



Legislation Text

File #: 09-1077, **Version:** 1

Recommendation to authorize City Manager to execute the renewal of contracts with Great-West Life/CIGNA, the City's Third Party Administrator, for the Preferred Provider Organization (PPO) and the Open Access (OA) group health plans; PacifiCare for the Health Maintenance Organization (HMO) group health plan and closed-panel dental plan; Medco, the Prescription Benefit Manager (PBM), for the prescription drug plan; Elite as the Stop-Loss Re-insurer; Delta Dental for the fee-for-service dental plan; Medical Eye Services (MES) for the vision plan; Standard Insurance Company for life insurance and Long- and Short-Term Disability; Union Mutual Life Insurance Company (UNUM) through Larry Lambert & Associates Insurance Services for the long-term care benefits; and to continue the City's self-funded, In-Hospital Indemnity program administered by Great-West Life/CIGNA;

Authorize City Manager to execute an amendment to extend the existing contract with Alliant Insurance Services, Inc. for healthcare consulting and actuarial services for a period of one year; and

Authorize City Manager to execute any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws on all plans. (Citywide)

As set forth in the various Memoranda of Understanding (MOU) between the City of Long Beach and its employee organizations, the City Employees' Health Insurance Advisory Committee, composed of representatives from each of the employee organizations, has met and submitted its advisory recommendations (attached) for health, dental and life insurance programs. These recommendations are for the 2010 benefit year, from January 1, 2010 to December 31, 2010 for active employees, and for the period February 1, 2010 to January 31, 2011 for retired employees. As part of budget balancing strategies for Fiscal Year 2010, \$811,000 in savings from plan design changes were included in the FY 10 Adopted Budget. Statewide, most employers have faced an 11 % increase for their healthcare programs. Due to negotiations with the carriers and overall management of the program, the City's healthcare program expenses have increased only 6.3% for FY 10.

The Committee recommends that the contracts be renewed with: Great-West Life/CIGNA, the City's Third Party Administrator, for the Preferred Provider Organization (PPO) and Open Access (OA) Plans; PacifiCare for the Health Maintenance Organization (HMO) Plan; Delta Dental for the Fee-for-Service Dental Plan; PacifiCare for the Closed-Panel Dental Plan; Medco as the Prescription Benefit Manager (PBM) for the prescription drug plan; Elite as the Stop-Loss Re-insurer; Delta Dental for the fee-for-service dental plan; Medical Eye Services (MES) for the vision plan; renewing the long-term care benefits with Union Mutual Life Insurance Company (UNUM) through Larry Lambert & Associates Insurance Services and the City's in-hospital indemnity plan be renewed at the plan rates and payroll deductions proposed in the attached report, which are consistent with Memoranda of Understanding provisions with the various City employee associations.

Additionally, City Council action is requested to authorize an amendment for the City Manager to extend the existing contract with Alliant Insurance Services (Alliant), due to expire on October 31,

2009, for a period of one year. This contract extension would allow Alliant to conclude work on managing the health plan program such as updating plan summary booklets, ensuring a smooth transition from Great West to Cigna, expanding network providers, evaluations and actuarial services that could result in continued cost savings to the healthcare program. With the assistance of Alliant, the City has taken decisive steps to mitigate the dramatic rate increases in the health insurance industry during the past three years. The annual contract costs for Alliant will also be reduced from \$310,000 to \$250,000.

For plan year 2010, to generate \$811,000 in expected savings, minimal plan design changes are suggested to current benefit plans for Medco and PacifiCare plan. For the Medco Pharmacy plan, utilization management programs related to health and safety will be implemented. For the PacifiCare Plan, under-utilized benefits will be deleted.

The changes will result in costs savings to the program and minimal impact to the benefit levels currently available to employees.

This matter was reviewed by Deputy City Attorney Christina Checél on September 28, 2009 and Budget and Performance Management Bureau Manager David Wodynski on September 29, 2009.

Open enrollment for the health plan year 2010 is conducted in early-November 2009. Therefore, City Council action is requested on October 13, 2009, so the Department of Human Resources will have adequate time to prepare information for distribution to employees in late-October 2009.

The projected cost for health, dental and life insurance in 2010 is estimated at \$53.2 million. These charges have been included in the Adopted FY 2010 Budget in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC).

Approve recommendation.

DEBORAH R. MILLS,
ACTING DIRECTOR DEPARTMENT OF HUMAN RESOURCES

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER