



Legislation Text

File #: 19-1400, **Version:** 1

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: September 18, 2019

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Department of Human Resources

EXECUTIVE: Kimberly Bizer Tolbert

SUBJECT

Authorize (1) approval of the proposed plan design changes effective January 1, 2020; and (2) approval of the proposed health coverage plans and premium rates including all of the separate health benefit plans for retirees and their families including the self-insured health plans, insured Medicare Supplement Plans, Medicare Advantage Plans, Prescription Drug Plans, dental and vision - Total cost based on the number of employee/retiree participants - Financing: Employee Benefits Fund and City Employee/Retiree Contributions (see Fiscal Information)

BACKGROUND

In 2018, the City offered two in-network plans. The plans included the Exclusive Provider Organization (EPO) 75/25 Plan with a Health Reimbursement Account (HRA) and the 70/30 High EPO Plan with a \$3,000.00 medical deductible and a separate pharmacy deductible of \$750.00. Members enrolled in the HRA Plan with "member only" coverage received a \$700.00 allocation, while members who cover one or more dependents received a \$1,700.00 allocation. For the HRA Account, any unused HRA allocation balances can be rolled over from year-to-year up to a maximum of \$6,000.00. Health Reimbursement Account (HRA) participants also had an opportunity to earn an additional \$300.00 towards their HRA allocation by accumulating 200 Points. In 2018, Wellness Points were awarded for wellness activities that employees participated in throughout the year.

The 2018 Master Plan for retirees defines the City's health coverage for the self-insured pre-65 health plans which are administered by a third party and for fully-insured Medicare Supplement, Medicare Advantage and Medicare Part D Prescription plans.

The fully-insured Medicare Supplement, Medicare Health Maintenance Organization (HMO) and Medicare Part D plans are provided to certain Medicare eligible retirees and their eligible dependents. An Enhanced Benefit Tier will continue to provide improved benefits to employees by paying 90 percent coinsurance for facility charges for procedures performed at Baylor and Methodist facilities, including Acute Care Hospitals, Surgery Centers, Free Standing Emergency rooms, Rehabilitation Hospitals, and Freestanding Imaging centers, affiliated with the Baylor and Methodist

systems. No physician or professional contracts are included.

The Benefits Health Plan (Plan) provides health coverage to approximately 23,000 employees, retirees and their dependents. In 2020, three plans will be offered a Health Reimbursement Account Medical Account (HRA), Premium Co-Pay Medical Plan and a Health Savings Account (HSA) Medical Plan. CareATC, the on-site medical clinic will continue to provide care to all employees and their dependents as well as pre-65 retirees enrolled in the City's health plan and their dependents. Services are free to all plan members and a minimum fee or co-pay is charged to employees who are non-plan members but choose to utilize the on-site CareATC facility.

MetLife will continue to administer the dental plans; Davis Vision will continue to manage all vision benefits. The health plan, flexible spending, and COBRA will continue to be administered by Cigna. Voluntary Benefits Administration will be handled by The Standard and Caremark CVS will continue to serve as our Pharmacy Benefit Manager (PBM). New Requests for Proposals (RFs) will be issued for all health benefits vendors by May 2020.

For the 2020 Wellness Program, the incentive has been increased to \$500.00 and employees will be required to: (1) Complete the On-line Assessment (2) Acquire an annual physical or age appropriate screening with a physician and (3) receive a biometric by August 31, 2020. For points earned prior to August 31, 2020, their wellness incentive will be paid in December 2020.

Plan Cost

See 2020 health plan overview and contribution rates attached.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 19, 2012, City Council authorized approval of the proposed plan design changes effective January 1, 2013; and approval of the proposed health coverage contribution and premium rates by Resolution No. 12-2331.

On September 18, 2013, City Council authorized approval of the proposed plan design changes effective January 1, 2014; and approval of the proposed health coverage contribution and premium rates by Resolution No. 13-1650.

On December 10, 2014, City Council authorized a Master Plan document that includes all of the separate health benefit plans for City employees and their families including the cafeteria plan, health plans, prescription drug plans, dental and vision plans; and a Master Plan Document that includes all of the separate health benefit plans for retirees and their families including the self-insured health plans, dental and vision plans by Resolution No. 14-2195.

On June 17, 2015, City Council authorized the approval of the proposed plan design changes effective January 1, 2016; approval of the proposed health coverage contribution and premium rates; a Master Plan Document that includes all of the separate health benefit plans, dental and vision plans; and a Master Plan Document that includes all of the separate health benefit plans for retirees and their families including the self-insured health plans, insured Medicare Supplement Plans, Medicare Advantage Plans, Prescription Drug Plans, dental and vision by Resolution No. 15-1238.

On December 14, 2016, City Council authorized the approval of the proposed plan design changes effective January 1, 2017; approval of the proposed health coverage contribution and premium rates; a Master Plan Document that includes all of the separate health benefit plans for City employees and their families including the cafeteria plan, health plans, dental and vision plans; and a Master Plan Document that includes all of the separate health benefit plans for retirees and their families including the self-insured health plans, insured Medicare Supplement Plans, Medicare Advantage Plans, Prescription Drug Plans, dental and vision by Resolution No. 16-1991.

FISCAL INFORMATION

Total cost based on the number of employee/retiree participants in the plan.

Employee Benefits Fund:

Total Revenue* - \$167,915,888.00

- Employee Contributions - \$38,231,005.00 (cost consideration to others)
- Retiree Contributions - \$32,507,154.00 (cost consideration to others)
- City Contributions - \$97,177,729.00

Expenditures - \$171,665,888.00

**Reflects Use of Fund Balance as Expenditures exceed Revenues*