

CITY OF DANIA BEACH

EMPLOYEE BENEFITS INSURANCE EVALUATION



RENEWAL RECOMMENDATION FOR:

GROUP MEDICAL AND PRESCRIPTION INSURANCE
GROUP DENTAL INSURANCE
GROUP VISION INSURANCE

PLAN YEAR EFFECTIVE: OCTOBER 1, 2014

August 13, 2014

Presented By:

GEHRING GROUP
INSURANCE BROKERS & CONSULTANTS

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Employee Benefits Renewal Evaluation & Recommendation

Plan Year Effective: October 1, 2014

EXECUTIVE SUMMARY

Pursuant to the City's transition from a self-insured medical, dental and vision program to a fully insured arrangement effective October 1, 2013, Gehring Group and City Staff have met regularly to review and monitor current year plan performance. Transitioning to a fully insured arrangement has allowed the City to budget more effectively and limit the City's claims cost exposure under its employee benefits program.

Background Information

The City of Dania Beach currently offers group medical, dental, vision, life & accidental death insurance to its full time employees, retirees and their dependents (subject to eligibility guidelines). In 2013, the City and Gehring Group conducted a formal RFP and evaluation process to investigate all viable options in an attempt to maintain the most cost effective employee benefits program. Based on the results of our analysis, the Florida League of Cities proposed the most competitive medical option on a fully insured basis, providing a guaranteed cost to the City, saving approximately \$700,000 over the 2012/2013 medical self-funded premiums. The current 2013/2014 program is administered by United Health Care and provides City members access to United Healthcare's national provider network. The total annual cost of the medical insurance program for the 2013/2014 plan year is approximately \$2,325,366 (based on current enrollment of 173 employees and retirees).

Medical Insurance Renewal

Using an industry standard renewal calculation, Gehring Group's renewal projection yielded an anticipated premium increase of approximately 27.7% based upon current utilization, a 102% claims to premium loss ratio, large claim information, and additional fees required under the Patient Protection and Affordable Care Act (PPACA). Based on these early projections, Gehring Group diligently worked with the Florida League of Cities (FLOC) and was successful in negotiating the initial FLOC renewal down to a 15.56% increase. The schedule of benefits associated with the FLOC renewal differs slightly from the City's current program as outlined in the chart below. Member benefit enhancements are represented in blue and benefit reductions are shown in red. Under the Affordable Care Act, all deductibles, coinsurance and copays paid by the employee are required to accumulate to the maximum out of pocket. To help offset the additional claims exposure associated with this new requirement and keep their plans as affordable as possible, the FLOC's renewal also includes plan changes to a small number of benefit items as outlined below in red.

Plan Basics	Florida League of Cities UHC Plan 002		Florida League of Cities UHC Plan 002	
	In Network	Out of Network	In Network	Out of Network
Lifetime Maximum	Unlimited		Unlimited	
Calendar Year Deductible				
Single	\$250	\$500	\$250	\$500
Family	\$500	\$1,000	\$500	\$1,000
Out of Pocket Maximum	Includes Deductible, Prescription Drug costs do not accumulate towards Out-of-Pocket Maximum		Includes Deductible, Copayments, Coinsurance, and Prescription Drug costs	
Single	\$2,500	\$5,000	\$2,500	\$5,000
Family	\$5,000	\$10,000	\$5,000	\$10,000
Coinsurance	90%	70%	90%	70%
Office Visits				
Physician Office Visit	\$10	CYD + 30%	\$15	CYD + 30%
Specialist Visit	\$20	CYD + 30%	\$30	CYD + 30%
Preventive Care Services	No Charge	Not Covered	No Charge	Not Covered
Independent Clinical Lab	No Charge	CYD + 30%	No Charge	CYD + 30%
Urgent Care Center	\$35	CYD + 30%	\$50	CYD + 30%
Hospital				
Inpatient	CYD + 10%	CYD + 30%	CYD + 10%	CYD + 30%
Outpatient	\$100	CYD + 30%	\$100	CYD + 30%
Emergency Room Visit	\$100 Copay		\$125 Copay	
Physician Services in Hospital	CYD + 10%	CYD + 30%	CYD + 10%	CYD + 30%
Advanced Imaging (Outpatient)	\$100	CYD + 30%	\$100	CYD + 30%
Mental Health / Substance Abuse				
Inpatient	CYD + 10%	CYD + 30%	CYD + 10%	CYD + 30%
Outpatient	\$10	CYD + 30%	\$15	CYD + 30%
Prescription Drugs				
Tier 1	\$10	\$10	\$10	\$10
Tier 2	\$30	\$30	\$35	\$35
Tier 3	\$50	\$50	\$60	\$60
Tier 4	N/A	N/A	N/A	N/A
Mail Order	2.5 x Retail Copay	Not Covered	2.5 x Retail Copay	Not Covered

