City of Needles, California
Request for City Council Action

☒ CITY COUNCIL ☐ NPUA ☐ RDA ☒ Regular ☐ Special

Meeting Date: September 10, 2019

Title: 2020 Calendar Year Healthcare Costs.

Background: The City of Needles employee insurance coverage will expire at the end of the calendar year. The Special Districts Association has secured a renewal for the 2020 calendar year as follows;

- Of the two Blue Shield PPO (SDRMA) plans offered to employees, the Gold PPO plan received a 3.3% increase and the Silver PPO plan received a 3.3% increase. Renewal rates include ACA taxes and fees.
- The Dental plan received a 0% increase,
- The Vision plan received a 0% increase, and
- The Life and Disability received 0% increase.

The City and the two bargaining units mutually agreed to share equally (50%) in any increase to health (medical) insurance premiums commencing on or after July 1, 2013. Both bargaining units are requesting that the PPO Gold and PPO Silver be offered.

Fiscal Impact: The total yearly healthcare cost for 2020 will be $706,463. This is up from total annual premiums of $686,147 for 2019 or an increase of $20,315 or 2.96% increase. Increases to employees will range from approximately $141 to $366 annually depending on coverage level (employee, employee +1, or employee + family). The cost increase was anticipated and fundable within the existing budget.

Recommended Action: Approve

Submitted By: Tracy Beck / Human Resource Specialist

City Management Review: Rick **Date:** 9/3/19

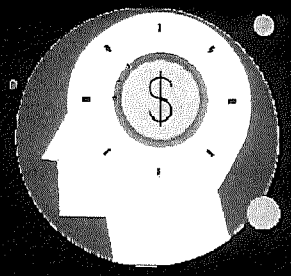
Approved: ☐	Not Approved: ☐	Tabled: ☐	Other: ☐
		Agenda Item: 21	

2019 Renewal Recap

- **SDRMA Blue Shield – Medical PPO (GOLD)**
  - Received a 3% rate increase
- **SDRMA Blue Shield – Medical PPO (SILVER)**
  - Received a 2.9% rate increase
- **Delta Dental – PPO (CSAC EIA)**
  - Received a -3.4% rate decrease
  - Increased dependent age to 26 at no rate impact
- **VSP – Vision**
  - Received a rate pass through 12/31/2020
  - Increased dependent age to 26 at no rate impact
- **Life and Disability - Mutual of Omaha**
  - Basic Life and AD&D - Received a rate pass with rates guaranteed through 12/31/2020
  - Short Term Disability – Received a rate pass with rates guaranteed through 12/31/2020
  - Long Term Disability – Received a rate pass with rates guaranteed through 12/31/2020
    - Increased monthly benefit % for NUEA to 66%

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits,
a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS



2020 Renewal Overview

2020 Renewal Overview

Program Overview

- City of Needles – overall ancillary renewal came in at a 2.96% increase

MEDICAL

- EIA Pool wide renewal came in at 2.83%
- SDRMA Medical PPO renewal came in with a 3.3% increase
- The main factor that affected rate increases were claims. Other factors that contributed were:
  - Rising costs in Specialty meds and Compound drugs
  - Public Entity population is older than the average Private groups
    - The average cost of care is higher for those who are older
- There will be some minor changes to the Out of Network benefits (see page 10 in SDRMA booklet)
- **Dental DPPO – Delta Dental (CSAC EIA)**
  - Received a 0% rate increase (Renewal includes ACA taxes and fees)
- **Vision - VSP**
  - In a rate guarantee until 12/31/2020
- **Life and Disability - Mutual of Omaha**
  - Basic Life and AD&D – In a rate guarantee through 12/31/2020
    - Increased SBPEA life coverage to 2x annual salary to a max of $200,000 – effective 7/1/2019
    - Spouse Coverage reduced to $10,000
    - Dependent Life reduced to $5,000
  - Short Term Disability – In a rate guarantee through 12/31/2020
  - Long Term Disability – In a rate guarantee through 12/31/2020

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Financial Overview

LINE OF COVERAGE	EE's	2019 Current	2020 Renewal	% Δ
SDRMA - Blue Shield PPO (GOLD)	39	$587,251	$606,624	3.3%
SDRMA - Blue Shield PPO (SILVER)	3	$28,311	$29,254	3.3%
Delta Dental PPO (CSAC EIA)	38	$30,648	$30,648	0.0%
VSP Vision[1]	39	$8,464	$8,464	0.0%
Mutual of Omaha Basic Life / AD&D[1]	43	$17,758	$17,758	0.0%
Mutual of Omaha STD[1]	12	$2,134	$2,134	0.0%
Mutual of Omaha LTD[1]	44	$11,581	$11,581	0.0%
TOTAL ANNUAL PREMIUM		$686,147	$706,463	
ANNUAL DOLLAR CHANGE ANNUAL PERCENT CHANGE			$20,315 2.96%	

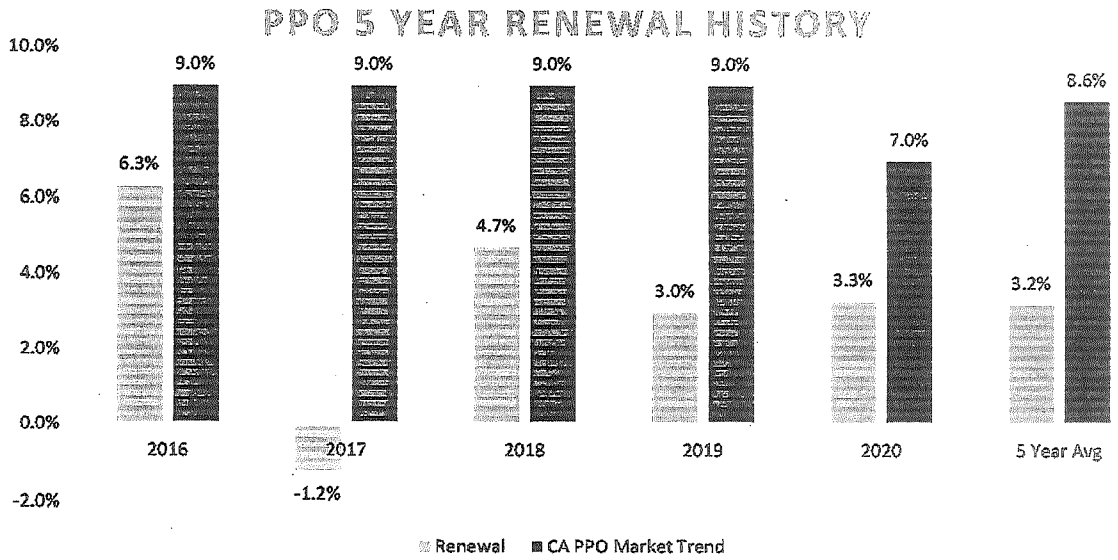
* Under rate guarantee until 12/31/2020

This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

PPO Renewal History

City of Needles Medical PPO Renewals Over the Past 5 Years		
Renewal Year	**Renewal**	**CA PPO Market Trend**
2016	6.3%	9.0%
2017	-1.2%	9.0%
2018	4.7%	9.0%
2019	3.0%	9.0%
2020	3.3%	7.0%
5 Year Avg	**3.2%**	**8.6%**



© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS

Renewal Options

Medical Benefits	SDRMA - Blue Shield PPO (GOLD) Current / Renewal		SDRMA - Blue Shield PPO (SILVER) Current / Renewal		SDRMA - Blue Shield HDHP 10% Proposed Option 1		SDRMA - Blue Shield HDHP 20% Proposed Option 2	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Calendar Year Deductible								
Individual / Family	$500 / $1,000		$2,000 / $4,000		$1,400 / $2,800		$3,000 / $6,000	
Deductible Applies to OOP Max	*Yes*		*Yes*		*Yes*		*Yes*	
Annual Out of Pocket Maximum								
Individual / Family	$2,000 / $4,000		$5,000 / $10,000		$5,000 / $10,000		$5,950 / $11,900	
Hospital								
Inpatient Services	20%	50% (limit $600 / day)	20%	50% (limit $600 / day)	10%	50% (limit $600 / day)	20%	50% (limit $600 / day)
Outpatient Hospital	20%	50% (limit $350 / day)	20%	50% (limit $350 / day)	10%	50% (limit $350 / day)	20%	50% (limit $350 / day)
Outpatient (Ambulatory Surgery Center)	10% (ded waived)*	50% (limit $350 / day)	10% (ded waived)*	50% (limit $350 / day)	No Charge**	50% (limit $350 / day)	10% (ded waived)*	50% (limit $350 / day)
Physician Services								
Physician Office Visit	$20 (ded waived)	50%	$30 (ded waived)	50%	10%	50%	20%	50%
Specialist Visit	$20 (ded waived)	50%	$30 (ded waived)	50%	10%	50%	20%	50%
Preventive Services	No Charge (ded waived)	Not Covered	No Charge (ded waived)	Not Covered	No Charge	Not Covered	No Charge	Not Covered
Emergency	$100 + 20% (copay waived if admitted)		$100 + 20% (copay waived if admitted)		$100 + 10% (copay waived if admitted)		$100 + 20% (copay waived if admitted)	
Ambulance	20%		20%		10%		20%	
PRESCRIPTION DRUGS	Generic / Brand / Non Formulary		Generic / Brand / Non Formulary		Generic / Brand		Generic / Brand	
Deductible	None		$200 / $500		Subject to Deductible Combined with Medical		Subject to Deductible Combined with Medical	
Prescription Out of Pocket Maximum	$4,600 / $9,200		$1,600 / $3,200		$7 / $25 / Not Covered		$7 / $25 / Not Covered	
Retail - 30 day supply	$5 / $30 / $45		$10 / $20 / $45		$14 / $60 / Not Covered	Not Covered	$14 / $60 / Not Covered	Not Covered
Mail Order - 90 day supply	$10 / $75 / $112.50		$20 / $40 / $90		Not Covered	N/A	Not Covered	N/A
Specialty Drugs	30% to $150 max		30% to $150 max		30% to $150 max	N/A	30% to $150 max	N/A
Specialty Drugs Mail	30% to $300 max		30% to $300 max					

