



# City of Sachse, Texas

## Meeting Agenda

### City Council Workshop

---

Monday, March 21, 2016

6:30 PM

Council Chambers

---

*The Mayor and Sachse City Council request that all cell phones and pagers be turned off or set to vibrate. Members of the audience are requested to step outside the Council Chambers to respond to a page or to conduct a phone conversation.*

The City Council of the City of Sachse will hold a Workshop Session on Monday, March 21, 2016, at 6:30 p.m. in the Council Chambers at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas to discuss the following items of business:

1. Discussion Items.

[16-3281](#) Discuss the City's group health and dental insurance.

**Attachments:** [Presentation](#)

2. Discuss any City Council meeting agenda items.

*Please note: These items are for discussion purposes only and no Council action will be taken. The workshop session is for City Council and staff discussion. Citizen input is not permitted on this agenda.*

3. Adjournment.

As authorized by Section 551.072(2) of the Texas Government Code, this meeting may be convened into closed Executive Session at any time during the City Council workshop or regular meeting for the purpose of seeking confidential legal advice from the City Attorney on any workshop or regular meeting agenda item listed herein.

Posted: March 18, 2016; 5:00 p.m.

---

Michelle Lewis Sirianni, City Secretary

If you plan to attend this public meeting and you have a disability that requires special arrangements, please contact Michelle Lewis Sirianni, City Secretary at (972) 495-1212, 48 hours prior to the scheduled meeting date.



# City of Sachse, Texas

## Legislation Details (With Text)

<b>File #:</b>	16-3281	<b>Version:</b>	1	<b>Name:</b>	2016-2017 Benefits Renewal
<b>Type:</b>	Discussion Item	<b>Status:</b>		<b>Status:</b>	Agenda Ready
<b>File created:</b>	3/18/2016	<b>In control:</b>		<b>In control:</b>	City Council
<b>On agenda:</b>	3/21/2016	<b>Final action:</b>		<b>Final action:</b>	
<b>Title:</b>	Discuss the City's group health and dental insurance.				
<b>Sponsors:</b>					
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	<a href="#">Presentation</a>				

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

### Title

Discuss the city's group health and dental insurance.

### Background

#### **Healthcare**

In an effort to ensure the City's cost of benefits are as competitive as possible with the market, the City requested bids for group health and dental insurance.

The City currently maintains a fully-insured benefit offering through BlueCross BlueShield. The City offers employees a triple plan option that includes the following plans:

#### High Deductible HSA

\$5,000 individual/\$10,000 family deductible then plan pays 100%  
OOP \$5,000 individual/\$10,000 family

#### Core PPO

\$5,000 individual/\$10,000 family deductible  
OOP \$6,350 individual/\$12,700 family

#### High PPO - Buy Up Plan

\$3,000 individual/\$9,000 family deductible  
OOP \$6,350 individual/\$12,700 family

#### **Medical Financial Results**

BCBS' initial increase was 41.1% due to the City's high loss ratio of 108.4% (YTD) and large claims affecting the plan (two over \$100,000). Multiple options were secured through the RFP that closely matched IPS' initial

projections, namely from United HealthCare (UHC), Scott & White and Cigna. Through negotiations, BCBS reduced their renewal to 29.8%, or \$286,624, with no plan design changes. It is recommended to contract with United HealthCare for the 2016-2017 plan year due to substantial savings. IPS is recommending for the City to move to Exclusive Provider Organization (EPO) options offered by UHC.

- EPO Plans combine flexibility of PPO plans with cost-savings of HMO plans. Employees won't need to choose a primary care physician, and will not need referrals to see a specialist. However, EPO plans do not cover care outside the network except for emergency care and non-network care that may have been received in a in-network hospital. Copays for Primary Care Physician visits as well as Specialist Physician visits have changed. Employees will now pay a \$30 Copay for a PCP visit and a \$30 Copay for Tier One Specialists and \$50 Copay for Specialists not in Tier One rather than the \$40 Copay for PCP and Specialists with BlueCross BlueShield. In addition, dependents under the age of 19 will have a \$0 Copay for all PCP visits with UnitedHealthCare.

- With the City electing to move to EPO options, the City will see a 7.19% increase, roughly \$53,000, increase from current rates today with minor plan design changes. For example, the Family Deductible on the Buy Up option will move from \$9,000 to \$6,000 and UHC offers \$0 PCP Copays for dependents under the age of 19. Both plan designs and network access substantially match BCBS.

- As part of UHC's best and final offer, they will be providing Sachse a wellness program, Simply Engaged, at no cost, which includes on-site biometric screenings and gift card incentives for employees that participate. This program will be in conjunction with the City's Shine On Wellness Program.

### **Dental - Renewal**

It is recommended to renew with United HealthCare for the 2016-2017 plan year and adjusting the plan PPO plan design. To align with benchmarking among other cities, it's recommended for the City to modify the Type I - Preventative Services from 80% to 100% covered.

- By packaging the dental and medical insurance together, the City will receive a \$5 per employee per month credit discount towards the medical bill which is worth approximately \$7,440 annually.

- The renewal rates represent a 19.8% or \$10,221 increase for the 2016-2017 plan year.

### **Policy Considerations**

N/A

### **Budgetary Considerations**

Due to position vacancies, the City can absorb the increase in insurance costs for the

remainder of the current fiscal year. In budget planning for FY 2016-17, staff will include an increase to cover the remainder of the fiscal year, from May 2017 through September 2017, as has been done in years past.

Staff Recommendations

Discussion only.

Where Experience and  
Independence Matter

Corporate Benefits Consulting  
Insurance Planning Services  
Retirement Plan Consulting



# RFP and Renewal Recommendations



March 21, 2016



# Overview

---

## **Background**

The City currently maintains a fully-insured benefit offering through BlueCross BlueShield. The City offers employees a triple plan option:

### High Deductible HSA

\$5,000 individual/\$10,000 family deductible then plan pays 100%

OOP \$5,000 individual/\$10,000 family

### Core PPO

\$5,000 individual/\$10,000 family deductible

OOP \$6,350 individual/\$12,700 family

### High PPO – Buy Up Plan

\$3,000 individual/\$9,000 family deductible

OOP \$6,350 individual/\$12,700 family

# Vendor List

---

## » Medical

- BlueCross BlueShield – Incumbent – Presented
- United HealthCare – Presented - Recommended
- Cigna – Presented
- Aetna – Quoted – Not Competitive
- TML – Quoted – Not Competitive
- Scott & White – Quoted – Not Competitive

## » Dental

- United HealthCare – Incumbent – Presented - Recommended
- United Concordia – Presented
- Cigna – Quoted – Not Competitive
- TML – Quoted – Not Competitive
- Lincoln Financial – Quoted – Not Competitive
- BlueCross BlueShield – Quoted – Not Competitive
- Delta Dental – Declined – Not Competitive
- MetLife – Declined – Not Competitive
- SunLife – Declined – Not Competitive
- Aetna - Declined – Not competitive
- Dental Select – Declined – Not Competitive
- Unum – Declined – Not Competitive