Dental Insurance Renewal

In 2013, the City transitioned from a self-insured dental program to a fully insured dental arrangement administered by Reliance Standard Life Insurance Company, providing a guaranteed cost to the City, and saving approximately \$150,000 over the 2012/2013 dental self-funded premiums. The Reliance Standard dental PPO also provided a larger dental network, allowing employees to receive additional discounts by utilizing in-network dentists.

Through this year's renewal process, Gehring Group was successful in negotiating an alternate plan option which included an enhancement to the current dental benefits, increasing the coverage level for Class 1: Preventive/Diagnostic Services from 80% to 100% at no rate increase to the City.

Vision Insurance Renewal

In 2013, the City transitioned from a self-insured vision reimbursement program to a more traditional fully insured vision arrangement with an extensive provider network administered by Reliance Standard Life Insurance Company. This program provided a guaranteed cost to the City at no increase over the 2012/2013 vision self-funded premiums.

Through the renewal negotiation process, Gehring Group was successful in negotiating the City's vision renewal at no rate increase to the City for 24 months.

RECOMMENDATION

Upon receipt of the negotiated renewal proposals, City Staff and Gehring Group representatives met with the Insurance Review Committee to evaluate the options proposed. Based on the review of the City's year to date claims experience and the outcome of the renewal negotiation process, Gehring Group, City Staff and the Insurance Review Committee recommend the following for your consideration:

- Maintain current fully insured health insurance program with the Florida League of Cities (United Healthcare) at a 15.56% rate increase; this includes slight plan changes in order to maintain compliance with Health Care Reform and prevent additional costs with requirements;
- Maintain current fully insured dental program with Reliance Standard with plan benefit enhancements at no rate increase;
- Maintain current fully insured vision program with Reliance Standard with no rate increase.

EXHIBITS

- 2012/2013 Medical Claims Experience
 - 2013/2014 Medical Claims Experience
 - Medical Renewal Evaluation
 - Dental Renewal Evaluation
 - Vision Renewal Evaluation
-

City of Dania Beach
 AvMed - Medical
 Self Funded Claims Experience
 Effective: October 2012



