	CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**	
MEETING DATE	March 12, 2013	
RESOLUTION OR ORDINANCE NUMBER	R-13-24	
AGENDA TITLE	**A RESOLUTION TO AUTHORIZE THE EXECUTION OF AN AGREEMENT FOR SPECIFIC STOP-LOSS INSURANCE, AGGREGATE STOP-LOSS INSURANCE, BASIC LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) INSURANCE AND THIRD PARTY ADMINISTRATIVE SERVICES FOR THE CITY'S FY 2014 (4-1-2013 TO 3-31-2014) PARTIALLY SELF-FUNDED HEALTH INSURANCE COVERAGE.**	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Stephanie A. Richardson, Finance Director	
FISCAL INFORMATION	Cost as recommended:	Maximum Exposure = $2,312,437.41
	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 and library employees.	

BACKGROUND	Staff recently received the renewal proposal for Health and Life/AD&D insurance. The city's health insurance committee met and discussed the renewal option and the possibility of taking the plan out for bid with other carriers. Each department indicated our employees are satisfied with Blue Cross Blue Shield. The committee requested some additional renewal options to allow our group to see how changes in our plans expected claim amounts and our grandfather status affected the costs to the group. Blue Cross Blue Shield provided additional renewals which are all included on the attached Exhibit 1.
SPECIAL NOTES	The City of Coffeyville health insurance policy covers city employees as well as employees of the Coffeyville Public Library. The library and their employees pay 100% of the premiums for those participating in the city's plan. By participating with the city, they become part of a larger group and can therefore obtain somewhat lower premiums for their employees.

ANALYSIS	The health insurance committee reviewed each option presented by Blue Cross Blue Shield and is recommending we remain with our current plan design. This option results in a 4.9% increase in maximum health care cost exposure over last year. While this is not the option with the lowest increase, it does limit our plan's fixed costs (annual stop loss costs) to an amount lower than the other options. As per the Personnel Manual Memorandum of Agreements, the City of Coffeyville will maintain its annual contribution of $9,000 per budgeted employee for this plan year. The city funds the health insurance plan at our maximum exposure each year. While the spreadsheet indicates we could end the year with an unfunded balance, our claims experience has never risen to the projected amounts calculated by Blue Cross Blue Shield. The committee feels confident we will not reach the projected totals and will end the coming year without the need to increase premiums to the employees. Staff will be monitoring our claims continually throughout the year and making recommendations to the health insurance committee if employee premium adjustments would be necessary mid-year. The health insurance committee will be meeting regularly to determine ways to help control our costs. We will be doing some training to educate ourselves on other types of health care plans to determine if there are other options that would work for our employees.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Staff recommends approval of adoption of the resolution that includes a $50,000 individual stop loss and 125% aggregate stop loss limit.
REFERENCE DOCUMENTS ATTACHED	Exhibit 1: Health Care Insurance Analysis Spreadsheet

RESOLUTION NO. R-13-24

A RESOLUTION TO AUTHORIZE THE EXECUTION OF AN AGREEMENT FOR SPECIFIC STOP-LOSS INSURANCE, AGGREGATE STOP-LOSS INSURANCE, BASIC LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) INSURANCE AND THIRD PARTY ADMINISTRATIVE SERVICES FOR THE CITY'S FY 2014 (4-1-2013 TO 3-31-2014) 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 Blue Cross Blue Shield of Kansas for specific stop-loss insurance, aggregate stop-loss insurance and third party administrative services for the City's FY 2014 (4-1-2013 to 3-31-2014) partially self-funded health insurance coverage.

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

      - Benefits covered include medical, dental and prescription drugs.
      - $50,000 deductible for each person.
      - Pays 100% of covered expenses in excess of the deductible.
      - Coverage on an incurred in 12 months basis.
      - Based on an estimated enrollment of 50 single/119 family coverages.

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

      - Benefits covered include medical, dental and prescription drugs.
      - Blue Cross Blue Shield pays 100% of covered expenses in excess of the aggregate attachment point.
      - Coverage on an incurred in 12 months basis.
      - Based on an enrollment of 50 single/119 family coverages.
      - The estimated annual aggregate attachment point is $1,811,547.75.
        - The annual aggregate attachment point will be increased/decreased monthly for each additional single enrollee by $469.60 – Option 1 and $483.00 – Option 2.
        - The annual aggregate attachment point will be increased/decreased monthly for each additional family enrollee by $1,070.66 – Option 1 and $1,100.70 – Option 2.

