

Action Memorandum No. 2018-11

**Subject:**

Authorize the City Manager to enter into a renewal contract with Premera Blue Cross Blue Shield of Alaska and Navia for an HRA

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City Manager: Recommend Approval

Signature: 

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Fiscal Note:  Yes  No

Funds Available:  Yes  No

**Other Attachments:**

City of Dillingham Medical Plan Analysis for January 1, 2019 Renewal

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**Summary Statement:**

Authorize the City Manager to enter into a renewal contract with Premera Blue Cross Blue Shield of Alaska with an increase in Health premiums of 6.5% and no change in Dental premiums. This also authorizes the City Manager to enter a renewal contract with Navia for an HRA to reimburse employee expenses from \$1,000 to \$3,000.

On 11/26/2018 the City insurance broker provided an insurance quote for a renewal plan from Premera Blue Cross Blue Shield. Premera was able to offer a plan with an increase of Health premiums of 6.5% and no change in Dental premiums. Premera offered two alternatives that would be lower in premium; however, there is either an increase in the individual deductible to \$6,000 or \$4,000.

Renewing the City's existing insurance plan with Premera BCBS would cost the City an additional \$50,697.36 (estimated) in 2019. This plan would have no change in the deductible or copay for the employee and would provide an option for a renewal contract with Navia for an HRA to reimburse employee expenses from \$1,000 to \$3,000.

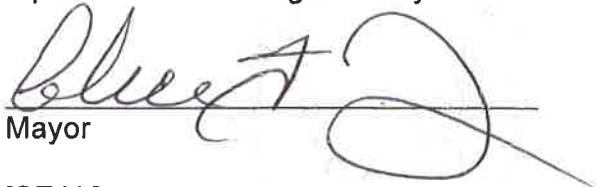
Due to the timing of the notice being received from the insurance broker the Finance and Budget Committee was unable to discuss the options before being presented to the City Council Meeting. This plan would go into effect on January 1, 2019.

Action Memorandum No. 2018-11

Summary Statement continued:

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PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council  
on Dec. 6, 2018.

  
Mayor

[SEAL]

ATTEST:

  
City Clerk

| Route to | Department Head  | Date |
|----------|------------------|------|
| X        | Finance Director |      |
| X        | City Manager     |      |
|          |                  |      |
| X        | City Clerk       |      |

# City of Dillingham

## Medical Plan Analysis

January 1, 2019 Renewal - Revision Version 1

Prepared by: Natasha Kwachka



| Benefits   | Current / Renewal   |                     | Alternative 1   |                     | Alternative 2   |                                  |
|--|---|---------------------|---|---------------------|---|----------------------------------|
|  | Premiera Blue Cross<br>Blue Shield of Alaska<br>Preferred Choice Heritage Select<br>\$3,000/20% / \$6,000 |                     | Premiera Blue Cross<br>Blue Shield of Alaska<br>Preferred Choice Heritage Select<br>\$6,000/30% / \$7,350 |                     | Premiera Blue Cross<br>Blue Shield of Alaska<br>Preferred Choice Heritage Select HSA E.M.B<br>\$4,000/20% / \$6,000 |                                  |
| Network Type   | In-Network / Out-of-Network   |                     | In-Network / Out-of-Network   |                     | In-Network / Out-of-Network   |                                  |
| <b>Deductible - In / Out of Network</b>                                |   |                     |   |                     |   |                                  |
| Individual   | \$3,000 / \$6,000   | \$6,000 / \$12,000  | \$6,000 / \$12,000  | \$6,000 / \$12,000  | \$4,000 / Shared with In-Network  | \$8,000 / Shared with In-Network |
| Family   | 20%   | 20%                 | 30%   | 30%                 | 20%   | 20%                              |
| <b>Coinsurance - In / out of network</b>                               |   |                     |   |                     |   |                                  |
| <b>Out-of-Pocket Maximum (Includes Deductible) In / Out of Network</b> |   |                     |   |                     |   |                                  |
| Individual   | \$6,000 / \$45,000  | \$7,350 / \$45,000  | \$7,350 / \$45,000  | \$6,000 / \$45,000  | \$6,000 / \$45,000  | \$12,000 / \$90,000              |
| Family   | \$12,000 / \$90,000   | \$14,700 / \$90,000 | \$14,700 / \$90,000   | \$12,000 / \$90,000 | \$12,000 / \$90,000   | \$12,000 / \$90,000              |
| <b>Benefits</b>  | In-Network  |                     | In-Network  |                     | In-Network  |                                  |
| <b>Professional Services</b>   | Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                                  |
| PCP & Specialist Office Visit  | Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                                  |
| Laboratory & X-Ray (non-complex) Therapy                               | Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                                  |
| <b>Emergency Services</b>  |   |                     |   |                     |   |                                  |
| Emergency Care - Copay waived if admitted                              | \$100 Copay, then Deductible & Coinsurance  |                     | \$100 Copay, then Deductible & Coinsurance  |                     | Deductible & Coinsurance  |                                  |
| <b>Alternative Care</b>  |   |                     |   |                     |   |                                  |
| Spinal Manipulations & Acupuncture                                     | Deductible & Coinsurance - 12 visits each PCY   |                     | Deductible & Coinsurance - 12 visits each PCY   |                     | Deductible & Coinsurance - 12 visits each PCY   |                                  |
| <b>Prescription Drugs</b>  | Preferred Choice E4 Essentials  |                     | Preferred Choice E4 Essentials  |                     | Preferred Choice E4 Essentials  |                                  |
| Deductible   | N/A   |                     | N/A   |                     | N/A   |                                  |
| Preferred Generic  | \$10 Copay  |                     | \$10 Copay  |                     | \$10 Copay  |                                  |
| Preferred Brand  | \$25 Copay  |                     | \$25 Copay  |                     | \$25 Copay  |                                  |
| Preferred Specialty  | \$45 Copay  |                     | \$45 Copay  |                     | \$45 Copay  |                                  |
| Non-Preferred All Drugs  | 30% Coinsurance   |                     | 30% Coinsurance   |                     | 30% Coinsurance   |                                  |
| Mail-Order   | 90 Days Supply, 2.5x Retail Copay   |                     | 90 Days Supply, 2.5x Retail Copay   |                     | 90 Days Supply, 2.5x Retail Copay   |                                  |
| <b>Medical Rates</b>   | Counts  |                     | Counts  |                     | Counts  |                                  |
| Employee Only  | \$816.24  | \$869.30            | \$778.73  | \$839.61            | \$839.61  | \$839.61                         |
| Employee + Spouse  | \$1,681.46  | \$1,790.77          | \$1,604.19  | \$1,729.61          | \$1,729.61  | \$1,729.61                       |
| Employee + Child(ren)  | \$1,510.05  | \$1,608.22          | \$1,440.67  | \$1,553.30          | \$1,553.30  | \$1,553.30                       |
| Family   | \$2,375.26  | \$2,529.67          | \$2,266.11  | \$2,443.29          | \$2,443.29  | \$2,443.29                       |
| Monthly Premium  | \$64,989.11   | \$69,213.89         | \$62,002.68   | \$66,850.21         | \$66,850.21   | \$66,850.21                      |
| Annual Premium   | \$779,869.32  | \$830,566.68        | \$744,032.16  | \$802,202.52        | \$802,202.52  | \$802,202.52                     |
| Percentage Change From Current   |   | 6.50%               | -4.60%  | 2.86%               | 2.86%   | 2.86%                            |
| Annual Dollar Change From Current                                      |   | \$50,697.36         | (\$35,837.16)   | \$22,333.20         | \$22,333.20   | \$22,333.20                      |
| Total Monthly Premium  | \$64,989.11   | \$69,213.89         | \$62,002.68   | \$66,850.21         | \$66,850.21   | \$66,850.21                      |
| Total Annual Premium   | \$779,869.32  | \$830,566.68        | \$744,032.16  | \$802,202.52        | \$802,202.52  | \$802,202.52                     |
| Percentage Change From Current   |   | 6.50%               | -4.60%  | 2.86%               | 2.86%   | 2.86%                            |
| Annual Dollar Change From Current                                      |   | \$50,697.36         | (\$35,837.16)   | \$22,333.20         | \$22,333.20   | \$22,333.20                      |

