

# CITY OF LONG BEACH

# R-19

DEPARTMENT OF HUMAN RESOURCES

333 West Ocean Boulevard 13<sup>th</sup> Floor • Long Beach, CA 90802

**DEBORAH R. MILLS**  
DIRECTOR

October 2, 2012

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute renewal contracts with Anthem Blue Cross, the City's Third Party Administrator (TPA), for the Preferred Provider Organization (PPO), Health Maintenance Organization (HMO) and Medicare Supplement group health plans; Scan Health Plan for the Medicare Advantage Plan; United Healthcare for the Medicare Advantage Plan and closed-panel dental plan; Express Scripts/Medco as the Prescription Benefit Manager (PBM) for the prescription drug plan; 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; and Union Mutual Life Insurance Company (UNUM) through Larry Lambert & Associates Insurance Services, for long-term care benefits; and

Authorize the City Manager to execute any subsequent amendments and/or agreements 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 associations, the Health Insurance Advisory Committee (HIAC), which is composed of representatives from each of the employee associations, met with City staff from the Department of Human Resources to review the current employee health, dental, and life insurance programs. Due to continued rising costs in healthcare, the City changed health insurance carriers for plan year 2012 from CIGNA Great West to Anthem Blue Cross for the Preferred Provider Organization (PPO), and changed the Healthcare Maintenance Organization (HMO) from United HealthCare to Anthem Blue Cross. As a result, with seven months of claims data, we are currently on track to save the estimated \$2 million, as projected for 2012.

Based on the review of renewal proposals, HIAC submitted the following recommendations for plan year 2013 (January 1, 2013 to December 31, 2013) for both active and retired employees (Attachment A):

1. To continue the group benefits program plan options as presently constituted and adopt the carrier contract renewals at the rates listed in Exhibit A, as well as the payroll deductions shown on Exhibit B.
2. For the Express Scripts/Medco Pharmacy plan, add additional drugs to the Clinical Management Program for appropriate utilization and safety.

In addition, the City will implement an Employee Wellness Program for plan year 2013 during Open Enrollment for healthcare benefits. It is believed that continued promotion of healthy lifestyle choices will provide an overall savings in the City's group health plan costs.

The City's Stop Loss Insurance carrier, ING Employee Benefits (ReliaStar Life Insurance Company), rates have not been finalized. Quotes for stop loss insurance cannot be finalized until closer to the plan year start date. Final quotes to determine the most competitive offering are contingent on receiving an evaluation of the City's medical plan performance through September 2012. The Department of Human Resources will return to City Council for approval at a later date.

This matter was reviewed by Senior Deputy City Attorney Christina Checel and by Budget Management Officer Victoria Bell on September 17, 2012.

#### TIMING CONSIDERATIONS

Open enrollment for the health plan year 2013 will be conducted in late October. Therefore, City Council action is requested on October 2, 2012, to provide the Department of Human Resources adequate time to prepare information for distribution to employees.

#### FISCAL IMPACT

The net cost of the City's share of the health, dental and life insurance programs in 2013 is estimated to be \$56.3 million. A portion of this represents anticipated additional costs due to Health Care Reform and projected medical trends for 2013. These charges are budgeted in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC). There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL  
October 2, 2012  
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS, DIRECTOR  
DEPARTMENT OF HUMAN RESOURCES

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ATTACHMENTS

APPROVED:



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PATRICK H. WEST  
CITY MANAGER



**Date:** September 20, 2012  
**To:** Patrick H. West, City Manager  
**From:** City Employee's Health Insurance Advisory Committee  
**Subject:** RECOMMENDATION FOR CITY EMPLOYEE'S HEALTH, DENTAL AND LIFE PROGRAMS FOR PLAN YEAR 2013

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During the past several months, the City's Health Insurance Advisory Committee and City staff from the Department of Human Resources have been evaluating the existing benefit plans, plan rates, costs, and related employee benefit matters. This process is required each year to ensure that the City's benefit programs remain competitive, meet employee needs, and are provided in the most cost-effective manner for employees and the City. The following programs have been reviewed:

- Anthem Preferred Provider Organization plans (PPO) and Healthcare Maintenance Organization plan (HMO);
- Dental plans (Delta Dental and United HealthCare Dental plan options);
- Medical Eye Services (MES) Vision plan;
- Medco Pharmacy plan; and,
- Standard Life / STD / LTD.