# Overview & Recommendations

---

## Medical

- BCBS' initial increase was 41.1% increase due to the City's high loss ratio of 108.4% (YTD) and large claims effecting the plan (2 over 100K). Multiple options were secured through the RFP that closely matched IPS' initial projections, namely from United HealthCare, Scott & White, and Cigna. Through negotiations, BCBS reduced their renewal to 29.8% increase, or \$286,624, with no plan design changes.
- It is recommended to contract with United HealthCare for the 2016-2017 plan year due to substantial savings. IPS is recommending for the City to move to Exclusive Provider Organization (EPO) options offered by UHC. EPO Plans combine flexibility of PPO plans with cost- savings of HMO plans. Employees won't need to choose a primary care physician and will not need referrals to see a specialist. However, EPO plans do not cover care outside the network except for emergency care, and non-network care that may have been received in a in-network hospital.
- Copays for Primary Care Physician visits as well as Specialist Physician visits have changed. Employees will now pay a \$30 Copay for a PCP visit and a \$30 Copay for Tier One Specialists and \$50 Copay for Specialists not in Tier One rather than the \$40 Copay for PCP and Specialists with BlueCross BlueShield. In addition, dependents under the age of 19 will have a \$0 Copay for all PCP visits with UnitedHealthCare.
- With the City electing to move to EPO options, the City will see a 7.19% increase, roughly \$53,000, from current rates today with minor plan design changes. For example, the Family Deductible on the Buy Up option will move from \$9,000 to \$6,000 and UHC offers \$0 PCP Copays for dependents under the age of 19. Both plan designs and network access substantially match BCBS.
- As part of UHC's best and final offer, they will be providing Sachse a wellness program, Simply Engaged, at no cost, which includes on-site biometric screenings and gift card incentives for employees that participate. This program will be in conjunction with the City's Shine On Wellness Program.

# Overview & Recommendations (continued)

---

## Dental

- It is recommended to renew with United HealthCare for the 2016-2017 plan year and adjusting the plan PPO plan design. To align with benchmarking, it's recommended for the City to modify the Type I – P r e v e n t a t i v e Services from 80% to 100% covered.
- By packaging the dental and medical insurance together, the City will receive a \$5 per employee per month credit discount towards the medical bill which is worth approximately \$7,440 annually.
- The renewal rates represent a 19.8% or \$10,221 increase for the 2016-2017 plan year.

## Additional Lines of Coverage

- Vision
  - > The Vision Insurance through Avesis is currently in a rate guarantee until 5/1/2018.
- Basic Life/ Voluntary Life / LTD
  - > The Basic Life/ Voluntary Life & Accidental Death & Dismemberment Insurance is in a rate guarantee with Dearborn National until 5/1/2018. The Long Term Disability is in a rate guarantee until 5/1/2017 through Dearborn National.
- COBRA
  - > IPS provides the City with COBRA administration per our consulting agreement. This produces a savings of \$2,600 annually for the City.
- Medical Concierge
  - > Compass Professional Services is in a current rate guarantee until 12/1/2017.
- Teledoc
  - > No changes are recommended to this benefit at this time. Currently the City pays \$5,200 annually for employees to have access to telamedicine at a \$0 Copay.

# Current BCBS Rates vs. UHC Rates

---

	Blue Cross Blue Shield Current Rates			Blue Cross Blue Shield Renewal Rates			United HealthCare EPO Rates		
	Buy-Up Plan	Core Plan	HSA Plan	Buy-Up Plan	Core Plan	HSA Plan	Buy-Up Plan	Core Plan	HSA Plan
Employee Only	\$451.24	\$419.94	\$354.92	\$598.34	\$544.24	\$452.88	\$477.86	\$444.55	\$374.35

# United HealthCare – Recommended Dental Rates

---

Dental	UHC PPO	UHC DHMO		UHC PPO	\$ Change from Current (Monthly)	UHC DHMO	\$ Change from Current (Monthly)
Financials	Current	Current		Recommended		Recommended	
Employee Only	\$21.91	\$9.18		\$29.56	\$7.65	\$10.80	\$1.62
+ Spouse	\$43.82	\$17.16		\$59.12	\$15.30	\$20.19	\$3.03
+ Child(ren)	\$49.08	\$15.59		\$66.22	\$17.14	\$18.34	\$2.75
+ Family	\$74.61	\$22.38		\$100.66	\$26.05	\$26.33	\$3.95

# SimplyEngaged Wellness Program

---

- » The United HealthCare Wellness Program will be added to enhance the City of Sachse's current wellness program.
- » Individuals can earn rewards by completing any of the following:
  - Taking a health survey
  - Participating in telephone-based health coaching and receive a \$75 gift card
  - Completing at least 3 personalized goals set by the health survey and receive a \$50 gift card
  - Visiting a participating gym or YMCA 12 times per month and receive a \$20 gift card
  - Use the myHealthcare Cost Estimator to make more informed decisions about their health and receive a \$25 gift card
  - Additional opportunities are available
- » Once an action is completed, the individual can choose from an array of electronic gift cards from retailers all over the nation.
- » Individuals also have access to myuhc.com in order to access all of these features, as well as Care24, a 24-hour NurseLine, and the Employee Assistance Program.



