



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-12

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802 • (562) 570.6621

DEBORAH R. MILLS
DIRECTOR

September 15, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute the renewal of contracts with Anthem Blue Cross, the City's Third Party Administrator for the Preferred Provider Organization (PPO) and the Health Maintenance Organization (HMO) group health plans and Medicare Supplement plan; United Healthcare Medicare Advantage Plan; Scan Health Plan for the Medicare Advantage Plan; Delta Dental for the fee-for-service dental plan (DPPO); Medical Eye Services (MES) for the vision plan; CVS Caremark as the Prescription Benefit Manager (PBM) for the Prescription Drug Plan; The Standard Insurance Company for life insurance and long-term and short-term disability; and Union Mutual Life Insurance Company (UNUM) through Larry Lambert & Associates Insurance Services for long-term care insurance; and any subsequent amendments necessary to maintain current benefit levels and remain in compliance with state and federal laws on all plans. (Citywide)

DISCUSSION

In accordance with Memoranda of Understanding (MOU) between the City of Long Beach and its employee organizations, the Health Insurance Advisory Committee (HIAC), comprised of representatives from each of the employee associations, has met and submitted its recommendations (Attachment A) for the 2016 plan year.

It is recommended that the above contracts be approved for the 2016 benefit year, from January 1, 2016 to December 31, 2016, for active and retired employees.

There will be no material plan design changes for the 2016 plan year for the medical (HMO and PPO), dental (HMO and PPO) and vision Plans. Exhibit A reflects minor rate increases for the medical and vision Plans. There is no rate increase on the dental plans for 2016.

For the employer-paid basic life and additional (voluntary) employee-paid life insurance products offered under The Standard, we are implementing several provisions that will improve the viability of the Plan, and the purchase of additional (voluntary) Life Insurance will be expanded to all employee groups who do not currently have the benefit.

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These provisions were negotiated at no additional rate increase to the City.

This matter was reviewed by Deputy City Attorney Linda Vu on August 24, 2015 and by Budget Management Officer Victoria Bell on August 21, 2015.

TIMING CONSIDERATIONS

Human Resources is implementing online open enrollment for the first time this year. Therefore, City Council action is requested on September 15, 2015, for adequate open enrollment planning.

FISCAL IMPACT

The projected cost for health, dental, vision and life insurance in 2016 is estimated to be \$70.2 million, an increase of 5.6 percent from the previous plan year. These charges have been included in the Fiscal Year 2016 Budget in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC). There are no local job impacts associated with this matter.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS,
DIRECTOR OF HUMAN RESOURCES

DRM/mh
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Attachment A – Health Insurance Advisory Committee Memo

APPROVED:



PATRICK H. WEST
CITY MANAGER



Date: August 17, 2015
To: Patrick H. West, City Manager
From: City Employees' Health Insurance Advisory Committee
Subject: **RECOMMENDATION FOR CITY EMPLOYEES' HEALTH, DENTAL, VISION, AND LIFE INSURANCE PROGRAMS FOR CALENDAR YEAR 2016**

City staff from the Department of Human Resources (HR) and the City's Health Insurance Advisory Committee (HIAC) evaluates the employee benefit plans, plan rates, costs and related employee benefit matters annually. This process is to ensure programs remain competitive; they meet employee needs; and they are provided on the most tax- and cost-effective basis for employees and the City. This plan year, the following programs were reviewed:

- Anthem Blue Cross (PPO and HMO Plans)
- Dental Plans (Delta Dental)
- MES Vision
- CVS Caremark
- Life Insurance

RECOMMENDATIONS

The City, with the assistance of Alliant Insurance Services (Alliant), our insurance consultant, evaluated the financial and service offerings of our current benefit plan vendors. We also explored alternatives for cost savings and administrative efficiencies, without compromising the level of benefits currently offered to City employees. As a result of this year's review, it was determined that the optimal renewal strategy is to permit the existing vendors, Anthem Blue Cross, Medical Eye Services (MES), Delta Dental Plan of California, CVS Caremark and The Standard Insurance Company, to continue administering the employee benefits plans.

