



Legislation Text

File #: 12-0853, **Version:** 1

Recommendation to authorize 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 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)

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 Checél and by Budget Management Officer Victoria Bell on September 17, 2012.

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.

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.

Approve recommendation.

DEBORAH MILLS
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST
CITY MANAGER