleanings, Fluoride, Sealants, Space Maintainers		Oral Exams, Bitewing Xrays, Full Mouth Xrays, Cleanings, Fluoride, Sealants, Space Maintainers	
Type 2 (Basic)	80%	80%	80%	80%
	Fillings, Endodontics, ,Periodontics, Extractions, Anesthesia		Fillings, Endodontics, ,Periodontics, Extractions, Anesthesia	
Type 3 (Major)	50%	50%	50%	50%
	Onlays, Crowns, Implants, Prosthodontics		Onlays, Crowns, Implants, Prosthodontics	
Type 4 (Ortho)	50%	50%	50%	50%
	For children under 19. Annual Lifetime max of \$1,000		For children under 19. Annual Lifetime max of \$1,000	
Usual & Customary	PPO Max		90th UCR	
Participation	EMPLOYER PAID 100%		EMPLOYER PAID 100%	
Total Enrollment	Current/Renewal		Current/Renewal	
Employee Only -	\$21.16 / \$23.92		\$26.16 / \$29.56	
Employee + 1 -	\$47.48 / \$53.68		\$58.68 / \$66.32	
Family -	\$82.00 / \$92.64		\$100.96 / \$114.08	

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Vision Insurance:

The vision insurance is with 20/20 Eye Care. There is no change in rates this year. The employees pay 100% of the cost of this benefit. Previously the City paid 100% of the employee cost.

Life Insurance:

Basic life and AD&D insurance is secured through the Standard Life Insurance Company. The City provides each employee with 1 times their annual salary in life insurance and one times their annual earnings plus \$10,000 in Accidental Death and Dismemberment coverage. There is no change to the life insurance rate this year.

Employees may purchase additional life insurance if they so choose. The rates for the additional insurance are staying the same as well. Some employees may see an increase due to a change in their age.

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Recommendations for 2016-2017 Plan Year:

A. Health Insurance:

In comparing the competitive quotes, United Health Care continues to offer the most competitive options for the City and its employees. It is my recommendation to replace the current base plan with the new modified base plan to keep costs to the City budget as neutral as possible. I recommend modifying the buy-up option as well. This will keep the costs on the buy-up as close to current as possible with some benefit changes.

B. Dental Insurance:

It is our recommendation that the City renew its dental plan with the Standard Life Insurance Company.

C. Vision Insurance:

It is our recommendation that the City renew its Vision plan with 20/20 Eye Care.

D. Life Insurance:

We recommend renewing with the Standard Life Insurance Company.