



MEMORANDUM

To: City of Menasha Administration Committee

From: Peggy Steeno, Director of Administrative Services

Date: October 15, 2014

RE: Approve Selection of Medical Insurance Carrier for 2015/2016

BACKGROUND

For the past two years, Wisconsin Education Association Insurance Trust (WEA) has been the City's medical insurance carrier. WEA earned the City's business through an RFP process that took place in 2012. Since the initial contract term (1st year at a fixed rate, and 2nd year at a not to exceed 10%) will expire at the end of 2014, staff began working with The Horton Group, the City's current health insurance consultant, on a new RFP process in June of 2014. The RFP was released to potential carriers in August, with results coming back in September/early October.

ANALYSIS

Included in the proposals that were returned to the City, was a one-year renewal offer to stay with WEA at a 13.3% increase in 2015 over the current years' rates, without any consideration for a 2016 extension. In addition to WEA's offer of renewal, the City received a number of other proposals from additional carriers.

In analyzing the proposals that were returned to the City from the various providers, it became apparent that the City would likely not be able to afford to stay with WEA under the terms of their renewal offer. In fact, for a plan that matches the City's current plan in regard to benefits and provider networks, sponsored by Wisconsin Counties Association / Group Health Trust (WCA/GHT), the proposal was an increase of 4.0% over the City's 2014 rates, a 9.3% savings over the renewal offered by WEA. In addition to the reduced increase, WCA/GHT offers additional funds to the member communities for wellness initiatives throughout the course of the contract and a 2nd year not to exceed rate of 8%.

WEA (current provider) offers:	<u>Current Rate</u>	<u>Proposed Rate</u>
• 1-year renewal	\$473.60 Employee	\$536.54 Employee
• 13.3% increase over 2014 rates	\$994.60 Empl/Sp	\$1,126.80 Employee/Sp
	\$872.88 Empl/child	\$998.90 Employee/child
	\$1,532.16 Family	\$1,735.78 Family

WCA (Wisconsin Counties Association/Group Health Trust) offers:

- 2-year proposal \$490.00 Employee
- 4% increase over 2014 rates \$1,035.00 Empl/Sp
- 2nd year not to exceed 8% \$910.00 Employee/child
\$1,594.00 Family

In addition to the WCA/GHT proposal, the City did receive proposals from the following carriers: Network Health, WPS, Humana, and Anthem. And, there were a number of different options requested and received from the carriers. However, the only proposal, in addition to the aforementioned WCA/GHT proposal, that is competitive and potentially viable for the City is a proposal from Network Health in the form of an HMO. The Network Health HMO proposal is priced at approximately 0.9% higher than the City's current plan; however there are additional costs that must be factored in to this proposal to make it an apples to apples comparison to the WCA/GHT and WEA proposals. Because the WCA/GHT and WEA proposal both include Health Risk Assessments (HRA) for employees, and the pricing for the Network Health HMO plan does not, we would need to add an additional \$15,000 to that proposal. In addition, the 2nd year not to exceed pricing for the HMO plan is 9%, which is one percent higher than the WCA/GHT not to exceed amount for the 2nd year. Also, because this plan is an HMO, there are two substantial deficiencies when comparing it to the City's current plan: (1) there is only 'in network' coverage available, so that means that if someone is traveling out of the area, and there are no network providers in the area, the only way the member would have coverage is if there was a life threatening emergency, and (2) the provider network shrinks in an HMO plan increasing the chances employees will have to change doctors. The providers that we know of that would not be allowable, that our members have used in the past year, are: Healthcare Partners, Aurora Health Care, Froedtert Health, and Medical College of Wisconsin.

Taking into account the coverage and provider differences, staff believes that it is in the best interest of the City to select WCA/GHT.

If approved, staff will begin working on an implementation plan with WCA/GHT.

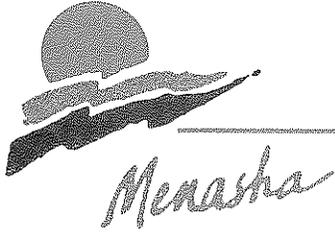
FISCAL IMPACT

The fiscal impact of going with WCA/GHT is a not to exceed increase of \$59,057.28, or 4% over the current, 2014 rates. In addition, the 2nd year increase is guaranteed at a not to exceed 8% increase.

RECOMMENDATION

Staff recommends the approval of WCA/GHT as the medical insurance carrier for the calendar years of 2015 and 2016.

Please let me know if you have questions or would like additional information in advance of Monday's meeting. Otherwise, I look forward to discussing this with you at the meeting.



DATE: October 16, 2014

TO: Administration Committee

FROM: Pamela A. Captain

RE: Vision and Dental Insurance for 2015

DENTAL

The City is self-insured for dental coverage and the plan is administered through Delta Dental. Our insurance administrator has provided statistical information about our expenses and estimated projected claims and administration fees for 2015. Staff has reviewed this information and is recommending no premium change for 2015.

Attached you will find a Renewal Summary. A more detailed management report is available for review in the Personnel Department.

CURRENT RATES FOR 2014	RECOMMENDED RATES FOR 2015
Employee Plan - \$43.05 month	Employee Plan – No change
Employee with Family Plan - \$114.67 month	Employee with Family Plan – No change

The City pays 90% of the premium and employees pay 10%. The City charges COBRA rates the same as current employee rates. We do have the ability to add-on 2% to COBRA rates, but I am informed that this has not been done in the past.

VISION

In 2014, the City renewed its vision insurance for a three year period with Vision Insurance Plan of America, Inc. (VIPA). The City pays 90% of the premium and employees pay 10%.

CURRENT RATES FOR 2014-16

Single: \$4.84 month
Limited Family: \$9.68 month
Family: \$12.77 month

REQUESTED ACTION: No action is requested at this time.

Renewal Summary

A review of experience results, administrative fee for your renewal period, and COBRA rate analysis.

Experience Results

	Experience Period August 2013 - July 2014
Paid Claims	\$113,481
Administrative Fees	\$6,943
Total Cost	\$120,424
Number of Claims	740
Average Claims per Employee	6.78
Average Paid Claim	\$153.35
Average Enrollment	109

COBRA Rate Projections For Renewal Period

Revenue Generated at Current COBRA Rates	\$122,904
Projected Total Cost	\$125,077
Calculated Adjustment to Rates	1.8%
Experience Credibility Factor	42.0%

COBRA Rate Recommendation*

	Current Rates	Renewal Rates	Rate Change
Employees Only	\$39.98	\$39.98	0.0%
Employees w/Family	\$106.77	\$106.77	0.0%

* The recommended rates do not include the plan sponsor's 2% administrative allowance.

Administrative Fee For Renewal Period January 2015 - December 2015

	Per Employee Per Month
Present Rate	\$5.30
Renewal Rate	\$5.30
Percent Change	0.0%

CITY OF MINNASHA

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