Last year, due to continued rising costs in healthcare, the City changed health insurance carriers from CIGNA Great West to Anthem Blue Cross for the Preferred Provider Organization (PPO). We also changed the Healthcare Maintenance Organization (HMO) from United HealthCare to Anthem Blue Cross. Our renewal rates have come in below industry trends for all plans.

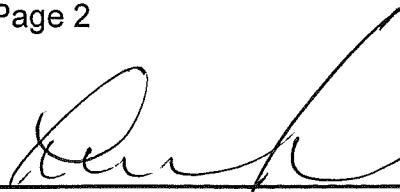
### **RECOMMENDATIONS**

1. To continue the group benefits program plan options as presently constituted and adopt the carrier contract renewals at the rates listed in Exhibit A, as well as the payroll deductions shown on Exhibit B.
2. For the Medco Pharmacy plan, add additional drugs to the Clinical Management Program for appropriate utilization and safety.

This concludes the Committee's report of findings and recommendations for the City's group benefits program for plan year January 1, 2013 to December 31, 2013 for both active 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.

September 14, 2012

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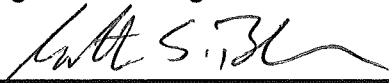


International Association of Machinists & Aerospace Workers, District 947



Long Beach Association of Engineering Employees

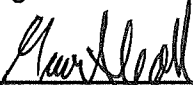
Long Beach Lifeguards' Association



Long Beach Firefighters' Association



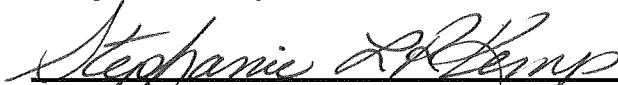
Long Beach Police Officers' Association



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 2012 TO 2013 CURRENT RATES AND PROPOSED RATES			
	Current Rates (2012)		Proposed Rates (2013)
<b>ANTHEM</b>		<b>ANTHEM</b>	
<b>Anthem Prudent Buyer PPO (includes vision)</b>		<b>Anthem Prudent Buyer PPO (includes vision)</b>	
Active & Retiree with Dependent(s)	\$985.27	Active & Retiree with Dependent(s)	\$1,078.84
Single Retirees & Widows	\$789.88	Single Retirees & Widows	\$864.77
<b>Anthem Medicare Supplement Assurance Plan</b>		<b>Anthem Medicare Supplement Assurance Plan</b>	
One Medicare	\$506.57	One Medicare	\$554.36
Two Medicare	\$1,003.18	Two Medicare	\$1,098.47
<b>Anthem</b>		<b>Anthem</b>	
<b>Anthem Premier HMO (includes vision)</b>		<b>Anthem Premier HMO (includes vision)</b>	
Active	\$1,144.84	Active	\$1,258.70
Retiree with Dependent(s)	\$1,144.84	Retiree with Dependent(s)	\$1,284.05
Single Retirees & Widows	\$650.78	Single Retirees & Widows	\$683.39
<b>Anthem Classic HMO (includes vision)</b>		<b>Anthem Classic HMO (includes vision)</b>	
Retiree with Dependent(s)	\$708.00	Retiree with Dependent(s)	\$799.38
Single Retirees & Widows	\$483.28	Single Retirees & Widows	\$545.35
<b>UHC/PACIFICARE - Secure Horizons</b>		<b>UHC/PACIFICARE - Secure Horizons</b>	
<b>Secure Horizons and Anthem Premier HMO</b>		<b>Secure Horizons and Anthem Premier HMO</b>	
One Medicare & Two/More Non-Medicare Companion	\$1,394.97	One Medicare & Two/More Non-Medicare Companion	\$1,506.55
One Medicare & One Non-Medicare Companion	\$871.69	One Medicare & One Non-Medicare Companion	\$936.20
Two Medicare & One Non-Medicare Companion	\$1,220.09	Two Medicare & One Non-Medicare Companion	\$1,302.02
<b>Secure Horizons Only</b>		<b>Secure Horizons Only</b>	
One Medicare Risk	\$348.40	One Medicare Risk	\$365.82
Two Medicare Risk	\$696.80	Two Medicare Risk	\$731.64
<b>Scan Health Plan</b>		<b>Scan Health Plan</b>	
<b>Scan Health Plan and Anthem Premier HMO</b>		<b>Scan Health Plan and Anthem Premier HMO</b>	
One Medicare & Two/More Non-Medicare Companion	\$1,378.13	One Medicare & Two/More Non-Medicare Companion	\$1,472.29
One Medicare & One Non-Medicare Companion	\$854.85	One Medicare & One Non-Medicare Companion	\$901.94
Two Medicare & One Non-Medicare Companion	\$1,186.41	Two Medicare & One Non-Medicare Companion	\$1,233.50
<b>Scan Health Plan Only</b>		<b>Scan Health Plan Only</b>	
One Medicare Risk	\$331.56	One Medicare Risk	\$331.56
Two Medicare Risk	\$663.12	Two Medicare Risk	\$663.12
<b>DENTAL</b>		<b>DENTAL</b>	
<b>Delta Dental</b>	\$107.99	<b>Delta Dental</b>	\$110.56
<b>PacifiCare Dental</b>	\$46.07	<b>PacifiCare Dental</b>	\$46.07

