



# City of Maricopa

## Legislation Details (With Text)

**File #:** MISC 12-038    **Version:** 1    **Name:** Benefit Renewal FY12-13  
**Type:** Miscellaneous Item    **Status:** Passed  
**File created:** 4/23/2012    **In control:** City Council Regular Meeting  
**On agenda:** 5/1/2012    **Final action:** 5/15/2012

**Title:** The Mayor and City Council shall discuss and possibly take action to approve the FY12-13 employee benefits package with United Health Care for medical insurance, MetLife for dental insurance, Ameritas for vision insurance, Fort Dearborn for life insurance and Lincoln Financial for short term disability insurance and to authorize the City Manager to execute applicable contracts once drawn. Funding is to be appropriated in the FY12-13 budget contingent upon approval. Discussion and Action.

**Sponsors:** Karen Shaffer

**Indexes:** Community Resources and Quality of Life Amenities

**Code sections:**

**Attachments:** 1. 7-2012 Proposed EE contributions, 2. Renewal Comparison 7-2012, 3. PowerPoint Presentation

Date	Ver.	Action By	Action	Result
5/15/2012	1	City Council Regular Meeting	Approved	Pass

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The benefit renewal process began in January 2012 when the City sought and obtained bids from numerous carriers. The bid summaries were presented to the Personnel and Benefit Subcommittee on March 28, 2012, and indicated significant premium increases from current fiscal year rates. Initially, the United Healthcare bid for medical insurance indicated an 18.9% increase over current year premiums. Additionally, the Guardian bid for dental insurance indicated a 13% increase and the Ameritas - VSP bid for vision insurance indicated a 4% increase over current year premiums. It should also be noted that staff presented a self-funded medical insurance option to the Personnel and Benefit Subcommittee in order to explore additional health insurance options.

Subsequent to the March 28, 2012 presentation to the Personnel and Benefits Subcommittee, the City's benefits' consultant continued to negotiate with the insurance carriers to reduce the cost of health insurance to the City and employees and attempt to maintain adequate coverage levels. On April 10, 2012, staff presented final health insurance bids to the Personnel and Benefits subcommittee and received recommendations to move forward with the FY12-13 request as outlined below.

### Current Year (FY11-12) Health Plan Providers

The current health benefit plans providers are as follows:

- Medical insurance
  - United Healthcare
    - Base Plan - \$500 deductible
    - Buy Up Plan - \$250 deductible
    - High Deductible Health Plan - \$3,000 deductible (Offset by Health Saving Account)

- Contributions)
- Dental insurance
  - Guardian
- Vision insurance
  - Ameritas-VSP
- Life Insurance
  - Fort Dearborn insurance
- Short term disability
  - Lincoln Financial Services

### **Requested FY12-13 Health Plan Providers**

Staff is requesting the following health benefit plan contracts be approved:

#### **Medical:**

United Health Care re-submitted a proposal resulting in annual premium increase of 11%. The annual medical insurance premium is estimated to be \$2,066,320. Deductibles for the three coverage options (Base Plan, Buy Up Plan and High Deductible Health) remains the same.

#### **Dental:**

MetLife submitted a proposal resulting in annual premium increase of .8% increase. This plan includes 100% increase in benefits doubling the maximum amount employees can use in dental benefits annually from \$2,500 to \$5,000. The annual dental insurance premium is estimated to be \$179,953.

#### **Vision:**

Ameritas submitted a proposal resulting in annual premium increase of 4.06%. The annual vision insurance premium is estimated to be \$29,176.

#### **Life Insurance:**

Fort Dearborn submitted a proposal changing our policy to include no reduction of benefits at age 65, resulting in annual premium increase of 8.3%. The annual life insurance premium is estimated to be \$7,371.

#### **Short Term Disability:**

Lincoln Financial submitted a proposal with no annual premium increase. The annual short term disability insurance premium amount is estimated to be \$28,272.

If approved, and contingent upon FY12-13 budget approval, the City Manager will execute the applicable contracts with the insurance providers. This is consistent with the sequence over past years.

Staff recommends Council approve the FY12-13 employee benefits package and authorize the City Manager to execute applicable contracts once drawn, contingent on FY12-13 budget approval.