

Action Memorandum No. 2019-13

Subject:

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

City Manager: Recommend Approval

Signature: 

Fiscal Note: Yes No

Funds Available: Yes No

Other Attachments:

City of Dillingham Medical Plan Analysis for January 1, 2020 Renewal HRA Review

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 3% and a 10% decrease in Dental premiums. This also authorizes the City Manager to enter a renewal contract with Navia for an HRA.

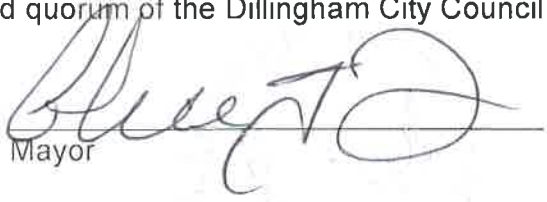
Renewing the City's existing insurance plan with Premera BCBS would cost the City an additional \$18,823.68 (estimated) in 2020. This plan would have no change in the deductible or copay for the employee.

The Finance and Budget Committee met on October 30 to discuss the options and recommend renewal to the City Council Meeting. This plan would go into effect on January 1, 2020.

Action Memorandum No. 2019-11


Summary Statement continued:

PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council
on November 7, 2019


Mayor

ATTEST:

[SEAL]


City Clerk

Route to	Department Head	Date
	Finance Director	
X	Planning Director	
X	City Clerk	

City of Dillingham
Fiscal Note

Agenda Date: November 7, 2019

Renew health insurance with Premera BCBS for the 2020 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		City of Dillingham	
xxxx 6210 xx xx xxxx 6215 xx xx xxxx 6211 xx xx	Health Insurance Dental Insurance Health Reimb Arrangement	Project	
TO ACCOUNT:	VERIFIED BY: Anita Fuller	Date: 11/30/2018	

EXPENDITURES

OPERATING	FY20	FY21	FY22	FY23
Health 3% Inc. from CY2019	\$ 11,957.52	\$ 11,957.52		
Dental 10% Dec. from CY2019	(2,545.68)	(2,545.68)		
HRA 0.00 Inc from CY2019	-	-		
TOTAL OPERATING	\$ 9,411.84	\$ 9,411.84	\$ -	\$ -

CAPITAL	\$ -			
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REVENUE	-			
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FUNDING

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

POSITIONS

Full-Time				
Part-Time				

Analysis: (Attach a separate page if necessary)

See Action Memorandum 2019-13

PREPARED BY: Anita Fuller

November 1, 2019

DEPARTMENT: Finance

APPROVED BY: _____

City of Dillingham
January 1, 2020 Renewal



	Current	Renewal	Option 1
Premera Preferred Choice HS	Premera Preferred Choice HS	Premera Preferred Choice HS	Premera Preferred Choice HS
	\$3,000/20%/\$6,000 Essential Rx \$10/\$25/\$45/30%	\$3,000/20%/\$6,000 Essential Rx \$10/\$25/\$45/30%	\$6,000/30%/\$7,350 Essentials Rx \$10/\$25/\$45/30%

MEDICAL

Monthly Premium	\$66,449.46	\$68,442.38	59328.24
Annual Premium	\$797,393.52	\$821,308.56	\$711,938.88
Difference		\$23,915.04	-\$85,454.64

	Current	Renewal	Option 1
Premera Adult Dental Optima	Premera Adult Dental Optima	Premera Adult Dental Optima	Premera Adult Dental Optima Enh
	\$1,500/\$50/0%/20%/50%	\$1,500/\$50/0%/20%/50%	\$1,500/\$50/0%/20%/50%

DENTAL

Monthly Premium	\$4,241.60	\$3,817.32	\$3,898.58
Annual Premium	\$50,899.20	\$45,807.84	\$46,782.96
Difference		-\$5,091.36	-\$4,116.24

City of Dillingham
Medical Plan Analysis
 January 1, 2020 Renewal
 Prepared by: Diana Stewart



	Current / Renewal	Alternative 1
	Premiera Blue Cross Blue Shield of Alaska Preferred Choice Heritage Select \$3,000/20%/ \$6,000	Premiera Blue Cross Blue Shield of Alaska Preferred Choice Heritage Select \$6,000/30%/ \$7,350
Benefits	In-Network / Out-of-Network	In-Network / Out-of-Network
Network Type		
Deductible - In / Out of Network		
Individual	\$3,000 / \$6,000	\$6,000 / \$12,000
Family	\$6,000 / \$12,000	\$12,000 / \$24,000
Coinsurance - In / out of network	20%	30%
Out-of-Pocket Maximum (Includes Deductible) In / Out of Network		
Individual	\$6,000 / \$45,000	\$7,350 / \$45,000
Family	\$12,000 / \$90,000	\$14,700 / \$90,000
Benefits	In-Network	In-Network
Professional Services		
PCP & Specialist Office Visit	Deductible & Coinsurance	Deductible & Coinsurance
Laboratory & X-Ray (non-complex)	Deductible & Coinsurance	Deductible & Coinsurance
Therapy	Deductible & Coinsurance	Deductible & Coinsurance
Emergency Services		
Emergency Care - Copay waived if admitted	\$100 Copay, then Deductible & Coinsurance	\$100 Copay, then Deductible & Coinsurance
Alternative Care		
Spinal Manipulations & Acupuncture	Deductible & Coinsurance - 12 visits each PCY	Deductible & Coinsurance - 12 visits each PCY
Prescription Drugs	Preferred Choice E4 Essentials	Preferred Choice E4 Essentials
Deductible	N/A	N/A
Preferred Generic	\$10 Copay	\$10 Copay
Preferred Brand	\$25 Copay	\$25 Copay
Preferred Speciality	\$45 Copay	\$45 Copay
Non-Preferred All Drugs	30% Coinsurance	30% Coinsurance
Mail-Order	90 Days Supply, 2.5x Retail Copay	90 Days Supply, 2.5x Retail Copay
Medical Rates	Counts	
Employee Only	30	\$869.30
Employee + Spouse	2	\$1,790.77
Employee + Child(ren)	4	\$1,608.22
Family	12	\$2,529.67
Monthly Premium		\$66,449.46
Annual Premium		\$797,393.52
Percentage Change From Current		3.00%
Annual Dollar Change From Current		\$23,915.04

