



## Legislation Text

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**File #:** 14-0801, **Version:** 1

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Recommendation to authorize 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; 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 the long-term care benefits; execute a contract with Delta Dental for the closed-panel dental plan (DHMO); and any subsequent amendments 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 organizations, the Health Insurance Advisory Committee (HIAC), composed of representatives from each of the employee associations, has met and submitted its recommendations (Attachment A) for health, dental, vision and life insurance programs.

It is recommended that the above contracts be approved for the 2015 benefit year, from January 1, 2015 to December 31, 2015, for active and retired employees.

There will be no material plan design changes for the 2015 plan year for the PPO Plan. However, the HMO plan emergency room co-payment will increase from \$50 to \$100. In compliance with the Affordable Care Act (Healthcare Reform), active employees' rate structure will be changed from the current composite rate to "Single, 2-Party and Family" (Retirees will remain on the current rate structure). Employees will also have individual plan selections, i.e. medical, dental and vision may be elected separately.

For the dental plans, we currently contract with Delta Dental for the DPPO and United HealthCare (UHC) for the DHMO. Through Alliant Insurance Services (Alliant), the City's insurance consultant, we requested a bid from Delta Dental for the DHMO program. Delta Dental offered a 17 percent reduction in costs, a two-year rate guarantee, and access to more providers; therefore, Delta Dental is recommended as the new provider for the DHMO program.

For the Prescription Drug Plan under CVS Caremark, we are implementing various items to enhance member benefits, add administrative efficiencies, manage plan costs, and comply with the mandates of Healthcare Reform. The Tier 3 co-payment of "\$40 retail/\$80 mail order

or 30 percent, whichever is greater" will change to a flat co-payment of \$40 retail/\$80 mail order. In compliance with Healthcare Reform mandates, there will be an out-of-pocket maximum on the prescription drug plan, "in network- \$3,950 individual/\$7,900 Family; out of network- no maximum."

The City's Stop Loss Insurance carrier, Sun Life (stHealth), rates have not been finalized. Quotes for stop loss insurance cannot be finalized until closer to the plan year renewal date. Final quotes to determine the most competitive offering are contingent on receiving an evaluation of the City's medical plan performance through September 2014. The Department of Human Resources will return to City Council for approval at a later date.

This matter was reviewed by Deputy City Attorney Gary Anderson and Budget Management Officer Victoria Bell on September 18, 2014.

Open enrollment for the health plan year 2015 is conducted in late-October/early November 2014. Therefore, City Council action is requested on October 7, 2014, so the Department of Human Resources will have adequate time to prepare information for distribution to employees in late October 2014.

The projected cost for health, dental, vision and life insurance in 2015 is estimated to be \$66.5 million. These charges have been included in the Fiscal Year 2015 Budget in the Employee Benefits Fund (IS 391) in the Citywide Activities Department (XC). There are no local job impacts associated with this matter.

Approve recommendation.

DEBORAH R. MILLS, DIRECTOR  
DEPARTMENT OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST  
CITY MANAGER