Month	Total Funding	Medical Claims	Pharmacy Claims	Total Paid Claims	AvMed Medical Admin Fee	FSA Admin Fee	Specific Premium	Aggregate Premium	TOTAL COST	Surplus / (Deficit)	EE	Family	Total	Total Members
Oct-12	\$ 186,994	\$ 63,717	\$ 51,250	\$ 114,967	\$ 7,904	\$ 887	\$ 20,833	\$ 1,323	\$ 145,915	\$ 41,078	53	116	169	385
Nov-12	\$ 189,423	\$ 82,903	\$ 49,587	\$ 132,490	\$ 8,044	\$ 903	\$ 21,126	\$ 1,347	\$ 163,911	\$ 25,512	55	117	172	390
Dec-12	\$ 190,263	\$ 100,161	\$ 53,496	\$ 153,657	\$ 8,044	\$ 903	\$ 21,199	\$ 1,347	\$ 185,150	\$ 5,113	54	118	172	394
Jan-13	\$ 190,263	\$ 55,925	\$ 57,586	\$ 113,511	\$ 8,044	\$ 903	\$ 21,199	\$ 1,347	\$ 145,005	\$ 45,259	54	118	172	394
Feb-13	\$ 190,263	\$ 66,998	\$ 41,536	\$ 108,534	\$ 8,044	\$ 903	\$ 21,199	\$ 1,347	\$ 140,027	\$ 50,236	54	118	172	388
Mar-13	\$ 188,053	\$ 67,090	\$ 45,132	\$ 112,222	\$ 7,998	\$ 898	\$ 20,980	\$ 1,339	\$ 143,436	\$ 44,616	55	116	171	389
Apr-13	\$ 188,053	\$ 96,351	\$ 48,431	\$ 144,782	\$ 7,998	\$ 898	\$ 20,980	\$ 1,339	\$ 175,997	\$ 12,056	55	116	171	390
May-13	\$ 188,053	\$ 124,231	\$ 39,953	\$ 164,184	\$ 7,998	\$ 898	\$ 20,980	\$ 1,339	\$ 195,398	\$ (7,346)	55	116	171	390
Jun-13	\$ 189,642	\$ 181,302	\$ 42,038	\$ 223,340	\$ 8,138	\$ 914	\$ 21,200	\$ 1,362	\$ 254,954	\$ (65,312)	58	116	174	389
Jul-13	\$ 188,801	\$ 138,916	\$ 58,871	\$ 197,787	\$ 8,138	\$ 914	\$ 21,127	\$ 1,362	\$ 229,328	\$ (40,527)	59	115	174	386
Aug-13	\$ 191,541	\$ 86,376	\$ 57,595	\$ 143,971	\$ 8,232	\$ 924	\$ 21,420	\$ 1,378	\$ 175,924	\$ 15,617	59	117	176	391
Sep-13	\$ 189,112	\$ 150,949	\$ 71,481	\$ 222,430	\$ 8,091	\$ 908	\$ 21,127	\$ 1,355	\$ 253,911	\$ (64,799)	57	116	173	385
2012-13	\$ 2,270,461	\$ 1,214,920	\$ 616,956	\$ 1,831,876	\$ 96,674	\$ 10,852	\$ 253,371	\$ 16,185	\$ 2,208,957	\$ 61,504	668	1399	2067	4671

STOP LOSS REIMBURSEMENT DUE (claims exceeding \$75,000)

\$ 72,766.16

TOTAL SURPLUS/(DEFICIT)

\$ 134,269.90

Funding Factors		Administration	FSA Admin	Specific	Aggregate
EE Only	\$ 529.62	\$ 46.77	\$ 5.25	\$ 73.34	\$ 7.83
Family	\$ 1,370.03	\$ 46.77	\$ 5.25	\$ 146.09	\$ 7.83

RUNOUT	Total Funding	Medical Claims	Pharmacy Claims	Total Paid Claims	AvMed Medical Admin Fee	FSA Admin Fee	Stop Loss Reimbursements	TOTAL RUNOUT	Surplus / (Deficit)	EE	Family	Total	Total Members
Oct-13	\$ -	\$ 75,944	\$ (587)	\$ 75,357	\$ -	\$ -	\$ 42,539	\$ 32,818	n/a	0	0	0	0
Nov-13	\$ -	\$ 34,631	\$ (7)	\$ 34,624	\$ -	\$ -	\$ 3,309	\$ 31,315	n/a	0	0	0	0
Dec-13	\$ -	\$ 56,451	\$ -	\$ 56,451	\$ -	\$ -	\$ 14,767	\$ 41,684	n/a	0	0	0	0
Jan-14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	0	0	0	0
Feb-14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	0	0	0	0
Mar-14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	0	0	0	0