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

	Number	*Monthly Rate*	*Yearly Total*
Individual enrollees	*50*	*$110.22*	*$66,132.00*
Family enrollees	*119*	*$253.79*	*362,412.12*
Subtotal			*$428,544.12*

c. Administrative Services

3.11% of Claims

Maximum Cost for Claims Administration

Aggregate Attachment Point	*$1,811,547.75*
Rate	*3.11%*
Maximum Claims Administration Fee	*$56,339.14*

c. Affordable Care Act Fees

Affordable Care Act – Reinsurance Assessment Fee	*$ 10,647.00*
Affordable Care Act – Research Trust Fund	*449.00*
Total Affordable Care Act Fees	*$11,096.00*

2. To execute an agreement with Advance Insurance Company for basic life and accidental death and dismemberment (AD&D) insurance at the rate of $2.40 per month for each $10,000 of coverage for the City's FY 2014 (4-1-2013 to 3-31-2014) basic life and AD&D insurance coverage.

FY 2014 estimated expense.	
Estimated amount of life insurance coverage.	*$1,705,000.00*
Estimated cost of life insurance coverage.	*4,910.40*

Summary recap of estimated FY 2014 self-funded health insurance coverage maximum cost.

Estimated Annual Cost	
Specific & Aggregate Stop-Loss	*$428,544.12*
Administrative Services	*56,339.14*
Affordable Care Act Fees	*11,096.00*
Aggregate Attachment Point	*1,811,547.75*
Subtotal	*$2,307,527.01*
Life and Accidental Death and Dismemberment	*4,910.40*
Total	*$2,312,437.41*

ADOPTED THIS 12TH DAY OF MARCH, 2013.

_____
David George, Mayor

ATTEST:

_____
Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____
Paul Kritz, City Attorney

City of Coffeyville
Self Funded Health Care Insurance Analysis
Enrollment Adjusted For Comparative Purposes