MONTHLY RATES	EE's	Current	Renewal	EE's	Current	Renewal	Renewal Option***	Renewal Option***
Employee	16	$714.00	$737.46	2	$515.10	$532.44	$645.66	$533.46
Employee + 1	12	$1,422.90	$1,469.82	0	$1,023.06	$1,056.72	$1,292.34	$1,064.88
Family	11	$1,850.28	$1,911.48	1	$1,329.06	$1,372.92	$1,678.92	$1,384.14
	39			3				
MONTHLY PREMIUM		$48,938	$50,552		$2,359	$2,438	$44,384	$36,603
ANNUAL PREMIUM		$587,251	$606,623.70		$28,311	$29,254	$532,611	$439,242
ANNUAL DOLLAR CHANGE			$19,373			$942	-$54,640	-$148,009
ANNUAL PERCENT CHANGE			3.3%			3.3%	-9.3%	-25.2%

Note: Enrollment is as of July 2019
*Changed from 20% to 10% (In Network)
**Changed from 10% to no charge (In Network)
***Proposed Plan Option Premiums are calculated based of Gold PPO enrollment
This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS

Delta Dental PPO

Dental Benefits	Delta Dental PPO (CSAC EIA) Current / Renewal	
	In-Network	Out-of-Network
Calendar Year Maximum	$1,000 (Per patient per calendar year)	
Calendar Year Deductible		
Individual/Family	$50 / $150 (Waived for Preventive)	
Diagnostic and Preventive		
Oral Exam X-Rays Teeth Cleaning Fluoride Treatment Space Maintainers	100%	
Basic Services		
Amalgam/Composite Fillings Periodontics (Gum disease) Endodontics (Root Canal) Extractions & Other Oral Surgery	80%	
Major Services		
Crowns Inlays and Onlays Prosthodontics Implants	50%	
Orthodontics		
Benefit	50%	
Lifetime Maximum	$1,000	
Out-of-Network Reimbursement	**Fee Schedule**	

RATE GUARANTEE		1 Year **1/1/2020 - 12/31/2020**	
MONTHLY RATES	EE'S	**Current**	**Renewal**
Employee Only	15	$33.80	$33.80
Employee + Family	23	$89.00	$89.00
	38		
MONTHLY PREMIUM		**$2,554**	**$2,554**
ANNUAL PREMIUM		**$30,648**	**$30,648**
ANNUAL DOLLAR CHANGE			**$0**
ANNUAL PERCENT CHANGE			**0.0%**

Note: Enrollment is as of June 2019
Dependent age max changed to 26 at no rate impact.
This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS

EIA Dental Renewal History

Features

- Largest dental network in California
- Low administrative fee
- Full service benefits administration
- Custom plan designs
- Offers both fully-insured and self-funded options

Highlights

- 156 member groups; 79,700 covered
- City of Needles5 year renewal history: -2.2%

Delta (CSAC EIA)	2016	2017	2018	2019	2020	Total
Dental PPO	-3.7%	0.0%	-3.9%	-3.4%	0.0%	-2.2%

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

VSP Vision

Vision Benefits	VSP (Signature) Current	
	In-Network	Out-of-Network
	Copay:	Pays Up To:
Exam	$10	$50
Lenses		
Single	$25	$50
Bifocal	$25	$75
Trifocal	$25	$100
Len Enhancements		
Standard Progressive Lenses	No Charge	
Premium Progressive Lenses	$80 - $90	$75
Custom Progressive Lenses	$120 - $160	
Frames		
Frames	$120 Allowance; 20% off amount over allowance	$70
Contact Lenses[1]		
Elective	$120 Allowance; Copay does not apply	$105
Frequency of Services		
Eye Examination	12 Months	
Lenses	12 Months	
Frames	24 Months	
Contact Lenses*	12 Months	
Rate Guarantee	**2 Years (1/1/2019 - 12/31/2020)**	