City of Dania Beach

FMIT/UHC

Fully Insured Claims Experience

Effective: October 2013



Date	MONTHLY PREMIUM	Medical Claims Payments	Pharmacy Claims Payments	TOTAL PAID CLAIMS	Loss Ratio	TOTAL EE	Claims/EE
October-13	\$ 185,231	\$ 37,780	\$ 15,291	\$ 53,071	29%	178	\$ 298.15
November-13	\$ 239,688	\$ 108,967	\$ 49,255	\$ 158,222	66%	181	\$ 874.15
December-13	\$ 198,024	\$ 87,061	\$ 33,631	\$ 120,692	61%	181	\$ 666.81
January-14	\$ 197,654	\$ 124,551	\$ 48,541	\$ 173,092	88%	183	\$ 945.86
February-14	\$ 198,390	\$ 181,972	\$ 48,583	\$ 230,555	116%	181	\$ 1,273.78
March-14	\$ 198,468	\$ 344,943	\$ 47,452	\$ 392,395	198%	181	\$ 2,167.93
April-14	\$ 200,467	\$ 130,443	\$ 48,772	\$ 179,215	89%	180	\$ 995.64
May-14	\$ 199,735	\$ 259,027	\$ 65,353	\$ 324,380	162%	181	\$ 1,792.15
June-14							
July-14							
August-14							
September-14							
2013-2014	\$ 1,617,657	\$ 1,274,744	\$ 356,878	\$ 1,631,622	101%	1446	\$ 1,128.37
Rolling 12 Months	\$ 2,376,753	\$ 1,832,287	\$ 586,863	\$ 2,419,150	102%	2143	\$ 1,128.86

City of Dania Beach
Medical Insurance Renewal - FMIT
Effective Date: October 1, 2014



	Current		Renewal	
	Florida League of Cities UHC Plan 002		Florida League of Cities UHC Plan 002	
	In Network	Out of Network	In Network	Out of Network
Plan Basics	Unlimited		Unlimited	
Lifetime Maximum	Unlimited		Unlimited	
Calendar Year Deductible				
Single	\$250	\$500	\$250	\$500
Family	\$500	\$1,000	\$500	\$1,000
Out of Pocket Maximum	Includes Deductible, Prescription Drug costs do not accumulate towards Out-of-Pocket Maximum		Includes Deductible, Copayments, Coinsurance, and Prescription Drug costs	
Single	\$2,500	\$5,000	\$2,500	\$5,000
Family	\$5,000	\$10,000	\$5,000	\$10,000
Coinsurance	90%	70%	90%	70%
Office Visits				
Physician Office Visit	\$10	CYD + 30%	\$15	CYD + 30%
Specialist Visit	\$20	CYD + 30%	\$30	CYD + 30%
Preventive Care Services	No Charge	Not Covered	No Charge	Not Covered
Independent Clinical Lab	No Charge	CYD + 30%	No Charge	CYD + 30%
Urgent Care Center	\$35	CYD + 30%	\$50	CYD + 30%
Hospital				
Inpatient	CYD + 10%	CYD + 30%	CYD + 10%	CYD + 30%
Outpatient	\$100	CYD + 30%	\$100	CYD + 30%
Emergency Room Visit	\$100 Copay		\$125 Copay	
Physician Services in Hospital	CYD + 10%	CYD + 30%	CYD + 10%	CYD + 30%
Advanced Imaging (Outpatient)	\$100	CYD + 30%	\$100	CYD + 30%
Mental Health / Substance Abuse				
Inpatient	CYD + 10%	CYD + 30%	CYD + 10%	CYD + 30%
Outpatient	\$10	CYD + 30%	\$15	CYD + 30%
Prescription Drugs				
Tier 1	\$10	\$10	\$10	\$10
Tier 2	\$30	\$30	\$35	\$35
Tier 3	\$50	\$50	\$60	\$60
Tier 4	N/A	N/A	N/A	N/A
Mail Order	2.5 x Retail Copay	Not Covered	2.5 x Retail Copay	Not Covered
Active / Retiree Pre-65				
Employee Only	40	\$569.00		\$660.04
Employee + Family	97	\$1,508.00		\$1,749.28
Retiree Post-65*				
Retiree - Single	14	\$366.29		\$408.00
Retiree + Dependent over 65	14	\$732.58		\$816.00
Retiree + 1 Dependent under 65	6	\$935.29		\$1,068.04
Retiree + 2 Dependents under 65	2	\$1,874.29		\$2,157.28
Monthly Premium	173	\$193,780.50		\$223,940.56
Annual Premium		\$2,325,366.00		\$2,687,286.72
\$ Increase		n/a		\$361,920.72
% Increase		n/a		15.56%

*Retirees and/or retirees with dependent(s) not eligible for Medicare will be subject to modified pricing.