Recommended Timeframe to Add Dependents:

In an effort to ensure that employees have adequate time to obtain proof of eligible dependents, we are recommending that employees be given the opportunity to submit requests and documentation of new dependents within 60 days of the event date. Currently, employees have 30 days to submit the initial request to add dependents, and 60 days to submit documentation.

Recommended Medical Plan Changes:

- PPO Plan – No material plan design changes
- HMO Plans – No material plan design changes

Recommended Dental Plan Changes:

- Dental PPO Plan – No material plan design changes
- Dental HMO Plan – No material plan design changes

Recommended Vision Plan Changes:

- MES Vision Plan – No material plan design changes

Recommended CVS Caremark Changes:

Under CVS Caremark, we are recommending implementation of two (2) programs to manage plan costs and administrative efficiencies that will guard the plan against the release of unforeseen pharmaceuticals, and continue to comply with mandates of the Affordable Care Act (ACA), i.e. Health Care Reform:

- Add the Standard Formulary Alignment
- Add the Advanced Control Specialty Formulary (ACSF)

Recommended Life Insurance Changes:

- Additional (Voluntary) Life Insurance will be expanded to all employee groups who do not currently have the benefit
 - Employees will be able to purchase coverage for self (up to \$500K), spouse/registered domestic partner (up to \$100K) and dependent children (up to \$10K)

A special open enrollment opportunity will be held in the fall that will allow employees to enroll up to guaranteed amounts with no medical questions asked.

- Waiver of Premium will be added to employer-paid life insurance, and will relieve employees of direct paying premiums when they are deemed disabled per the carrier's criteria
- Age Reduction will be applied to employer-paid life insurance beginning at age 65 for employees with employer-paid life insurance in excess of \$20,000 (classes 1-7), as follows:
 - 65 through 69 – reduction of 65%
 - 70 through 74 – reduction of 40%
 - 75 or over – reduction of 25%

Please note: Waiver of Premium and Age Reduction are current provisions of the Additional Life Insurance plan.

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PLAN COSTS/EMPLOYEE COST SHARING

The Committee recommends the plan rates and payroll deductions as shown on Exhibits A and B. The 2016 plan rates are inclusive of the required healthcare reform fees, which represent .4% on the self-funded PPO plan and 2.75% on the fully insured HMO plans.


This concludes the Committee's report of findings and recommendations for the City's group benefit program for plan year January 1, 2016, to December 31, 2016, for all City employees and retirees.


The Committee requests endorsement of this report and its recommendations by the City Manager and subsequent approval by the City Council.

HIAC:mh

Attachments – Exhibit A and B


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International Association of Machinists & Aerospace Workers, District
947, Local Lodge 1930

