	CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**	
MEETING DATE	March 9, 2016	
RESOLUTION OR ORDINANCE NUMBER	R-16-48	
AGENDA TITLE	**A RESOLUTION TO AUTHORIZE THE EXECUTION OF AN AGREEMENT FOR SPECIFIC STOP-LOSS INSURANCE, AGGREGATE STOP-LOSS INSURANCE, DENTAL INSURANCE, BASIC LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) INSURANCE AND THIRD PARTY ADMINISTRATIVE SERVICES FOR THE CITY'S FY 2017 (4-1-2016 TO 3-31-2017) PARTIALLY SELF-FUNDED HEALTH INSURANCE COVERAGE.**	
REQUESTING DEPARTMENT	Health Insurance Committee	
PRESENTER	Don Oneslager, Chairman of Health Insurance Committee	
FISCAL INFORMATION	Cost as recommended:	Maximum Exposure = $2,148,836.43
	Budget Line Item:	350-5-716-310 350-5-718-310
	Balance Available	
	New Appropriation Required:	[ ] Yes [X] No
PURPOSE	Approve agreements for Health and Life/Accidental Death & Dismemberment (AD&D) Insurance coverage for city employees.	
BACKGROUND	The City of Coffeyville health insurance plan is a self-funded plan which provides more potential cost savings, plan control and plan design flexibility. The plan is funded by deposits made into the city's Risk Management Fund (350) by the city in an amount negotiated with the city's bargaining units as well as monthly premiums paid by each participating employee. Self-funded plans differ from fully-funded insurance plans in that plan years where claim expenditures are less than the city and employees contributions the plan gets to retain the extra funds and carry that forward into the next plan year to help offset cost increases. With a fully funded plan, the insurance carrier collects all of the premiums and if the plan has a good year the insurance carrier benefits from those remaining dollars. As a result of self-funding the city's carryover balance in the reserve fund is estimated to be $391,171 at March 31, 2016.	

	In 2015, the commission agreed to share a portion of the unfunded balance in the health insurance program increasing the city's share from the negotiated $9,000 per budgeted employee to $9,165 per budgeted employee. Employee premiums increased in 2015 to $81.46/pay period or $176.50/month for family coverage and $21.92/pay period or $47.50/month for single coverage. In a self-funded plan, the fixed costs for purchase of stop loss coverage and administrative fees are the only opportunity to pursue competitive pricing for service. The claims paid by the plan reflect the employee's actual medical claim costs and represent the largest part of the plan costs. The City's health insurance committee used Benefit Health Advisors to quote the fixed cost coverage through six different carriers. Based on the quotes received we are proposing to change the stop loss carrier for the upcoming year to UME as the lowest bidder. The plan design for the upcoming year will continue to be through the Aetna network with coinsurance amounts of $2500/$5000 for use of CRMC and local providers in the 67337 zip code and $3,000/$6,000 for out of network providers; change prescription co-pays from $15/$30/$45 to $20/$40/$55 with specialty drugs copays increasing to $75 and continue requiring specialty drugs to be through mail order program after one local fill (estimated plan savings of 20% per prescription) and continue the dental plan with Delta Dental as a self-insured plan. The proposals with these plan design changes results in an unfunded amount of $64,509.76.
SPECIAL NOTES	The City of Coffeyville health insurance policy covers city employees, City retirees if they choose and COBRA eligible employees or dependents if they choose. The retirees and COBRA eligible pay 100% of the premiums for those participating in the city's plan.
ANALYSIS	The City's offer to the four unions kept the increase in place at $9,165 per budgeted employee for 2016. Only two of the four unions have accepted their contracts at this time. Those employees with current approved contracts and non-represented positions will receive the agreed upon $9,165 allowance per budgeted employee. The other represented positions without approved contracts are subject to the prior terms and conditions which include City contributions of $9,000/budgeted employee. The city is still working to reach an agreement on new contracts with either or both of those unions by April 1, 2016.

