



Fiscal Year 2012-2013 Health Benefit Renewal

**City Council Meeting
May 15, 2012**



- **January 2012:**
 - Process began
 - Bids obtained from numerous health insurance carriers
- **March 28, 2012**
 - Discussed with Personnel and Benefit Subcommittee
 - Included self-funded medical insurance option

- Initial rates from current carriers
 - Medical insurance increase= 18.9% (United Healthcare)
 - Dental rates increase = 13% (Guardian)
 - Vision rates increase = 4% (Ameritas –VSP)
 - Life insurance rates increase = 16.5% (Fort Dearborn)
 - Short term disability no rate increase (Lincoln Financial)

- Renegotiated rates submitted by carrier
 - April 10, 2012
 - Benefit renewal options recommended by Personnel and Benefits Sub-committee
 - Medical
 - » United Health Care (annual premium increase = 11% vs. 18.9%)
 - » Estimated annual premium = \$2,066,320
 - Dental
 - » MetLife (annual premium increase = .8% increase vs. 13%)
 - » Richer plan includes 100% increase in benefit maximum
 - » Estimated annual premium = \$179,953

- Renegotiated rates cont'd
 - Vision
 - » Ameritas VSP (annual premium increase = 4%)
 - » Estimated annual premium \$29,176
 - Life Insurance
 - » Fort Dearborn (annual premium increase = 8.3% vs. 16.5%)
 - » New plan has no reduction of benefits at age 65
 - » Estimated annual premium = \$7,371.
 - Short Term Disability:
 - » Lincoln Financial (no annual premium increase)
 - » Estimated annual premium = \$28,272.
- Total estimated annual cost for health benefits = \$2,311,092

Current Estimated vs. Proposed Estimated Benefit Costs

Health Benefit	Current Estimated Annual Premiums	Proposed Estimated Annual Premiums
Medical	\$1,861,556	\$2,066,320
Dental	\$178,526	\$179,953
Vision	\$28,039	\$29,176
Life	\$6,804	\$7,371
Short Term Disability	\$28,272	\$28,272
Total Estimated	\$2,103,197	\$2,311,092

Employee and City of Maricopa Costs

Medical Insurance Monthly Cost

Base Plan (\$500 deductible) 80% UHC co-insurance

Coverage Type	Employee cost	City cost
2011 Employee Only	\$ 0.00	\$ 342.77
2012 Employee Only	\$ 0.00	\$ 380.47
2011 Employee + Spouse	\$ 75.41	\$ 644.40
2012 Employee + Spouse	\$ 83.70	\$ 715.29
2011 Employee + Child	\$ 61.70	\$ 589.56
2012 Employee + Child	\$ 68.48	\$ 654.42
2011 Employee + Spouse & Child(ren)	\$ 137.11	\$ 891.20
2012 Employee + Spouse & Child(ren)	\$ 152.20	\$ 989.22

Employee and City of Maricopa Benefit Cost

Medical Insurance Monthly Cost

Buy Up Plan (\$250 deductible) 90% UHC co-insurance

Coverage Type	Employee cost	City cost
2011 Employee Only	\$ 26.94	\$ 342.77
2012 Employee Only	\$ 29.92	\$ 380.47
2011 Employee + Spouse	\$ 108.27	\$ 668.11
2012 Employee + Spouse	\$ 120.20	\$ 741.59
2011 Employee + Child	\$ 93.48	\$ 608.96
2012 Employee + Child	\$ 103.78	\$ 675.94
2011 Employee + Spouse & Child(ren)	\$ 174.82	\$ 934.30
2012 Employee + Spouse & Child(ren)	\$ 194.06	\$ 1,037.07

Employee and City of Maricopa Benefit Cost

Health Savings Account (HSA) Monthly Contribution
High Deductible Health Plan (HDHP) \$3,000 deductible

Coverage Type	Employee Cost	City Cost
2011 Employee Only	\$ 0.00	\$ 342.77
2012 Employee Only	\$ 0.00	\$ 380.47
2011 Employee + Spouse	\$ 63.20	\$ 656.61
2012 Employee + Spouse	\$ 70.14	\$ 728.85
2011 Employee + Child	\$ 51.70	\$ 599.56
2012 Employee + Child	\$ 57.40	\$ 665.50
2011 Employee + Spouse & Child(ren)	\$ 114.90	\$ 913.41
2012 Employee + Spouse & Child(ren)	\$ 127.54	\$1,013.88

Employee and City of Maricopa Benefit Cost

Dental Insurance Monthly Cost		
Coverage Type	Employee cost	City cost
2011 Employee Only	\$ 0.00	\$ 27.88
2012 Employee Only	\$ 0.00	\$ 28.10
2011 Employee + Spouse	\$ 5.74	\$ 50.83
2012 Employee + Spouse	\$ 5.78	\$ 51.25
2011 Employee + Child	\$ 9.45	\$ 65.68
2012 Employee + Child	\$ 9.52	\$ 66.21
2011 Employee + Spouse & Child(ren)	\$15.19	\$ 88.62
2012 Employee + Spouse & Child(ren)	\$15.30	\$ 89.34

Employee and City of Maricopa Benefit Cost

Vision Insurance Monthly Cost		
Coverage Type	Employee cost	City cost
2011 Employee Only	\$ 0.00	\$ 6.00
2012 Employee Only	\$ 0.00	\$ 6.24
2011 Employee + Spouse	\$ 0.72	\$ 8.88
2012 Employee + Spouse	\$ 0.76	\$ 9.24
2011 Employee + Child	\$ 0.76	\$ 9.04
2012 Employee + Child	\$ 0.80	\$ 9.40
2011 Employee + Spouse & Child(ren)	\$ 1.96	\$13.84
2012 Employee + Spouse & Child(ren)	\$ 2.04	\$14.40

- Total estimated increase in Benefit Costs = 9.9%
- 10.1% (\$150,000) < than forecasted for fiscal year 2012-2013
- Staff Recommendation
 - Staff recommends Council approve employee funding levels for fiscal year 2012-2013 benefits.

QUESTIONS?