EXHIBIT B

COMBINATION COSTS FOR ACTIVE EMPLOYEES

		2012 Plan Year					2013 Plan Year				
Plan Combinations	2012 Monthly Rates	Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction	Plan Combinations	2013 Monthly Rates	Single Monthly Payroll Deduction	Two-Party Monthly Payroll Deduction	Family Monthly Payroll Deduction		
POS 90	\$985.27				Anthem Prudent Buyer PPO	\$1,078.84					
Delta Dental	\$107.99				Delta Dental	\$110.56					
Life	\$2.21				Life	\$2.21					
<b>Total</b>	<b>\$1,095.47</b>	<b>\$80.00</b>	<b>\$105.00</b>	<b>\$130.00</b>		<b>\$1,191.61</b>	<b>\$105.00</b>	<b>\$130.00</b>	<b>\$155.00</b>		
POS 90	\$985.27				Anthem Prudent Buyer PPO	\$1,078.84					
PacifiCare Dental	\$46.07				PacifiCare Dental	\$46.07					
Life	\$2.21				Life	\$2.21					
<b>Total</b>	<b>\$1,033.55</b>	<b>\$76.00</b>	<b>\$101.00</b>	<b>\$126.00</b>	<b>Total</b>	<b>\$1,127.12</b>	<b>\$101.00</b>	<b>\$126.00</b>	<b>\$151.00</b>		
Pacificare	\$1,144.84				Anthem Premier HMO	\$1,258.70					
Delta Dental	\$107.99				Delta Dental	\$110.56					
Life	\$2.21				Life	\$2.21					
<b>Total</b>	<b>\$1,255.04</b>	<b>\$165.00</b>	<b>\$190.00</b>	<b>\$215.00</b>	<b>Total</b>	<b>\$1,371.47</b>	<b>\$190.00</b>	<b>\$215.00</b>	<b>\$240.00</b>		
Pacificare	\$1,144.84				Anthem Premier HMO	\$1,258.70					
PacifiCare Dental	\$46.07				PacifiCare Dental	\$46.07					
Life	\$2.21				Life	\$2.21					
<b>Total</b>	<b>\$1,193.12</b>	<b>\$117.00</b>	<b>\$142.00</b>	<b>\$167.00</b>	<b>Total</b>	<b>\$1,306.98</b>	<b>\$142.00</b>	<b>\$167.00</b>	<b>\$192.00</b>		