

**CITY OF GAUTIER
MEMORANDUM**

To: Samantha Abell, City Manager
From: Jason Pugh, Human Resources Director
Date: 08/24/15
Subject: Renewal of Self-Funded Health Insurance Plan for FY 2016.

REQUEST:

The Human Resources Department requests council approval to renew the Self-Funded Health Insurance Plan for FY2016. This request also includes the renewal of all associated voluntary policies. No increase in funding rates for FY2016 is recommended.

BACKGROUND:

The City of Gautier has operated a self-insured health, dental, and voluntary benefits plan since 2004. Fox Everett/Hub International has acted as our Third Party Administrator (TPA) over this plan since 2004.

DISCUSSION:

In renewing this plan, it is recommended that the city accept the reinsurance proposal from HCC Life with and Individual Specific Deductible of \$65,000, No Laser Option, and a 45% Rate Cap with Fox Everett/Hub International acting as our Third Party Administrator. Approval of this renewal will also include the renewal of the fully insured transplant policy through Fairmont Specialty, the Teledoc program, Fox Everett Voluntary Dental Insurance, Always Care Voluntary Vision Insurance, Humana Voluntary Cancer Insurance, Unum Employer paid Life and AD&D policy, and the Unum Voluntary Long Term Disability, Short Term Disability, Accident and Voluntary Life Policies.

FINANCIAL IMPACT:

There is no increased financial impact to the city to renew all of the aforementioned insurance policies. The funding rates will remain the same for FY2016.

RECOMMENDATION:

It is recommended that the Gautier City Council approve the renewal of the City of Gautier Self-Funded Health Plan and all accompanying voluntary policies with Fox Everett/Hub International acting as our Third Party Administrator for FY2016. It is further recommended that the funding rates remain unchanged for FY2016.

ATTACHMENT(S):

Fox Everett Checklist
Recap of Costs/Reinsurance Proposal from HCC Life

Fairmont Specialty Fully Insured Transplant Coverage
Always Care Vision Renewal Notification
Fox Everett Dental Renewal Document
Unum Life Renewal Notice
Humana Cancer Policy



**City Of Gautier
September 1, 2015**

The Board votes to accept the reinsurance proposal from HCC Life effective date Oct 1, 2015 with a Specific Deductible \$65,000 and No Laser Option and Rate Cap of 45% and Fox/Everett Hub International as the Third Party Administrator.

Yes No

The Board votes to accept the Fully Insured transplant renewal from Fairmont Specialty and the Teladoc Program effective Oct 1, 2015.

Yes No

The Board votes to accept the Voluntary Vision Renewal from Always Care with no rate increase effective Oct 1, 2015.

Yes No

The Board votes to accept the Voluntary Self Funded Dental with no change in rates or benefits for 2015-2016.

Yes No

The Board votes to accept the Employer paid Life, AD&D, and Voluntary Long Term Disability, Short Term Disability, Accident and Voluntary Life renewal from Unum effective Nov 1, 2015 with no rate change.

Yes No

The Board votes to continue the Humana Cancer and Specified Disease policy with no changes.