CURRENT YEAR

	L	Q	R	S	T
	BCBS	2/4/2013 Quote BCBS	2/14/13 Quote BCBS	2/14/2013 Quote BCBS NON-GRANDFATHERED PLAN	2/14/2013 Quote BCBS NON-GRANDFATHERED PLAN
	GRANDFATHERED PLAN	GRANDFATHERED PLAN	GRANDFATHERED PLAN		
	Dental - $1,500 Max	*Dental - $1,500 Max*	*Dental - $1,500 Max*	*Dental - $1,500 Max*	*Dental - $1,500 Max*
	12 Incurred Policy	12 Incurred Policy	12 Incurred Policy	12 Incurred Policy	12 Incurred Policy
	$50,000 Stop Loss	$50,000 Stop Loss - 125% ASL	$50,000 Stop Loss - 120% ASL	$50,000 Stop Loss - 125% ASL	$50,000 Stop Loss - 120% ASL
	4/1/2012 - 3/31/2013	4/1/2013 - 3/31/2014	4/1/2013 - 3/31/2014	4/1/2013 - 3/31/2014	4/1/2013 - 3/31/2014
ADJUSTED ENROLLMENT					
(1) Single					
City Employees - Plan 1	42	42	42	42	42
City Employees - Plan 2	1	1	1	1	1
Other Insureds - Plan 1	6	6	6	6	6
Other Insureds - Plan 2	-	-	-	-	-
COBRA - Plan 1	1	1	1	1	1
COBRA - Plan 2	-	-	-	-	-
Subtotal	50	50	50	50	50
(2) Family					
City Employees - Plan 1	114	114	114	114	114
City Employees - Plan 2	2	2	2	2	2
Other Insureds - Plan 1	3	3	3	3	3
Other Insureds - Plan 2	-	-	-	-	-
COBRA - Plan 1	-	-	-	-	-
COBRA - Plan 2	-	-	-	-	-
Subtotal	119	119	119	119	119
City Enrollment	159	159	159	159	159
Other Insureds	9	9	9	9	9
Other Insureds - COBRA	1	1	1	1	1
TOTAL ENROLLMENT	**169**	**169**	**169**	**169**	**169**
City Enrollment	-	441	441	441	441
Other Insureds	-	7	7	7	7
Other Insureds - COBRA	-	1	1	1	1
TOTAL COVERED LIVES	-	**449**	**449**	**449**	**449**
I. STOP LOSS & ADMINISTRATIVE COSTS					
A. Specific Stop Loss	$ 50,000.00 Medical, Dental & RX	$ 50,000.00 Medical, Dental & RX	$ 50,000.00 Medical, Dental & RX	$ 50,000.00 Medical, Dental & RX	$ 50,000.00 Medical, Dental & RX
Employee Only					
Monthly Charge per Unit	100.53	110.22	115.21	110.22	115.21
Annualized Cost	60,318.00	66,132.00	69,126.00	66,132.00	69,126.00
Family					
Monthly Charge per Unit	230.14	253.79	265.16	253.79	265.16
Annualized Cost	328,639.92	362,412.12	378,648.48	362,412.12	378,648.48
TOTAL SPECIFIC STOP LOSS	**388,957.92**	**428,544.12**	**447,774.48**	**428,544.12**	**447,774.48**
B. Aggregate Stop Loss					
Annualized Cost	Included in Specific Stop Loss	Included in Specific Stop Loss	Included in Specific Stop Loss	Included in Specific Stop Loss	Included in Specific Stop Loss
C. Monthly Aggregate Protection					
Annualized Cost	Included in Specific Stop Loss	Included in Specific Stop Loss	Included in Specific Stop Loss	Included in Specific Stop Loss	Included in Specific Stop Loss
TOTAL ANNUAL STOP LOSS COSTS	**388,957.92**	**428,544.12**	**447,774.48**	**428,544.12**	**447,774.48**
D. Preferred Provider Network Fee	-	-	-	-	-
E. Pre-Certification Fee	-	-	-	-	-
F. COBRA/HIPAA/Reports	-	-	-	-	-
G. Claims Administration	26.16	27.78	26.67	27.79	26.68
H. Reinsurance Marketing/Broker Fee & Misc Fees	-	-	-	-	-
Subtotal - Monthly Cost	26.16	27.78	26.67	27.79	26.68
I. Affordable Care Act - Reinsurance Assessment Fee - ($63/covered life)	-	10,647.00	10,647.00	10,647.00	10,647.00
