



City of Maricopa

Legislation Text

File #: PUR 14-12, **Version:** 1

The Mayor and City Council shall discuss and possibly take action to approve an employee benefits package funding level for an amount not to exceed \$2.5 million for calendar year 2015 with CIGNA medical, dental and life insurance, Ameritas Vision, and Met Life Short Term Disability insurance; and to authorize the City Manager to execute applicable contracts once drawn. Funding is appropriated within the fiscal year 2014-2015 budget. Discussion and Action.

The City of Maricopa's (City) benefit plan broker, The Mahoney Group, solicited bids from several benefit providers on the City's behalf. Human Resources reviewed the submittals, and identified the providers whose bids best met the City's plan design needs and budget. A team of employee representatives reviewed the proposals and provided input. The Personnel Benefit Subcommittee was also provided a presentation on the benefit providers' proposals. The goal of the City's benefit package offering is to provide an attractive and competitive benefit package while keeping costs within budget.

The proposed City insurance benefits are:

- Medical insurance - Cigna
- Dental insurance - Cigna
- Vision insurance - Ameritas Group
- Life Insurance - Cigna
- Short term disability - Met Life

Staff is requesting that the benefits level this year be approved for calendar year 2015 with the City of Maricopa continuing to pay 100% of the cost of benefits for the HDHP (High Deductible Health Plan) option and employees paying the difference in premium to continue with the Preferred Provider Organization (PPO) plan.

Based on employee feedback, HR staff sought to lower the deductible amounts associated with the HDHP plan, provided any increase in cost would be minimal. The City would pay the monthly maintenance fees associated with HSA bank accounts, estimated to cost \$9,000. This expense is offset by the savings achieved due to employees' good stewardship of the health care benefits and positive adoption of the HDHP program. The new Cigna bundle offers employees on-line access to their HSA account, integrated with Cigna's web portal. In addition, the City asked the medical carrier for funding to support wellness incentives; which will be designed to encourage employees to improve their health thereby lowering the City's benefits' cost over the long term.

The proposed Benefit Plans are:

- 1. Medical** insurance - Cigna - (2 year rate guarantee) - **\$2,027,193 annual** cost, which is an increase over the current provider's bid of \$59,221 due to the change to a lower deductible.
 - a. Preferred Provider Organization (PPO)-No change in current benefit levels.
 - b. High Deductible Health Plan (HDHP) option. - Plan design will offer a lower deductible level for single (\$1,500) and family(\$3,000).
- 2. Dental** insurance carrier with Cigna Dental Group, **-\$180,694 annual** cost which represents a \$27,387 savings.

3. **Vision** insurance carrier remains with Ameritas Group.- **\$34,973 annual** cost, which represents a \$2,887 increase
4. **Life Insurance** carrier would bundle with Cigna and increase coverage to a benefit equivalent to annual salary up to \$50,000 - **\$15,288 annual** cost, an increase of \$7,830.
5. **Short Term Disability** would switch to MetLife - **\$42,356 annual** cost, an increase of \$1,000 over last year's premium, and a savings of \$8,387 over the current provider's bid.

This item will be presented by Kathleen Haggerty, Human Resources Director.

Staff recommends the Mayor and City Council approve an employee benefits package funding level for an amount not to exceed \$2.5 million for calendar year 2015 with CIGNA medical, dental and life insurance, Ameritas Vision, and MetLife; and to authorize the City Manager to execute applicable contracts once drawn. Funding is appropriated within the fiscal year 2014-2015 budget.