Yes No

Signed: _____

Title: _____

Date: _____



**City of Gautier
Recap of Costs
October 1, 2015**

	CURRENT HCC LIFE NNLO 45% Rate Cap	RECOMMENDED HCC Life Insurance NNLO 45% Rate Cap (Quote #3)
SPECIFIC EXCESS COVERAGE		
	Option 1	Option 1
Coverages	Medical & Rx	Medical & Rx
Contract Basis	12/15	12/15
Laser	N/A	N/A
1. Individual Specific Deductible	\$ 65,000	\$ 65,000
2. Limit of Liability Per Covered Person	Unlimited	Unlimited
3. Employees without dependents	45	45
4. Families (including employees)	57	57
TOTAL CENSUS	102	102
5. Monthly Premium Rates - Single	\$ 86.86	\$ 81.99
6. Monthly Premium Rates - Family	\$ 217.26	\$ 220.89
7. Estimated Annual Specific Premium	\$ 195,569	\$ 195,268
AGGREGATE EXCESS LOSS		
Coverages	Medical & Rx	Medical & Rx
Contract Basis	12/15	12/15
Maximum Aggregate Reimbursement	\$ 1,000,000	\$ 1,000,000
Individual Claim Limit	\$ 65,000	\$ 65,000
Aggregate Corridor	125%	125%
8. Monthly Aggregate Factor - Single	\$ 371.59	\$ 428.31
9. Monthly Aggregate Factor - Family	\$ 944.32	\$ 1,132.50
10. Minimum Annual Aggregate Attachment Point	\$ 846,573	\$ 1,005,917
11. Expected Annual Claims	\$ 677,289	\$ 804,734
12. Monthly Premium Rate - Composite PEPM	\$ 9.95	\$ 8.32
13. Estimated Annual Aggregate Premium	\$ 12,179	\$ 10,061
FULLY INSURED TRANSPLANT POLICY - Fairmont Current / Optum Quote		
14. Monthly Premium Rates - Single	\$ 5.66	\$ 6.22
15. Monthly Premium Rates - Family	\$ 16.27	\$ 17.89
16. Estimated Annual Transplant Premium	\$ 14,168	\$ 16,900
ADMINISTRATIVE FEES		
17. Claims Administration (Medical) - (PEPM)	\$ 16.25	\$ 16.25
18. Teladoc - (PEPM)	\$ 2.90	\$ 2.95
19. Broker Fee - (PEPM)	\$ 3.00	\$ 3.00
20. COBRA & HIPAA Administration - (PEPM)	\$ 1.50	\$ 1.50
21. Pre-Admission Certification - (PEPM)	\$ 2.00	\$ 2.00
22. PPO Access Fee - (PEPM)	\$ 5.95	\$ 6.45
23. Verisk "Claims Edit" - (PEPM)	\$ 0.50	\$ 0.50
24. PPACA Fee	\$ 1.00	\$ 1.00
25. Estimated Annual Administration Cost	\$ 40,814	\$ 41,188
TOTAL ANNUAL COST		
26. Minimum annual cost* (\$0- claims) (7+13+16+25)	\$ 262,387	\$ 262,234
27. Expected annual cost* (7+11+13+16+25)	\$ 939,646	\$ 1,066,988
28. Maximum annual cost* (7+10+13+16+25)	\$ 1,108,960	\$ 1,268,151
ANNUAL PPACA AND OTHER TAXES		
29. PCORI Fee \$2.08 (AVG PMPY-Qtrly Count) = (101) AVERAGE Covered Lives * \$2.08	\$ 202.00	\$ 210.08
33. Transitional Reinsurance \$3.67/\$2.25 PMPM Covered Lives as of 4/30/2015 = 101	\$ 4,926.78	\$ 3,157.26
FUNDING & COBRA calculations "expected" w/ACA tax	\$ 944,774.41	\$ 1,070,335.35
Dental Claims Administration Fee PEPM	\$3.00	\$3.00
Cafeteria Plan Administration Fee		
Premium Only PEPM	\$0.50	\$0.50
FSA and/or DDC only participating employees	\$4.50	\$4.50
NOTE: PPO - MPCN with First Choice wrap ("CHS-LGP")		

City of Gautier

Underwritten for: Fox/Everett, a Division of Hub International
TPA: Fox/Everett, a Division of Hub International
Effective Date: October 1, 2015

Fully-Insured Transplant Coverage

Commissions	0%
Single Rate (44 Lives)	\$5.29
Family Rate (57 Lives)	\$15.21
Estimated Annual Premium	\$13,199
Lifetime Maximum	\$1,000,000

Brief Description of Benefits:

- \$0.00 Deductible
- Other Lifetime Maximum Options may be available upon request
- 12-month "Incurred" Benefit Period
- Coverage for heart, heart/kidney, heart/lung(s), lung(s), liver, liver/cadaveric, liver/kidney, liver/live donor, pancreas, kidney, simultaneous kidney and pancreas, pancreas after kidney, small bowel, allogeneic related, allogeneic unrelated, autologous, synogeneic, cord blood, peripheral stem cell
- Case Management by Fairmont Specialty
- Fairmont Specialty Transplant Network
- Excluded: Common cornea transplants and other minor cost procedures

Please refer to the Policy for expenses incurred for treatment arising from Pre-Existing Conditions.

