



City of Tarpon Springs, Florida

324 EAST PINE STREET
POST OFFICE BOX 5004
TARPON SPRINGS, FLORIDA 34688-5004
(727) 938-3711
FAX (727) 937-8199

MARK G. LECOURIS
CITY MANAGER

MEMORANDUM

FEBRUARY 7, 2012

TO: HONORABLE MAYOR AND BOARD OF COMMISSIONERS

FROM: MARK G. LECOURIS, CITY MANAGER

SUBJECT: CITY MANAGER RECOMMENDATION FOR HEALTH CARE INSURANCE 2012-2013

My recommendation for employee health care insurance funding as outlined in the attached material is *Plan 2* whereby there would be no increase in premiums and less financial impact on our employees.



City of Tarpon Springs, Florida

HUMAN RESOURCES DEPARTMENT
324 E. PINE STREET
TARPON SPRINGS, FLORIDA 34689
TELEPHONE (727) 938-3711

MEMORANDUM

FEBRUARY 7, 2012

TO: HONORABLE MAYOR AND BOARD OF COMMISSIONERS

FROM: JANE KNIFFEN, HUMAN RESOURCES DIRECTOR

THROUGH: MARK G. LeCOURIS, CITY MANAGER

SUBJECT: HEALTH CARE INSURANCE PLAN FOR 2012 - 2013

RECOMMENDATION

That the Mayor and Board of Commissioners approve the following *Plan 2* with no increase in rates offered by the Florida Municipal Insurance Trust (FMIT), effective March 1, 2012 through February 28, 2013.

BACKGROUND

For over a decade the City has been implementing a variety of cost saving measures in an attempt to mitigate the effects of continued rising health insurance rates. Methods have included reduction of benefit levels through adopting lesser benefit plans, increased copayments, higher out-of-pocket maximums and plan redesign from straight HMO plans (copayments only) to HMO/EPO hybrids where participants are required to pay copayments plus coinsurance (a portion of the service cost) and annual deductibles. Staff keeps abreast of current health care trends by attending education sessions, listening to presentations on health care issues by field professionals and subscribing to major benefits publications. Other initiatives involve participating in multi-jurisdictional human resources groups/departments to examine health insurance alternatives as well as to compare benefit levels, relative claims experience and premium costs.

The City has been able to temper the effects of high claims experience in some plan years by participating in a consortium formed by the Florida Municipal Insurance Trust (FMIT). As a not-for-profit group FMIT pays no shareholder dividends, no broker fees or Agent of Record (AOR) commissions and utilizes a UnitedHealthcare (UHC) platform on an administrative services only (ASO) basis. Thus FMIT experiences a lower overhead than market carriers and is able to share these economies with its members.

We also have consistently focused on utilization reduction through a variety of efforts including wellness committees, newsletters, web links and 24/7 access to medical and related advice via telephone, internet and face-to-face consultation. FMIT has recently launched a new program dedicated to wellness as a tool for disease prevention and early intervention; the Trust's new wellness coordinator is working with City staff to develop a program unique to Tarpon Springs.

Overall claims experience as well as plan size and demographics, together with medical and prescription trend, directly impact our yearly rates. This past year we have experienced a very favorable claims/premium ratio, primarily because major plan changes enacted three years ago have now filtered through the system and have had a positive effect on our utilization. FMIT has indicated that this current plan is no longer available and has presented two alternatives, *Plan 2* and *Plan 3*. Both plans contain cost changes, although *Plan 2* more closely mirrors our current plan and represents considerably less financial burden to our employees. *Plan 2* is being offered at no increase to our current rates. *Plan 3* rates would provide savings to the City of approximately \$40,000 on employee coverage for the remainder of FY 2012, but would shift the cost to our employees through increased medical copayments, increased pharmacy copayments, and annual in-network and out-of-network deductibles which are double those of *Plan 2*.

The attached chart summarizes the benefit changes and new premiums.