J. Affordable Care Act - Research Trust Fund ($1/covered life)	-	449.00	449.00	449.00	449.00
Subtotal - Annual Cost		11,096.00	11,096.00	11,096.00	11,096.00
Total Annualized Cost	**53,058.22**	**67,435.14**	**65,181.57**	**67,458.81**	**65,204.30**
	3.02% of Claims	3.11% of Claims	3.11% of Claims	3.07% of Claims	3.07% of Claims
TOTAL ANNUAL ADMINISTRATIVE COSTS	**53,058.22**	**67,435.14**	**65,181.57**	**67,458.81**	**65,204.30**
City Employees	**422,147.04**	**474,052.96**	**490,334.62**	**474,075.23**	**490,356.00**
Other Insureds	**19,869.10**	**21,926.30**	**22,621.43**	**21,927.70**	**22,622.78**
TOTAL STOP LOSS & ADMINISTRATIVE COSTS	**$ 442,016.14**	**$ 495,979.26**	**$ 512,956.05**	**$ 496,002.93**	**$ 512,978.78**
	$ 442,016.14	**$ 495,979.26**	**$ 512,956.05**	**$ 496,002.93**	**$ 512,978.78**
Total Dollar Increase Over Current Plan Year	***$ -***	***$ 53,963.11***	***$ 70,939.91***	***$ 53,986.79***	***$ 70,962.63***
Percentage Increase Over Current Plan Year	***0.0%***	***12.2%***	***16.0%***	***12.2%***	***16.1%***
II. MAX CLAIMS EXPOSURE/ AGGREGATE ATTACH PT.					
Aggregate Attachment Point Calculation					
Single Rate Plan #1 (Monthly)	458.63	469.60	450.82	475.90	456.86
Single Rate Plan #2 (Monthly)	463.35	483.00	463.68	490.18	470.57
Family Rate Plan #1 (Monthly)	1,037.40	1,070.66	1,027.84	1,085.06	1,041.66
Family Rate Plan #2 (Monthly)	1,048.06	1,100.70	1,056.67	1,115.96	1,071.32
Aggregate Attachment Point For Employees	**1,681,023.90**	**1,733,557.50**	**1,664,215.20**	**1,756,884.30**	**1,686,608.93**
Aggregate Attachment Point For Others	**75,870.90**	**77,990.25**	**74,870.64**	**79,037.85**	**75,876.34**
Total Aggregate Attachment Point	**1,756,894.80**	**1,811,547.75**	**1,739,085.84**	**1,835,922.15**	**1,762,485.26**
MAXIMUM HEALTH CARE COST EXPOSURE (I, & II)					
City Employees	**2,103,170.94**	**2,207,610.46**	**2,154,549.82**	**2,230,959.53**	**2,176,964.93**
Per City Employee Cost	**13,227.49**	**13,884.34**	**13,550.63**	**14,031.19**	**13,691.60**
Other Insureds	**95,740.00**	**99,916.55**	**97,492.07**	**100,965.55**	**98,499.11**
Per Other Insureds	**9,574.00**	**9,991.65**	**9,749.21**	**10,096.55**	**9,849.91**
Total	**$ 2,198,910.94**	**$ 2,307,527.01**	**$ 2,252,041.89**	**$ 2,331,925.08**	**$ 2,275,464.04**
Per Enrollee	**$ 13,011.31**	**$ 13,654.01**	**$ 13,325.69**	**$ 13,798.37**	**$ 13,464.28**
Single Plan #1 Cost/Mo	**585.32**	**607.60**	**592.70**	**613.91**	**598.75**
Single Plan #2 Cost/Mo	**590.04**	**621.00**	**605.56**	**628.19**	**612.46**
Family Plan #1 Cost/Mo	**1,293.70**	**1,352.23**	**1,319.67**	**1,366.64**	**1,333.50**
Family Plan #2 Cost/Mo	**1,304.37**	**1,382.27**	**1,348.50**	**1,397.54**	**1,363.16**
Total Dollar Increase Over Current Plan Year	***$ -***	***$ 108,616.06***	***$ 53,130.95***	***$ 133,014.14***	***$ 76,553.10***
Percentage Increase Over Current Plan Year	***0.0%***	***4.9%***	***2.4%***	***6.0%***	***3.5%***