Note additional disclosure requirements shown on Underwriting Requirements page.

Carrier: United States Fire Insurance Company
Underwriter: Sabrina Schultz

Sign: _____
Date: _____



a Starmount Life Insurance company

8485 Goodwood Boulevard
Baton Rouge, LA 70806-7878
(888) 729-5433 • Fax (888) 843-5872
www.AlwaysCareBenefits.com

7/20/2015

Jason Pugh
City of Gautier (2COGA1010)
PO Box 670
Gautier, MS 39553

Dear Jason Pugh:

Thank you for choosing AlwaysCare Benefits, Inc. (A Starmount Life Insurance Company). We appreciate your business and look forward to serving City of Gautier (2COGA1010), its employees, and their dependents for many years. We have completed the annual review of your group policy.

Our renewal analysis is based on cost factors related to the utilization and claim activity for your group and other groups of comparable size. Based on this data, underwriting has completed your 10/1/2015 renewal.

Rates in this renewal notification are adjusted to reflect the estimated cost of the Health Insurer Assessment Fee (HIAF). Health insurers, including those who offer dental and vision insurance, are required to pay the HIAF as part of the Patient Protection and Affordable Care Act (PPACA). We reserve the right to adjust rates based on PPACA fees or assessments imposed by any governmental authority or agency.

Listed below are your current and renewal rates based on your in force plan design.

Coverage	Current Premium	Renewal Premium
Vision		
Employee only	\$7.40	\$7.40
Employee + spouse	\$14.76	\$14.76
Employee + child(ren)	\$15.56	\$15.56
Employee + family	\$24.48	\$24.48

It is our pleasure to provide competitive benefits at affordable rates with outstanding customer service. If you have any questions, please feel free to contact your account manager at 888-729-5433 ext. 5, or your agent.

Sincerely,

Account Management
CC: Hub International Midwest
CC: Rogers Benefit Group



FOX/EVERETT



City of Gautier Dental Plan Effective 10/1/2015

Plan Design

‣ Type I:		Deductible:
‣ Type II, III:	Individual	Waived
	Family:	\$50
		\$150
‣ Coinsurance:		
‣ Type I:		100%
‣ Type II:		80%
‣ Type III:		50%

‣ **Maximum Benefit/Period:**
‣ Type I, II, III **\$1000/calendar Year**

‣ **Type I Plan Pays 100%**
‣ Oral Examination (Non-Emergency)
‣ Dental Cleaning
‣ X-Rays
‣ Fluoride Treatment (under age 15)
‣ Sealants (under age 15)
‣ Space Maintainers (under age 15)

‣ **Type II Plan Pays: 80% after deductible for benefits including:**
‣ Emergency Oral Examinations
‣ Repairs to Dentures, Crowns and Bridges
‣ Fillings
‣ Extractions
‣ Palliative Treatment
‣ Consultations

‣ **Type III Plan Pays: 50% after deductible for benefits including:**
‣ Crowns
‣ Dentures
‣ Bridge Work
‣ Periodontics (Non Surgical)
‣ Scaling and Root Planing
‣ Periodontics (Surgical)
‣ Gingivectomy
‣ Gingival Curettage
‣ Endodontics
‣ Oral Surgery

	Per Pay Period	Rates	Monthly
‣ Employee	\$12.20		\$24.40
‣ Employee & Spouse	\$24.40		\$48.80
‣ Employee & Children	\$27.45		\$54.90
‣ Employee & Family	\$45.41		\$90.82

Renewing your Unum benefits

City of Gautier
133110
133111

Thank you for choosing Unum as your benefits provider. We are committed to providing insurance plans and services that are responsive to both your organization's – and to your employees' – unique and individual needs. This commitment has enabled Unum to become the world's leading provider of income protection and related coverages, and that leadership is benefiting you through innovative plan designs, unparalleled service offerings, and proven expertise in claimant care, return-to-work assistance and absence management.