<table>
<tr><td></td><td>As a result of the unfunded balance and the likelihood the plan will use our remaining reserve balance if claims come in as projected, the health insurance committee is recommending an increase in employee premiums as follows:
<table>
<tr><th>Plan Type</th><th>Employees with approved 2016 contracts as of April 1, 2016 and Non-Represented Positions</th><th>Employees without approved 2016 contracts as of April 1, 2016</th></tr>
<tr><td>Single</td><td>$57.50/month</td><td>$71.25/month</td></tr>
<tr><td>Family</td><td>$195.50/month</td><td>$209.25/month</td></tr>
</table>
This would reduce the plans unfunded balance to $37,077.76.</td></tr>
<tr><td>PUBLIC INFORMATION PROCESS</td><td>N/A</td></tr>
<tr><td>BOARD OR COMMISSION RECOMMENDATION</td><td>N/A</td></tr>
<tr><td>STAFF RECOMMENDATION</td><td>Staff recommends adoption of the Resolution.</td></tr>
<tr><td>REFERENCE DOCUMENTS ATTACHED</td><td>Exhibit 1: Health Care Insurance Analysis Spreadsheet</td></tr>
</table>

RESOLUTION NO. R-16-48

A RESOLUTION TO AUTHORIZE THE EXECUTION OF AN AGREEMENT FOR SPECIFIC STOP-LOSS INSURANCE, AGGREGATE STOP-LOSS INSURANCE, DENTAL INSURANCE, BASIC LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) INSURANCE AND THIRD PARTY ADMINISTRATIVE SERVICES FOR THE CITY'S FY 2017 (4-1-2016 TO 3-31-2017) PARTIALLY SELF-FUNDED HEALTH INSURANCE COVERAGE.

BE IT RESOLVED, by the Board of Commissioners of the City of Coffeyville, Kansas, that the Mayor be and is hereby authorized and directed as follows:

1. To execute an agreement with UME for specific stop-loss insurance and aggregate stop-loss insurance for the City's FY 2017 (4-1-2016 to 3-31-2017) partially self-funded health insurance coverage.

   a. Specific/individual stop-loss (excess loss) insurance.

      - Benefits covered include medical and prescription drugs.
      - $50,000 deductible for each person.
      - Pays 100% of covered expenses in excess of the deductible.
      - Coverage on a 12/18 month basis.
      - Based on an estimated enrollment of 37 single/108 family coverages.

   b. Aggregate stop-loss (excess loss) insurance.

      - Benefits covered include medical and prescription drugs.
      - UME pays 100% of covered expenses in excess of the aggregate attachment point.
      - Coverage on a 12/18 month basis.
      - Based on an enrollment of 37 single/108 family coverages.
      - The estimated annual aggregate attachment point is $1,625,369.40.
        - The annual aggregate attachment point will be increased/decreased monthly for each additional single enrollee by $401.55.
        - The annual aggregate attachment point will be increased/decreased monthly for each additional family enrollee by $1,116.58.

Estimated cost of specific/individual & aggregate stop-loss (excess-loss) insurance.

	Number	*Monthly Rate*	*Yearly Total*
Individual enrollees	*37*	*$85.98*	*$38,175.12*
Family enrollees	*108*	*$230.98*	*299,350.08*
Subtotal			*$337,525.20*

2. To execute an agreement with Meritain Health for third party administrative services for the City's FY 2017 (4-1-2016 to 3-31-2017) partially self-funded health insurance coverage.
   a. Administrative Services

Estimated cost of Administration Fee.

Monthly Rate	*$25.56*
Total enrollees	*145*
Maximum Claims Administration Fee	*$44,474.40*

3. To execute an agreement with Delta Dental for dental insurance for the City's FY 2017 (4-1-2016 to 3-31-2017) partially self-funded dental insurance coverage.

- Based on an enrollment of 37 single/108 family coverages.
- The estimated annual aggregate attachment point is $110,520.83.
  - The annual aggregate attachment point will be increased/decreased monthly for each additional single enrollee by $26.83.
  - The annual aggregate attachment point will be increased/decreased monthly for each additional family enrollee by $76.09.

Estimated cost of dental insurance coverage.

Monthly Rate	*$4.75*
Total enrollees	*145*
Dental Insurance Fixed Cost	*$8,265.00*

4. Affordable Care Act Fees

Affordable Care Act – Reinsurance Assessment Fee	*$ 17,996.00*
Affordable Care Act – Research Trust Fund	*818.00*
Total Affordable Care Act Fees	*$18,814.00*

5. To execute an agreement with AIG Benefit Solutions for basic life and accidental death and dismemberment (AD&D) insurance at the rate of $2.20 per month for each $10,000 of coverage for the City's FY 2017 (4-1-2016 to 3-31-2017) basic life and AD&D insurance coverage.

FY 2017 estimated expense.