City of Dania Beach
PPO Dental Insurance Renewal - Reliance Standard
Effective Date: October 1, 2014



SCHEDULE OF BENEFITS	CURRENT		RENEWAL		ALTERNATE 1	
	Reliance Standard Plan 1		Reliance Standard Plan 1		Reliance Standard Plan 1	
<u>Plan Basics</u>	<i>In Network</i>	<i>Non Network</i>	<i>In Network</i>	<i>Non Network</i>	<i>In Network</i>	<i>Non Network</i>
Annual Benefit Maximum	\$2,000		\$2,000		\$2,000	
Orthodontic Lifetime Max	\$1,000		\$1,000		\$1,000	
<u>Deductibles</u>						
Single	\$50	\$50	\$50	\$50	\$50	\$50
Family	\$150	\$150	\$150	\$150	\$150	\$150
Deductible Waived for Preventive Services?	Yes	Yes	Yes	Yes	Yes	Yes
Frequency Limit for Class 1 Services?	2 / year	2 / year	2 / year	2 / year	2 / year	2 / year
<u>Benefits</u>						
Class 1 -Preventive / Diagnostic	80%	80%	80%	80%	100%	100%
Class 2 -Basic Services	80%	80%	80%	80%	80%	80%
Class 3 -Major Services	50%	50%	50%	50%	50%	50%
Class 4 -Orthodontia (Up to age 19)	50%	50%	50%	50%	50%	50%
<u>Waiting Period</u>						
Class 3 -Major Services	None		None		None	
Class 4 -Orthodontia (Up to age 19)	None		None		None	
<u>Coverage Clarification</u>						
Endodontic and Periodontic are covered as:	Class 2 Services		Class 2 Services		Class 2 Services	
Out of Network Benefits Payable Level	80% of UCR		80% of UCR		80% of UCR	
<u>Rate Guarantee</u>	Expires 10/1/2014		24 Months		12 Months	
<u>Monthly Rates</u>						
Employee 48	\$31.75		\$31.75		\$31.75	
Employee + Family 120	\$99.74		\$99.74		\$99.74	
Monthly Premium	\$13,493		\$13,493		\$13,493	
Annual Premium	\$161,914		\$161,914		\$161,914	
\$ Increase	N/A		\$0.00		\$0.00	
% Increase	N/A		0.0%		0.0%	

SCHEDULE OF BENEFITS	CURRENT		RENEWAL	
	Reliance Standard TrueView Plan H		Reliance Standard TrueView Plan H	
	<i>In Network</i>	<i>Non Network</i>	<i>In Network</i>	<i>Non Network</i>
Frequency (Exam/Lenses/Frames)	12 / 12 / 24 months		12 / 12 / 24 months	
Services				
Eye Exam	\$15 copay	Up to \$35	\$15 copay	Up to \$35
Materials	\$15 copay	\$15 copay	\$15 copay	\$15 copay
Eye Examinations				
Optometrist	\$15 copay	Not Covered	\$15 copay	Not Covered
Lenses (per pair)				
Single Lenses	\$15 copay	Up to \$25	\$15 copay	Up to \$25
Bifocal Lenses	\$15 copay	Up to \$40	\$15 copay	Up to \$40
Trifocal Lenses	\$15 copay	Up to \$55	\$15 copay	Up to \$55
Contact Lenses				
Contact Lenses (Elective)	Up to \$115	Up to \$92	Up to \$115	Up to \$92
Medically Necessary	Paid in Full	Up to \$200	Paid in Full	Up to \$200
Frames	Up to \$100	Up to \$45	Up to \$100	Up to \$45
Rate Guarantee	Expires 10/1/2014		24 Months	
Monthly Rates				
Employee	47	\$7.04	\$7.04	
Employee + Family	119	\$16.80	\$16.80	
Monthly Premium		\$2,330	\$2,330	
Annual Premium		\$27,961	\$27,961	
\$ Increase		N/A	\$0.00	
% Increase		N/A	0.0%	