City of Coffeyville
Self Funded Health Care Insurance Analysis
Enrollment Adjusted For Comparative Purposes

CURRENT YEAR

	L	Q	R	S	T
	BCBS	2/4/2013 Quote BCBS	2/14/13 Quote BCBS	2/14/2013 Quote BCBS NON-GRANDFATHERED PLAN	2/14/2013 Quote BCBS NON-GRANDFATHERED PLAN
	GRANDFATHERED PLAN	GRANDFATHERED PLAN	GRANDFATHERED PLAN		
	Dental - $1,500 Max	*Dental - $1,500 Max*	*Dental - $1,500 Max*	*Dental - $1,500 Max*	*Dental - $1,500 Max*
	12 Incurred Policy	12 Incurred Policy	12 Incurred Policy	12 Incurred Policy	12 Incurred Policy
	$50,000 Stop Loss	$50,000 Stop Loss - 125% ASL	$50,000 Stop Loss - 120% ASL	$50,000 Stop Loss - 125% ASL	$50,000 Stop Loss - 120% ASL
	4/1/2012 - 3/31/2013	4/1/2013 - 3/31/2014	4/1/2013 - 3/31/2014	4/1/2013 - 3/31/2014	4/1/2013 - 3/31/2014
MONTHLY PREMIUMS FOR MAXIMUM HEALTH CARE COST EXPOSURE					
City Contribution (Monthly)					
Single	585.32	607.60	592.70	613.91	598.75
Family	807.73	864.12	869.65	861.78	867.40
Total City Contribution (Annualized)	**1,426,384.16**	**1,516,376.97**	**1,516,383.63**	**1,516,376.51**	**1,516,378.18**
Per City Enrolled Employee	**8,970.97**	**9,536.96**	**9,537.00**	**9,536.96**	**9,536.97**
Employee Contribution (Monthly)					
Single #1	40.00	40.00	40.00	40.00	40.00
Single #2	90.00	90.00	90.00	90.00	90.00
Family Plan #1	158.00	158.00	158.00	158.00	158.00
Family Plan #2	233.00	233.00	233.00	233.00	233.00
Total Employee Contribution (Annualized)	**242,976.00**	**242,976.00**	**242,976.00**	**242,976.00**	**242,976.00**
Per City Enrolled Employee	**1,528.15**	**1,528.15**	**1,528.15**	**1,528.15**	**1,528.15**
Other Insureds Contribution (Monthly)					
Single #1	585.32	607.60	592.70	613.91	598.75
Single #2	590.04	621.00	605.56	628.19	612.46
Family Plan #1	1,293.70	1,352.23	1,319.67	1,366.64	1,333.50
Family Plan #2	1,304.37	1,382.27	1,348.50	1,397.54	1,363.16
Single #1 - COBRA	597.02	619.75	604.55	626.19	610.73
Single #2 - COBRA	601.84	633.42	617.67	640.75	624.71
Family Plan #1 - COBRA	1,319.58	1,379.28	1,346.06	1,393.98	1,360.17
Family Plan #2 - COBRA	1,330.45	1,409.92	1,375.47	1,425.50	1,390.43
Total Other Insureds Contribution (Annualized)	**95,880.43**	**99,864.64**	**97,436.62**	**100,915.18**	**98,445.11**
Per Other Insured Enrollees	**9,588.04**	**9,986.46**	**9,743.66**	**10,091.52**	**9,844.51**
ANNUALIZED HEALTH CARE PREMIUMS	**1,765,240.59**	**1,859,217.61**	**1,856,796.26**	**1,860,267.69**	**1,857,799.30**
PER TOTAL ENROLLEES	**10,445.21**	**11,001.29**	**10,986.96**	**11,007.50**	**10,992.90**
BASIC LIFE & AD&D INSURANCE PREMIUM					
Amount per $1,000 (Monthly)	0.240	0.240	0.240	0.240	0.240
City Employees $1,625,000 (Annualized) (Paid by City)	4,622.40	4,622.40	4,622.40	4,622.40	4,622.40
Other Insureds $10,000 (Annualized) (Paid by Others)	288.000	288.000	288.000	288.000	288.000
TOTAL BASIC LIFE & AD&D INSURANCE PREMIUMS	**$ 4,910.40**	**$ 4,910.40**	**$ 4,910.40**	**$ 4,910.40**	**$ 4,910.40**
TOTAL HEALTH CARE & LIFE INSURANCE PREMIUMS					
Total Paid by City for City Employees at Cost	**1,431,006.56**	**1,520,999.37**	**1,521,006.03**	**1,520,998.91**	**1,521,000.58**
Per City Enrolled Employee at Cost	**9,000.04**	**9,566.03**	**9,566.08**	**9,566.03**	**9,566.04**
Total Paid by City Employees	**242,976.00**	**242,976.00**	**242,976.00**	**242,976.00**	**242,976.00**
Per City Enrolled Employee	**1,528.15**	**1,528.15**	**1,528.15**	**1,528.15**	**1,528.15**
Total for Other Insureds	**96,168.43**	**100,152.64**	**97,724.62**	**101,203.18**	**98,733.11**
Per Other Insureds Enrollees	**9,616.84**	**10,015.26**	**9,772.46**	**10,120.32**	**9,873.31**
TOTAL HEALTH CARE & LIFE INSURANCE PREMIUMS	**1,770,150.99**	**1,864,128.01**	**1,861,706.66**	**1,865,178.09**	**1,862,709.70**
City Contribution Percentage[1]	**$ 0.8549**	**$ 0.8623**	**$ 0.8623**	**$ 0.8623**	**$ 0.8623**
Change in City Contribution Percentage[2]	**-**	**0.0074**	**0.0074**	**0.0074**	**0.0074**
MAXIMUM/ACTUAL HEALTH CARE CLAIMS	**1,756,894.80**	**1,811,547.75**	**1,739,085.84**	**1,835,922.15**	**1,762,485.26**
SUMMARY					
MAXIMUM HEALTH CARE COST EXPOSURE	2,198,910.94	2,307,527.01	2,252,041.89	2,331,925.08	2,275,464.04
BASIC LIFE & AD&D INSURANCE COST	4,910.40	4,910.40	4,910.40	4,910.40	4,910.40
TOTAL MAXIMUM COST	**$ 2,203,821.34**	**$ 2,312,437.41**	**$ 2,256,952.29**	**$ 2,336,835.48**	**$ 2,280,374.44**
PREMIUM PAID BY CITY AND OTHERS	1,770,150.99	1,864,128.01	1,861,706.66	1,865,178.09	1,862,709.70
CARRYOVER FROM PREVIOUS YEARS	564,262.00	325,417.00	325,417.00	325,417.00	325,417.00
UNFUNDED BALANCE	**$ (130,591.64)**	**$ 122,892.40**	**$ 69,828.63**	**$ 146,240.39**	**$ 92,247.74**

[1] = Shown at $9,000 per employee as agreed in Memorandum of Agreement. No change in city contribution dollars.
[2] = Change in City's percentage if entire unfunded balance is made up through an increase in employee premiums.