



2012-13 Benefit Recommendations

City Council Insurance Subcommittee
April 19, 2012



Major Challenges

Health Care Plan

- **Maintain Advantages of Plan Designs**
 - Keeping overall costs for employees and the City as low as reasonably possible
 - Continue Service Levels
 - Continue Waiver of co-pay for Preventive Care
 - Continue To Encourage use of Generic Medication with \$0 co-pay
 - Continue Deductible Reimbursement Program – Health Assessment Connection
 - Increase Employee Choice and Responsibility
 - Encourage Use of Preventive Care

Maintain Other Benefit Plans



Health Care Recommendation

- **Vendor – United HealthCare (UHC)**
 - **Type of Plan – Self Funded**
 - Three Level Plan
 - Premium Level (Deductible \$500 with \$250 reimbursed) *
 - Core Level (Deductible \$750 with \$250 reimbursed) *
 - Basic Level (Deductible \$1,500 with \$250 reimbursed)*
 - *Employees will be asked to voluntarily participate in Wellness Plan (Health Assessment) for eligibility to receive reimbursement for a portion of the copayment for specified procedures (Assessment available 09-1-12 through 12-31-12)*
 - **Increase in Funding 0%**
- No Change to Employee/City Contribution Formula



Recommended Administrative Costs

Third Party Administrator	Current BCBSNC	Proposed BCBSNC	United HealthCare
Administrative Fees (medical, dental and broker commission)	\$40.14 PEPM (per employee per month)	\$40.14 PEPM (per employee per month)	\$33.67 PEPM (per employee per month)
Administrative Rate Guarantees	3 years	3 years	3 years
\$225,000 Specific Stop Loss with \$250,000 Aggregating Deductible	\$18.50 PEPM	\$23.11 PEPM	\$29.76 PEPM
Specific Stop Loss Guarantees	1 year	1 year	1 year
Stop Loss Lifetime Maximum	In: \$5,000,000 Out: \$5,000,000	In: \$5,000,000 Out: \$5,000,000	In: \$5,000,000 Out: \$5,000,000
COBRA	Additional \$0.46 PEPM	Additional \$0.27 PEPM	Additional \$0.27 PEPM
Network Discounts	50.25%	50.25%	50.00%
Total monthly cost (2,795 subscribers)	\$162,100.24	\$177,538.40	\$178,041.50



Summary of Medical Benefit Enhancements

United Healthcare	BCBSNC
Three (3) Year Administrative Rate Guarantee	Three (3) Year Administrative Rate Guarantee
Care Management – included in administrative fee (includes unlimited hours of case management)	Care Management – not included in administrative fee (charge on a per hour basis)
Duke hospital-based clinic office visits administered as co-pay NOT deductible/coinsurance. Invested in the technology to accommodate administration	Duke hospital-based clinic office visits administered as deductible/coinsurance. Does not yet have the technology to administer as co-pay.



Summary of Medical Benefit Enhancements (cont.)

United Healthcare	BCBSNC
Wellness Grant - three (3) year \$50,000 guarantee	Wellness Grant - \$50,000 year one; \$25,000 year two; and \$25,000 year three
Banking Arrangement – UHC pays and then will ask the group to fund the account. Group gets to float the money.	Banking Arrangement – BCBSNC invoices the Group and floats the money.
Implementation Guarantees - \$16,500 in performance guarantees	Implementation Guarantees – no performance guarantees



United Healthcare \$50,000 Wellness Grant

\$50,000 Wellness Grant- United Healthcare will provide a \$50,000 three year guaranteed wellness grant to the City of Durham (total of \$150,000). The City can use the grant funding for among other things:

- Biometric Screening – cholesterol, blood pressure, blood glucose, body fat %;
- Onsite health clinic preventive services;
- Wellness related consultative services from physicians, licensed therapists, registered dieticians and other health care professionals;
- Health and Wellness onsite educational classes.