MONTHLY RATES	EE's	Current
Employee Only	15	$10.89
Employee + 1	11	$15.80
Employee + Family	13	$28.32
	39	
MONTHLY PREMIUM		**$705**
ANNUAL PREMIUM		**$8,464**

1. Contact lenses are in lieu of spectacle lenses and frame

Enrollment is as of July 2019

This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS

Mutual of Omaha – Basic Life and AD&D

Basic Life/AD&D Benefits	Mutual of Omaha Current	
Eligibility		
Class 1	NUEA - Unclassified	
Class 2	SBPEA - Classified	
Life/AD&D Benefits		
Class 1	2x Salary up to $200,000	
Class 2	2x Salary up to $200,000	
Class 1 Spouse	100% of employee amount to $100,000	
Class 2 Spouse	$10,000	
Class 1 Child	100% of employee amount to $10,000[1]	
Class 2 Child	$5,000	
Benefit Reduction On Account of Age	**Age**	**% of Original Benefit**
	65	65%
	70	50%
Accelerated Death Benefit	75% up to $150k (class 1) or $37.5k (class 2)	
Seat Belt Benefit	10% up to $50,000	
Air Bag Benefit	10% up to $50,000	
Waiver of Premium	Included	
Rate Guarantee	**2 Years 1/1/2019 - 12/31/2020**	

Employee Rates	EE's	**Current**
Estimated Insurance Volume	43	$4,285,000
Basic Life Rate per $1,000		$0.250
AD&D Rate per $1,000		$0.022
Monthly Premium		**$1,166**

Supplemental Spouse Rates	EE's	**Current**
Estimated Insurance Volume	27	$990,000
Rate per $1,000		$0.317
Monthly Premium		**$314**

Supplemental Child Rates	EE's	**Current**
Estimated Insurance Volume	13	$10,000
Rate per unit		$0.040
Monthly Premium		**$0.52**

MONTHLY PREMIUM	**$1,480**
ANNUAL PREMIUM	**$17,758**

[1]Children from 14 day to 6 months are eligible for a $1,000 benefit
Note: All volumes reflect the amounts stated in the most recent invoice that was provided on 8/31/2018 by Mutual of Omaha
This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.
Enrollment and volume updated as of 7/17/2019

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS

Mutual of Omaha – Short Term Disability

Short Term Disability Benefits	Mutual of Omaha Current
Eligibility	
Class 1	NUEA - Unclassified
Elimination Period - Sickness	30 Days
Elimination Period - Accident	30 Days
Weekly Benefit Percentage	60%
Maximum Weekly Benefit	$2,500
Minimum Weekly Benefit	None
Maximum Benefit Duration	9 Weeks
Rate Guarantee	**2 Years 1/1/2019 - 12/31/2020**

Rates	EE's	Current
Insurance Volume	12	$84,678
Rate per $100		$0.210

MONTHLY PREMIUM	**$178**
ANNUAL PREMIUM	**$2,134**

Enrollment and volume updated as of 7/17/2019

This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861

Alliant EMPLOYEE BENEFITS

Mutual of Omaha – Long Term Disability

Long Term Disability Benefits	Mutual of Omaha Current
Eligibility	
Class 1	NUEA-Unclassified
Class 2	SBPEA-Classified
Elimination Period	
Class 1 & Class 2	90 Days
Monthly Benefit Percentage	
Class 1 & Class 2	66%
Definition of Disability	Own Occ & Earnings
Earnings test	99% / 85%
Maximum Monthly Benefit	$6,500
Own Occupation Definition	24 Months
Maximum Benefit Duration	SSNRA
Mental Health Limitations	24 Months
Pre-Existing Condition	3 / 12

Rate Guarantee	**2 Years** **1/1/2019 - 12/31/2020**

Rates	EE's	**Current**
Insurance Volume	44	$193,022
Rate per $100		$0.500

MONTHLY PREMIUM	**$965**
ANNUAL PREMIUM	**$11,581**

Enrollment and volume updated as of 7/17/2019

This summary is for informational purpose only. It does not amend, extend, or alter the current policy in any way. In the event information in this summary differs from the Plan Document, the Plan Document will prevail.

© 2019 Alliant Insurance Services, Inc. All rights reserved. Alliant Employee Benefits, a division of Alliant Insurance Services, Inc. CA License No. 0C36861