CORPORATE BENEFITS CONSULTING  
INSURANCE PLANNING SERVICES  
RETIREMENT PLAN CONSULTING  
DALLAS - AUSTIN - HOUSTON

**City of Sachse**

UHC Rates

Buy-Up										
If 25% for all Dependent Tiers	Enrolled EE's	Medical Rate	Combined Medical Rate	Percentage	City's Contribution Rate Based off of Percentage \$	Total City	Annual Employer	Total Employee	Annual Employee	Total Employee / Employer Combined
Employee	5	\$477.86	\$477.86	90%	\$430.07	\$430.07	\$25,804.44	\$47.79	\$2,867.16	\$28,671.60
Spouse	2	\$563.87	\$1,041.73	25%	\$140.97	\$571.04	\$13,705.00	\$470.69	\$11,296.56	\$25,001.56
Child(ren)	2	\$291.49	\$769.35	25%	\$72.87	\$502.95	\$12,070.72	\$266.40	\$6,393.68	\$18,464.40
Family	2	\$931.83	\$1,409.69	25%	\$232.96	\$663.03	\$15,912.76	\$746.66	\$17,919.80	\$33,832.56
<b>Total</b>			\$8,830.84							\$105,970.12

Core										
If 40% for all Dependent Tiers	Enrolled EE's	Medical Rate	Combined	Percentage	City's Contribution Rate Based off of Percentage \$	Total City	Annual Employer	Total Employee	Annual Employee	Total Employee / Employer Combined
Employee	49	\$444.55	\$444.55	100%	\$444.55	\$444.55	\$261,395.40	\$0.00	\$0.00	\$261,395.40
Spouse	7	\$524.57	\$969.12	40%	\$209.83	\$654.38	\$54,967.75	\$314.74	\$26,438.16	\$81,405.91
Child(ren)	21	\$271.18	\$715.73	40%	\$108.47	\$553.02	\$139,361.54	\$162.71	\$41,002.42	\$180,363.96
Family	18	\$866.87	\$1,311.42	40%	\$346.75	\$791.30	\$170,920.37	\$520.12	\$112,346.35	\$283,266.72
<b>Total</b>			\$67,202.68							\$806,431.99

HSA												
If 40% for all Dependent Tiers	Enrolled EE's	Medical Rate	Combined	Percentage	City's Contribution Rate Based off of Percentage \$	Total City	Annual Employer	Total Employee	Annual Employee	Total City's HSA Contribution PEPM	Total Employee / Employer Combined Without HSA Contribution	Annual HSA City Contribution
Employee	8	\$374.35	\$374.35	100%	\$374.35	\$374.35	\$35,937.60	\$0.00	\$0.00	\$71.78	\$35,937.60	\$6,890.88
Spouse	0	\$441.73	\$816.08	40%	\$176.69	\$353.38	\$0.00	\$462.70	\$0.00	\$153.04	\$0.00	\$1,836.48
Child(ren)	4	\$228.35	\$602.70	40%	\$91.34	\$268.03	\$12,865.54	\$334.67	\$16,064.06	\$113.03	\$28,929.60	\$4,069.08
Family	3	\$729.98	\$1,104.33	40%	\$291.99	\$468.68	\$16,872.62	\$635.65	\$22,883.26	\$207.09	\$39,755.88	\$7,455.24
<b>Total</b>			\$8,718.59								\$104,623.08	\$20,251.68