Medical Recommendation Monthly Employee/City Contributions

	<u>Total Cost</u>	<u>City Cost</u>	<u>City %</u>	<u>Employee Cost</u>
<u>Premium Plan</u>				
Single	\$640.50	\$572.25	89%	\$68.25
2 Pty	\$1,140.30	\$772.64	68%	\$367.66
Family	\$1,701.00	\$1,079.87	63%	\$621.13
<u>Core Plan</u>				
Single	\$572.25	\$572.25	100%	\$0.00
2 Pty	\$936.60	\$772.64	82%	\$163.96
Family	\$1,495.20	\$1,079.87	72%	\$415.33
<u>Basic Plan</u>				
Single	\$522.90	\$522.90	100%	\$0.00
2 Pty	\$898.80	\$772.64	86%	\$126.16
Family	\$1,368.15	\$1,079.87	79%	\$288.28



Employee Monthly Premiums

2011-12

Premium

-Single	\$68.25
-2 Pty	\$367.66
-Family	\$621.13

Core

-Single	\$0.00
-2 Pty	\$163.96
-Family	\$415.33

Basic

-Single	\$0.00
-2 Pty	\$126.16
-Family	\$288.28

2012-13

Premium

-Single	\$68.25
-2 Pty	\$367.66
-Family	\$621.13

Core

-Single	\$0.00
-2 Pty	\$163.96
-Family	\$415.33

Basic

-Single	\$0.00
-2 Pty	\$126.16
-Family	\$288.28

Good Things are Happening in Durham

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Wellness Program

City Wellness Initiatives

- Health Strategies Coordinator
 - Works with the Finance Dept. concerning the self-insurance fund;
 - Reviews and analyzes reports and makes recommendations based on that analysis;
 - Coordinates the evaluation of performance against defined measures and objectives and determines return on investment (ROI)
- Wellness Committee
- Employee Wellness Policy
- Weight Watchers at Work Program
- Stress Management Seminars
- Diabetes Management Seminars
- United Healthcare (UHC) Disease Management Programs
- City Health/Benefits Fair

Community Wellness Initiatives

- Durham Government Employees' Wellness Booster
- American Heart Association Walk Day

Good Things are Happening in Durham

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Dental Recommendation

Vendor *United Health Care*
Type of Plan *Self Insured*

	<u>Total Cost</u>	<u>City Cost</u>	<u>City %</u>	<u>Employee Cost</u>
UHC				
<i>Single</i>	\$40.00	\$27.00	67%	\$13.00
<i>2 Pty</i>	\$69.00	\$40.00	58%	\$29.00
<i>Family</i>	\$117.00	\$40.00	34%	\$77.00



COBRA Administration Recommendation

Vendor *P & A Group*
Type of Plan

COBRA (Consolidated Omnibus Reconciliation Act of 1985) is an "employee right." COBRA requires employers who employ 20 or more persons to notify employees and their insured dependents of their right to continue health insurance coverage whenever certain "qualifying events" occur.



Group Life Recommendation

- Vendor** Unum Life
- Type of Plan** **Basic Term w/ AD&D**
- Basic City Paid at Annual Salary
 - Employee Paid Options
 - Option I Additional \$5,000
 - Option II Additional Annual Salary
 - Option III Additional 2 times Annual Salary
 - Dependent (\$5,000) Employee Paid @ \$1.98 per Month



Employee Assistance Program Recommendation

- Vendor** Duke Occupational Mental Health Services
- Type** Self Funded EAP
- Premiums** Included in Health Care Premium

No Increase in Fee for Administration

Cost built into the medical rates. Includes coverage for terminated employees for up to six (6) months. Annual cost: \$102,924.00



Flex Spending Accounts Recommendation

Vendor The Laymon Group

Status:

- Number of Employee Flex Accounts Continues to Grow
- Continue Debit Card for Medical and Dependent Spending Accounts

Administrative Fee to date \$16,547.50



Employee Paid Benefits Recommendations

Routine Vision Care Plan

- Vendor **Community Eye Care**

Accident, Cancer, Critical Illness, Life

- Vendor **Colonial**

Short Term Disability & Long Term Disability

Vendor **Unum**

Long Term Care

- Vendor **New York Life/Del Mattioli**

Legal Plan (Change)

- Vendor **Hyatt Legal Plans (Met Life)**

Property and Casualty

- Vendor **Liberty Mutual**

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Next Steps:

- Insurance sub-committee meeting and Agenda Item
- Employee Communication

Open Enrollment Schedule 06/19/12-07/20/12

- Web-based Enrollment for (medical, dental, life, vision, LTD, pre-paid legal and flex accounts)
- Colonial on site enrollment for Colonial Products
- Benefits Open Enrollment Guides - Employees
- Retirees mailings 6/14/12
- Employee Presentations 6/19 - 7/20/12
- Enrollment in Departments 6/19 - 7/20/12

Reconcile Changes

7/25 – 8/07/12

Changes to Payroll

8/07/12

New Plan Effective Date

9/1/12

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Questions