Estimated amount of life insurance coverage.	*$1,465,000.00*
Estimated cost of life insurance coverage.	*3,867.60*

Summary recap of estimated FY 2017 self-funded health insurance coverage maximum cost.

Estimated Annual Cost	
Specific & Aggregate Stop-Loss	*$337,525.20*
Administrative Services	*44,474.40*
Dental Insurance	*8,265.00*
Affordable Care Act Fees	*18,814.00*
Aggregate Attachment Point-health plan	*1,625,369.40*
Aggregate Attachment Point-dental plan	*110,520.83*
Subtotal	*$ 2,144,968.83*
Life and Accidental Death and Dismemberment	*3,867.60*
Total	*$ 2,148,836.43*

ADOPTED THIS 9TH DAY OF MARCH, 2016.

_____
Craig C. Powell, Mayor

ATTEST:

_____
Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____
Paul Kritz, City Attorney

	A B C D E	L	M	AA
1	***City of Coffeyville***			
2	**Self Funded Health Care Insurance Analysis**			
3	**Enrollment Adjusted For Comparative Purposes**			
4				
5		***CURRENT YEAR***		
6		**$2500/$5000 Local Network**		**$2500/$5000 Local Network**
7		**$3000/$6000 All Others Share Plan**		**$3000/$6000 All Others Share Plan**
8		**RELIANCE STANDARD**		**UME - 2-Tier**
9		**NON-GRANDFATHERED PLAN**		**NON-GRANDFATHERED PLAN**
10		**AETNA NETWORK - 60/50**		**AETNA NETWORK - 60/50**
11				
12		**12/18 Policy**		**12/18 Policy**
13		**$50,000 Stop Loss - 125% ASL**		**$50,000 Stop Loss - 125% ASL**
14		**4/1/2015 - 3/31/2016**		**4/1/2016 - 3/31/2017**
15	**ADJUSTED ENROLLMENT**			
16	**(1) Single**			
17	City Employees	36		36
19	Other Insureds	-		-
21	COBRA	1		1
23	Subtotal	37		37
24				
25	**(2) Family**			
26	City Employees	107		107
28	Other Insureds	1		1
30	COBRA	-		-
32	Subtotal	108		108
33				
46	**City Enrollment**	143		143
47	**Other Insureds**	1		1
48	**Other Insureds - COBRA**	1		1
49	**TOTAL ENROLLMENT**	**145**		**145**
50				
51	**City Enrollment**	407		407
52	**Other Insureds**	1		1
53	**Other Insureds - COBRA**	1		1
54	**TOTAL COVERED LIVES**	**409**		**409**
55				
56				
57	**I. STOP LOSS & ADMINISTRATIVE FIXED COSTS**			
58	**A.** Specific Stop Loss	$ 50,000.00		$ 50,000.00
59		Medical & RX		Medical & RX
60	Employee Only			
61	Monthly Charge per Unit	93.25		84.08
62	Annualized Cost	41,403.00		37,331.52
63				
64	Family			
65	Monthly Charge per Unit	226.69		229.08
66	Annualized Cost	293,790.24		296,887.68
67				
77	**TOTAL SPECIFIC STOP LOSS**	**335,193.24**		**334,219.20**
78				
79	**B.** Aggregate Stop Loss			
80				
81	Employee Only			
82	Monthly Charge per Unit	5.02		1.90
83	Annualized Cost	2,228.88		843.60