*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

Dental & Vision Plan Analysis

January 1, 2020 Renewal

Prepared by: Diana Stewart



	Current Premiera Dental Optima BER \$50/20%/20%/50%/50%/1,500	Renewal Premiera Dental Optima BER \$50/20%/20%/50%/50%/1,500	Alternative 1 Premiera Preferred Choice Dental Optima Enhanced \$50/0%/20%/50%/50%/1,500
Dental	In-Network	In-Network	In-Network
Network Type	Any Provider	Any Provider	Any Provider
Dental Benefits			
Deductible	\$50 Individual / \$150 Family	\$50 Individual / \$150 Family	\$50 Individual / \$150 Family
Preventative	0%	0%	0%
Basic	20%	20%	20%
Major	50%	50%	50%
Annual Maximum	\$1,500	\$1,500	\$1,500
Orthodontia	Not Covered	Not Covered	Not Covered
Dental Rates	Counts		
Employee Only	30	\$46.16	\$47.14
Employee + Spouse	2	\$99.24	\$101.35
Employee + Child(ren)	4	\$101.55	\$103.71
Family	12	\$152.32	\$155.57
Monthly Premium	\$4,241.60	\$3,817.32	\$3,898.58
Annual Premium	\$50,899.20	\$45,807.84	\$46,782.96
Percentage Change From Current		-10.00%	-8.09%
Annual Dollar Change From Current		(\$5,091.36)	(\$4,116.24)

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

**All rates listed above are estimates. Actual rates could increase or decrease pending actual enrollment.

HRA Evaluation of expenses as of 10/22/2019

FY	Program Expense	HRA pay out	Pre-pay	# of Emp	Average per Employee	Total Cost for FY	Plan Max	Percentage of Plan Max	
FY14	4,292.00	6,586.00		6	1,097.67	10,878.00	1,250	88%	
FY15	4,200.00	1,874.00	10,000.00	2	937.00	6,074.00	1,250	75%	
FY16	4,232.00	5,122.75		5	1,024.55	9,354.75	1,250	82%	
FY17	4,320.00	11,060.84		10	1,106.08	15,380.84	1,250	88%	
FY18	3,852.00	1,250.00		1	1,250.00	5,102.00	1,250	100%	
FY19	4,416.00	20,550.83		12	1,712.57	24,966.83	2,000	86%	
	25,312.00	46,444.42	10,000.00			71,756.42		86% Average	
Option 2: Scenarios									
FY20A	4,416.00	20,400.00		12	1,700.00	24,816.00	2,000	85%	
FY20A	4,416.00	34,000.00		20	1,700.00	38,416.00	2,000	85%	
FY20A	4,416.00	42,500.00		25	1,700.00	46,916.00	2,000	85%	
FY20B	4,416.00	51,000.00		12	4,250.00	55,416.00	5,000	85%	
FY20B	4,416.00	85,000.00		20	4,250.00	89,416.00	5,000	85%	
FY20B	4,416.00	106,250.00		25	4,250.00	110,666.00	5,000	85%	
FY20C	4,416.00	45,000.00		12	3,750.00	49,416.00	5,000	75%	
FY20C	4,416.00	75,000.00		20	3,750.00	79,416.00	5,000	75%	
FY20C	4,416.00	93,750.00		25	3,750.00	98,166.00	5,000	75%	
FY20D	4,416.00	30,000.00		12	2,500.00	34,416.00	5,000	50%	
FY20D	4,416.00	50,000.00		20	2,500.00	54,416.00	5,000	50%	
FY20D	4,416.00	62,500.00		25	2,500.00	66,916.00	5,000	50%	
								Savings	
								85,454.64	

Option 2 Notes:

Option A: Keep Premera plan the same with \$2,000 deductible, need to increase the budget to meet each scenario as only \$18,000 is currently budgeted for this expense across all departments

Option B-D: Change Premera plan to \$6,000 deductible, will decrease insurance budget by \$85,454.64 across all departments. will increase HRA budget to meet each scenario as only \$18,000 is currently budgeted for this expense across all departments

HRA Evaluation