\*This comparison shows only general provisions of each plan's in-network benefits. Contract certificates should be consulted for exact plan language.

City of Dillingham  
Fiscal Note

Agenda Date: December 6, 2018

Renew health insurance with Premera BCBS for the 2019 Calendar year

ORIGINATOR: Finance Director

|   |  |   |  |
|---|--|---|--|
| FISCAL ACTION (TO BE COMPLETED BY FINANCE)            |  | FISCAL IMPACT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |  |
| AMOUNT REQUESTED:                                     |  | FUNDING SOURCE  |  |
| FROM ACCOUNT  |  | <b>City of Dillingham</b>   |  |
| xxxx 6210 xx xx<br>xxxx 6215 xx xx<br>xxxx 6211 xx xx | Health Insurance<br>Dental Insurance<br>Health Reimb Arrangement | Project   |  |
| TO ACCOUNT:   | VERIFIED BY: <u>Anita Fuller</u>                                 | Date: <u>11/30/2018</u>   |  |

EXPENDITURES

| OPERATING                    | FY19                | FY20                | FY21        | FY22        |
|------------------------------|---------------------|---------------------|-------------|-------------|
| Health 6.5% Inc. from CY2018 | \$ 25,348.68        | \$ 25,348.68        |             |             |
| Dental 0% Inc. from CY2018   | -                   | -                   |             |             |
| HRA 0.00 Inc from CY2018     | -                   | -                   |             |             |
|                              |                     |                     |             |             |
|                              |                     |                     |             |             |
| <b>TOTAL OPERATING</b>       | <b>\$ 25,348.68</b> | <b>\$ 25,348.68</b> | <b>\$ -</b> | <b>\$ -</b> |

|         |      |  |  |  |
|---------|------|--|--|--|
| CAPITAL | \$ - |  |  |  |
|---------|------|--|--|--|

|         |   |  |  |  |
|---------|---|--|--|--|
| REVENUE | - |  |  |  |
|---------|---|--|--|--|

FUNDING

|                              |             |             |             |             |
|------------------------------|-------------|-------------|-------------|-------------|
| General & Special Rev. Funds |             |             |             |             |
| State/Federal Funds          |             |             |             |             |
| Capital Project              |             |             |             |             |
| Other                        |             |             |             |             |
| <b>TOTAL FUNDING</b>         | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

POSITIONS

|           |  |  |  |  |
|-----------|--|--|--|--|
| Full-Time |  |  |  |  |
| Part-Time |  |  |  |  |

Analysis: (Attach a separate page if necessary)

See Action Memorandum 2018-11

PREPARED BY: Anita Fuller

November 30, 2018

DEPARTMENT: Finance

APPROVED BY: \_\_\_\_\_

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