84				
85	Family			
86	Monthly Charge per Unit	5.02		1.90
87	Annualized Cost	6,505.92		2,462.40
88				
97	**TOTAL AGGREGATE STOP LOSS**	**8,734.80**		**3,306.00**
98				
99	**C.** Monthly Aggregate Protection			
100	**Annualized Cost**	Included in Specific Stop Loss		Included in Specific Stop Loss
101				
102	**TOTAL ANNUAL STOP LOSS COSTS**	**343,928.04**		**337,525.20**
103				
104	**D.** Preferred Provider Network Fee	-		-
105	**E.** Pre-Certification Fee	-		-
106	**F.** COBRA/HIPAA/Reports	-		-
107	**G.** Claims Administration			
108	Employee Only	25.56		25.56
109	Annualized Cost	11,348.64		11,348.64
110	Family	25.56		25.56
111	Annualized Cost	33,125.76		33,125.76
116	**H.** Reinsurance Marketing/Broker Fee & Misc Fees	-		-
117	Subtotal - Monthly Cost	44,474.40		44,474.40
118				
119	**I.** Affordable Care Act - Reinsurance Assessment Fee - ($44/covered life)	17,996.00		17,996.00
120	**J.** Affordable Care Act - Research Trust Fund ($2/covered life)	818.00		818.00
121	Subtotal - Annual Cost	18,814.00		18,814.00
122	**Total Annualized Cost**	**63,288.40**		**63,288.40**
123				
124				
125	**K.** One Time Set-up Fee	-		-
126				
127	**L. Dental Coverage**			
128	Employee Only	4.75		4.75
129	Monthly Charge per Unit	175.75		175.75
130	Family	4.75		4.75
131	Monthly Charge per Unit	513.00		513.00
136	**Annualized Cost**	8,265.00		8,265.00
137				
138				
139				
140	**TOTAL ANNUAL ADMINISTRATIVE COSTS**	**71,553.40**		**71,553.40**
141				
142	**City Employees**	**410,702.24**		**404,455.64**
143	**Other Insureds**	**4,779.20**		**4,622.96**
144	**TOTAL STOP LOSS & ADMINISTRATIVE FIXED COSTS**	**$ 415,481.44**		**$ 409,078.60**
145		**$ 415,481.44**		**$ 409,078.60**
146	**Total Dollar Increase Over Current Plan Year**	***$ -***		***$ (6,402.84)***
147	**Percentage Increase Over Current Plan Year**	***0.0%***		***-1.5%***
148				
149	**II. MAX CLAIMS EXPOSURE/ AGGREGATE ATTACH PT.**			
150	**Aggregate Attachment Point Calculation**			
151	Single Rate (Monthly)	402.51		401.55
152	Single Rate Plan #2 (Monthly)	402.51		401.55
153	Family Rate (Monthly)	1,098.95		1,116.58
154	Family Rate Plan #2 (Monthly)	1,098.95		1,116.58
157	**Aggregate Attachment Point For Employees**	**1,584,937.20**		**1,607,151.90**
158	**Aggregate Attachment Point For Others**	**18,017.55**		**18,217.50**
159	**Total Aggregate Attachment Point**	**1,602,954.75**		**1,625,369.40**
160				
161	**TOTAL ANNUAL STOP LOSS & AGGREGATE ATTACHMENT POINT**	**1,946,882.79**		**1,962,894.60**