FMIT Medical Plan Effective March 1, 2012

BENEFITS SUMMARY	Current Plan FMIT/UHC Plan 08	Proposed Health Care Plan FMIT/UHC Plan 2 Deductible applies toward OOP Max.	Proposed Health Care Plan FMIT/UHC Plan 3 Deductible applies toward OOP Max.
Deductible/Coinsurance			
Calendar Year Deductible	\$250 Individual/\$500 Family	\$250 Individual/\$500 Family	\$500 Individual/\$1,000 Family
Coinsurance (%Plan Pays/%Employee Pays)	90%/10%	90%/10%	90%/10%
Calendar Year Out-of-Pocket (OOP) Maximums			
Individual	\$2,000+\$250 deductible	\$2,500(including \$250 deductible)	\$2,500(including \$250 deductible)
Family	\$4,000+\$500 deductible	\$5,000 (including \$500 deductible)	\$5,000 (including \$500 deductible)
Hospital Services			
In-Patient	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%
Out-Patient	Plan pays 90%-employee pays 10%	\$100 co-pay/visit	Plan pays 90%-employee pays 10%
Emergency Room (ER)	\$100 co-pay/visit	\$100 co-pay/visit	\$125 co-pay/visit
Urgent Care	\$50 co-pay/visit	\$35 co-pay/visit	\$35 co-pay/visit
Skilled Nursing Facility	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%
Physician Services			
Primary Care Physician (PCP)	\$15 co-pay/visit	\$10 co-pay/visit	\$15 co-pay/visit
Specialist	\$15 co-pay/visit	\$20 co-pay/visit	\$30 co-pay/visit
Preventative Care	\$15 co-pay/visit	Plan pays 100%-employee pays 0%	Plan pays 100%-employee pays 0%
Allergy Injections	\$15 co-pay/visit	\$10 for PCP/\$20 for Specialist	\$15 for PCP/ \$30 for Specialist
Mental Health & Substance Abuse			
Inpatient	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%
Outpatient	\$10 Group, \$15 Individual	\$10 co-pay/visit	\$15 co-pay/visit
Hospice Care			
Inpatient/Outpatient Care	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%	Plan pays 90%-employee pays 10%
Maximum Care	360 days	360 days	360 days
Home Health & Outpatient Rehab Services			
Skilled Nurse	90%/10%, 60 visits/cal.yr. max.	90%/10%, 60 visits/cal.yr. max.	90%/10%, 60 visits/cal.yr. max.
Physical, Occupational or Speech Therapy	\$15 co-pay, 20 visits/cal.yr.max	\$10 co-pay , 20 visits/cal.yr.max	\$15 co-pay, 20 visits/cal.yr.max
Diagnostics			
Laboratory - Outpatient hospital	No co-pay	No co-pay	No co-pay
Laboratory - Lab Facility-MD OV	No co-pay	No co-pay	No co-pay
Standard X-ray	No co-pay	No co-pay	No co-pay
MRI, MRA, CT, PET - Outpatient facility	Plan pays 90%-employee pays 10%	\$100	Plan pays 90%-employee pays 10%
Prescriptions - Retail Pharmacy (up to 31-day supply)			
Generic	\$15	\$10	\$10
Preferred Brand	\$30	\$30	\$30
Non-Preferred Brand	\$45	\$50	\$50
Prescriptions - Mail Order Drugs (up to 90-day supply)			
Generic	\$37.50	\$25	\$25
Preferred Brand	\$75	\$75	\$75
Non-Preferred Brand	\$112.50	\$125	\$125
Out of Network Benefits			
Deductible (Individual/Family)	N/A	\$500/\$1,000	\$1,000/\$2,000
Coinsurance (%Plan Pays/%Employee Pays)	N/A	Plan pays 70%-employee pays 30%	Plan pays 70%-employee pays 30%
OOP Max. (Individual/Family)	N/A	\$5,000/\$10,000	\$5,000/\$10,000
Premiums			
Employee	\$632.00	\$632.00	\$609.00
Employee + Spouse	\$1,210.68 (632.00 + 578.68)	\$1,210.68 (632.00 + 578.68)	\$1,168.31 (609.88 + 558.43)
Employee + Children	\$1,135.71 (632.00 + 503.71)	\$1,135.71 (632.00 + 503.71)	\$1,095.96 (609.88 + 486.08)
Employee + Spouse + Children (Family)	\$1,714.40 (632.00 + 1,082.40)	\$1,714.40 (632.00 + 1,082.40)	\$1,654.40 (609.88 + 1,044.52)

Color Key: \$\$\$ = increased cost \$\$\$ = decreased cost \$\$\$ = new cost