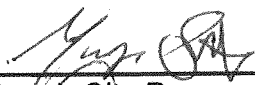

Long Beach Association of Engineering Employees

Long Beach Lifeguards' Association


Long Beach Firefighters' Association

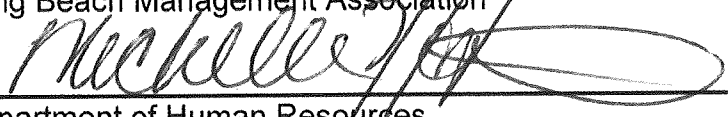

Long Beach Police Officers' Association


Long Beach City Attorneys' Association


Long Beach City Prosecutors' Association


Long Beach Association of Confidential Employees


Long Beach Management Association


Department of Human Resources

COMPARISON OF 2015 TO 2016 CURRENT RATES AND PROPOSED RATES			
	Current Rates (2015)		Proposed Rates (2016)
ANTHEM		ANTHEM	
Anthem Prudent Buyer PPO		Anthem Prudent Buyer PPO	
Actives		Actives	
Single	\$536.00	Single	\$570.68
Two Party	\$1,125.00	Two Party	\$1,197.79
Family	\$1,500.00	Family	\$1,597.05
Retirees		Retirees	
Single	\$932.76	Single	\$993.11
Family	\$1,166.76	Family	\$1,242.25
Anthem Medicare Supplement Assurance Plan		Anthem Medicare Supplement Assurance Plan	
One Medicare	\$604.00	One Medicare	\$638.41
Two Medicare	\$1,197.00	Two Medicare	\$1,276.52
Anthem		Anthem	
Anthem Premier HMO		Anthem Premier HMO	
Actives		Actives	
Single	\$617.00	Single	\$656.92
Two Party	\$1,295.00	Two Party	\$1,378.79
Family	\$1,727.00	Family	\$1,838.74
Retirees		Retirees	
Single	\$734.76	Single	\$782.30
Family	\$1,389.76	Family	\$1,479.68
Anthem Classic HMO - Retirees		Anthem Classic HMO - Retirees	
Single	\$584.76	Single	\$622.59
Family	\$860.76	Family	\$916.45
UHC/PACIFICARE - Secure Horizons		UHC/PACIFICARE - Secure Horizons	
Secure Horizons and Anthem Premier HMO		Secure Horizons and Anthem Premier HMO	
One Medicare & Two/More Non-Medicare Companion	\$1,829.45	One Medicare & Two/More Non-Medicare Companion	\$1,915.27
One Medicare & One Non-Medicare Companion	\$1,122.18	One Medicare & One Non-Medicare Companion	\$1,217.89
Two Medicare & One Non-Medicare Companion	\$1,537.03	Two Medicare & One Non-Medicare Companion	\$1,653.48
Secure Horizons Only		Secure Horizons Only	
One Medicare Risk	\$414.85	One Medicare Risk	\$435.59
Two Medicare Risk	\$829.70	Two Medicare Risk	\$871.18
Scan Health Plan		Scan Health Plan	
Scan Health Plan and Anthem Premier HMO		Scan Health Plan and Anthem Premier HMO	
One Medicare & Two/More Non-Medicare Companion	\$1,746.16	One Medicare & Two/More Non-Medicare Companion	\$1,843.23
One Medicare & One Non-Medicare Companion	\$1,038.89	One Medicare & One Non-Medicare Companion	\$1,145.85
Two Medicare & One Non-Medicare Companion	\$1,370.45	Two Medicare & One Non-Medicare Companion	\$1,509.40
Scan Health Plan Only		Scan Health Plan Only	
One Medicare Risk	\$331.56	One Medicare Risk	\$363.55
Two Medicare Risk	\$663.12	Two Medicare Risk	\$727.10
DENTAL		DENTAL	
Delta Dental		Delta Dental	
Single	\$50.30	Single	\$50.30
Two Party	\$105.70	Two Party	\$105.70
Family	\$140.80	Family	\$140.80
Retiree	\$110.56	Retiree	\$110.56
Delta Dental DeltaCare DHMO		Delta Dental DeltaCare DHMO	
Single	\$20.28	Single	\$20.28
Two Party	\$33.46	Two Party	\$33.46
Family	\$49.86	Family	\$49.86
Retiree	\$37.91	Retiree	\$37.91
VISION		VISION	
MES Vision		MES Vision	
Single	\$4.60	Single	\$4.97
Two Party	\$9.80	Two Party	\$10.58
Family	\$13.00	Family	\$14.04
Retiree	\$10.24	Retiree	\$11.06