	A B C D	E	L	M	AA
1	***City of Coffeyville***				
2	**Self Funded Health Care Insurance Analysis**				
3	**Enrollment Adjusted For Comparative Purposes**				
4					
5			***CURRENT YEAR***		
6			**$2500/$5000 Local Network**		**$2500/$5000 Local Network**
7			**$3000/$6000 All Others Share Plan**		**$3000/$6000 All Others Share Plan**
8			**RELIANCE STANDARD**		**UME - 2-Tier**
9			**NON-GRANDFATHERED PLAN**		**NON-GRANDFATHERED PLAN**
10			**AETNA NETWORK - 60/50**		**AETNA NETWORK - 60/50**
11					
12			**12/18 Policy**		**12/18 Policy**
13			**$50,000 Stop Loss - 125% ASL**		**$50,000 Stop Loss - 125% ASL**
14			**4/1/2015 - 3/31/2016**		**4/1/2016 - 3/31/2017**
162					
163	**III. DENTAL MAX CLAIMS EXPOSURE/ AGGREGATE ATTACH PT.**				
164		**Aggregate Attachment Point Calculation**			
165		Single Rate (Monthly)	**26.83**		**26.83**
166		Family Rate (Monthly)	**76.09**		**76.09**
169		**Dental Aggregate Attachment Point For Employees**	**109,285.84**		**109,285.84**
170		**Dental Aggregate Attachment Point For Others**	**1,234.99**		**1,234.99**
171		**Dental Total Aggregate Attachment Point**	**110,520.83**		**110,520.83**
172					
173	**MAXIMUM HEALTH CARE COST EXPOSURE (I, & II)**				
174		**City Employees**	**2,104,925.28**		**2,120,893.38**
175		**Per City Employee Cost**	**14,719.76**		**14,831.42**
176		**Other Insureds**	**24,031.74**		**24,075.45**
177		**Per Other Insureds**	**12,015.87**		**12,037.73**
178		**Total**	**$ 2,128,957.02**		**$ 2,144,968.83**
179		**Per Enrollee**	**$ 14,682.46**		**$ 14,792.89**
180					
181		**Single Plan Cost/Mo**	**557.92**		**544.67**
183		**Family Plan Cost/Mo**	**1,437.06**		**1,453.95**
187					
188	**Total Dollar Increase Over Current Plan Year**		***$ -***		***$ 16,011.81***
189	**Percentage Increase Over Current Plan Year**		***0.0%***		***0.8%***
190					
191					
192	**MONTHLY PREMIUMS FOR MAXIMUM HEALTH**				
193	**CARE COST EXPOSURE**				
194		**City Contribution (Monthly)**			
195		Single	557.92		544.67
196		Family	894.27		920.14
199					
200		**Total City Contribution (Annualized)**	**1,389,264.77**		**1,416,756.77**
201		**Per City Enrolled Employee**	**9,715.14**		**9,907.39**
202					
203		**Employee Contribution (Monthly)**			
204		Single	47.50		57.50
206		Family Plan	177.49		195.49
210		**Total Employee Contribution (Annualized)**	**248,417.16**		**275,849.16**
211		**Per City Enrolled Employee**	**1,737.18**		**1,929.02**
212					
213		**Other Insureds Contribution (Monthly)**			
214		Single #1	557.92		544.67
216		Family Plan #1	1,437.06		1,453.95
218		Single #1 - COBRA	569.08		555.56
220		Family Plan #1 - COBRA	1,465.80		1,483.03
226		**Total Other Insureds Contribution (Annualized)**	**24,073.64**		**24,114.14**
227		**Per Other Insured Enrollees**	**12,036.82**		**12,057.07**
228					
229	**ANNUALIZED HEALTH CARE PREMIUMS**		**1,661,755.57**		**1,716,720.07**
230		**PER TOTAL ENROLLEES**	**11,460.38**		**11,839.45**
231					
232	**BASIC LIFE & AD&D INSURANCE PREMIUM**				
233		**Amount per $1,000 (Monthly)**	0.220		0.220
234		**City Employees $1,625,000 (Annualized) (Paid by City)**	3,814.80		3,814.80
235		**Other Insureds $10,000 (Annualized) (Paid by Others)**	52.800		52.800
236	**TOTAL BASIC LIFE & AD&D INSURANCE PREMIUMS**		**$ 3,867.60**		**$ 3,867.60**
237					
238					
239	**TOTAL HEALTH CARE & LIFE INSURANCE PREMIUMS**				
240		**Total Paid by City for City Employees at Cost**	**1,393,079.57**		**1,420,571.57**
241		**Per City Enrolled Employee at Cost**	**9,741.82**		**9,934.07**
242		**Total Paid by City Employees**	**248,417.16**		**275,849.16**
243		**Per City Enrolled Employee**	**1,737.18**		**1,929.02**
244		**Total for Other Insureds**	**24,126.44**		**24,166.94**
245		**Per Other Insureds Enrollees**	**12,063.22**		**12,083.47**
246	**TOTAL HEALTH CARE & LIFE INSURANCE PREMIUMS**		**1,665,623.17**		**1,720,587.67**
247		**City Contribution Percentage[1]**	**$ 0.8487**		**$ 0.8374**
248		**Change in City Contribution Percentage[2]**	**-**		**(0.0113)**
249	**MAXIMUM/ACTUAL HEALTH CARE CLAIMS**		**1,713,475.58**		**1,735,890.23**
250					
251					
252	**SUMMARY**				
253					
254	**MAXIMUM HEALTH CARE COST EXPOSURE**		2,128,957.02		2,144,968.83
255	**BASIC LIFE & AD&D INSURANCE COST**		3,867.60		3,867.60
256	**TOTAL MAXIMUM COST**		**$ 2,132,824.62**		**$ 2,148,836.43**
257					
258	**PREMIUM PAID BY CITY AND OTHERS**		1,665,623.17		1,720,587.67
259	**CARRYOVER FROM PREVIOUS YEARS**		402,591.00		391,171.00
260					
261	**UNFUNDED BALANCE**		**$ 64,610.45**		**$ 37,077.76**
262					
263					
264					
265					
266	[1] = Shown at $9,165 per employee as agreed in Memorandum of Agreement. No change in city contribution dollars.				
267	[2] = Change in City's percentage if entire unfunded balance is made up through an increase in employee premiums.				
268					