COMBINATION COSTS FOR ACTIVE EMPLOYEES											
2015 Plan Year						2016 Plan Year					
Plan Combinations	2015 Monthly Rates	Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction	Plan Combinations	2016 Monthly Rates	Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction		
Anthem Prudent Buyer PPO	Single Two Party Family	\$536.00 \$1,125.00 \$1,500.00	\$128.00	\$153.00	\$176.00	Anthem Prudent Buyer PPO	Single Two Party Family	\$570.68 \$1,197.79 \$1,597.05	\$139.00	\$175.00	\$201.00
Delta Dental DPPO	Single Two Party Family	\$50.30 \$105.70 \$140.80	\$11.00	\$15.00	\$20.00	Delta Dental DPPO	Single Two Party Family	\$50.30 \$105.70 \$140.80	\$11.00	\$15.00	\$20.00
MES Vision	Single Two Party Family	\$4.60 \$9.80 \$13.00	\$0.00	\$0.00	\$0.00	MES Vision	Single Two Party Family	\$4.97 \$10.58 \$14.04	\$0.00	\$0.00	\$0.00
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$139.00	\$168.00	\$196.00	Total		\$150.00	\$190.00	\$221.00	
Anthem Prudent Buyer PPO	Single Two Party Family	\$536.00 \$1,125.00 \$1,500.00	\$128.00	\$153.00	\$176.00	Anthem Prudent Buyer PPO	Single Two Party Family	\$570.68 \$1,197.79 \$1,597.05	\$139.00	\$175.00	\$201.00
Delta Dental DeltaCare DHMO	Single Two Party Family	\$20.28 \$33.46 \$49.86	\$0.00	\$0.00	\$0.00	Delta Dental DeltaCare DHMO	Single Two Party Family	\$20.28 \$33.46 \$49.86	\$0.00	\$0.00	\$0.00
MES Vision	Single Two Party Family	\$4.60 \$9.80 \$13.00	\$0.00	\$0.00	\$0.00	MES Vision	Single Two Party Family	\$4.97 \$10.58 \$14.04	\$0.00	\$0.00	\$0.00
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$128.00	\$153.00	\$176.00	Total		\$139.00	\$175.00	\$201.00	
Anthem Premier HMO	Single Two Party Family	\$617.00 \$1,295.00 \$1,727.00	\$173.00	\$198.00	\$223.00	Anthem Premier HMO	Single Two Party Family	\$656.92 \$1,378.79 \$1,838.74	\$185.00	\$223.00	\$248.00
Delta Dental DPPO	Single Two Party Family	\$50.30 \$105.70 \$140.80	\$11.00	\$15.00	\$20.00	Delta Dental DPPO	Single Two Party Family	\$50.30 \$105.70 \$140.80	\$11.00	\$15.00	\$20.00
MES Vision	Single Two Party Family	\$4.60 \$9.80 \$13.00	\$0.00	\$0.00	\$0.00	MES Vision	Single Two Party Family	\$4.97 \$10.58 \$14.04	\$0.00	\$0.00	\$0.00
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$184.00	\$213.00	\$243.00	Total		\$196.00	\$238.00	\$268.00	
Anthem Premier HMO	Single Two Party Family	\$617.00 \$1,295.00 \$1,727.00	\$173.00	\$198.00	\$223.00	Anthem Premier HMO	Single Two Party Family	\$656.92 \$1,378.79 \$1,838.74	\$185.00	\$223.00	\$248.00
Delta Dental DeltaCare DHMO	Single Two Party Family	\$20.28 \$33.46 \$49.86	\$0.00	\$0.00	\$0.00	Delta Dental DeltaCare DHMO	Single Two Party Family	\$20.28 \$33.46 \$49.86	\$0.00	\$0.00	\$0.00
MES Vision	Single Two Party Family	\$4.60 \$9.80 \$13.00	\$0.00	\$0.00	\$0.00	MES Vision	Single Two Party Family	\$4.97 \$10.58 \$14.04	\$0.00	\$0.00	\$0.00
Life - City Paid	Per Employee	\$2.41				Life - City Paid	Per Employee	\$2.41			
Total			\$173.00	\$198.00	\$223.00	Total		\$185.00	\$223.00	\$248.00	