As we near the time to renew our partnership with you, we have evaluated claim trends and activity in your industry and size segment. Based on this information and on your company's specific claims experience and history, the current rates will remain in force, effective November 1, 2015:

Policy 133110	Inforce & Renewal	Rate Guarantee
Long Term Disability	See Attached	November 1, 2016
Short Term Disability	See Attached	November 1, 2016
Life	0.23/\$1000	November 1, 2016
AD&D	0.02/\$1000	November 1, 2016

Policy 133111	Inforce & Renewal	Rate Guarantee
Lifestyle Life & AD&D	See Attached	November 1, 2016

Again, we thank you for choosing Unum as your benefits provider. We look forward to strengthening our relationship and continuing to serve your company's benefit needs.

Sincerely,

Chad Fox

Chad Fox
Sales Consultant

Contact your sales representative to further discuss any renewal options or alternatives for your current Unum benefits plan.

unum.com

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MK-2869 (6-12) **FOR BROKERS AND EMPLOYERS**

Lumana Insurance Company

Cancer & Specified Disease Policy Form HIC-CAN-POL-2010 -MS 02/10

PROPOSED PLAN HIGHLIGHTS

SEE OUTLINE OF COVERAGE FOR COMPLETE LIST OF BENEFITS PROVIDED

WELLNESS BENEFIT

**Pays Actual Charge – Up \$100 Per Calendar Year
Per Covered Person**

Includes tests such as mammograms, flexible sigmoidoscopy, pap smear, chest x-ray, hemocult stool specimen, and prostate screen.

FIRST DIAGNOSIS BENEFIT

**Pays – \$2,500 (Option I) or \$5,000 (Option II)
or \$10,000 (Option III) – Per Covered Person**

Benefit Based on Option Selected

Pays a one-time benefit when a covered person is diagnosed for the first time as having cancer (other than skin cancer) or a specified disease. Pays this benefit only once for each covered person.

NATIONAL CANCER INSTITUTE DESIGNATED

COMPREHENSIVE CANCER TREATMENT CENTER EVALUATION/CONSULTATION BENEFIT

The Company will pay the expense incurred limited to a **lifetime maximum up to \$750 for evaluation** if an Insured Person is diagnosed with Internal Cancer and seeks evaluation or consultation from a National Cancer Institute designated Comprehensive Cancer Treatment Center. If the Comprehensive Cancer Treatment Center is located more than 30 miles from the Insured Person's place of residence, the Company will also pay the transportation and lodging expenses incurred limited to a **lifetime maximum up to \$350 for transportation and lodging**. This benefit is not payable on the same day a Second or Third Surgical Opinion Benefit is payable and is in lieu of the Non-Local Transportation Benefits of the policy.

RADIATION, RADIOACTIVE ISOTOPES THERAPY, CHEMOTHERAPY OR IMMUNOTHERAPY

Administered by a radiologist, chemotherapist or oncologist or used to modify or destroy cancerous tissue..

Includes Hormone Therapy

Pays Actual Charge – Up to \$10,000 Per Month

NO LIFETIME MAXIMUM

MISCELLANEOUS THERAPY CHARGES

Pays Actual Charge – Up To \$10,000 – Per Covered Person

Pays actual charges up to a lifetime maximum of \$10,000 for services performed while a person is receiving one or more of the treatments shown above. This includes lab work and its interpretations; or routine or diagnostic x-rays, scans, and interpretations.

SELF-ADMINISTERED OR ORAL CHEMOTHERAPY OR IMMUNOTHERAPY

Includes Hormone Therapy

Pays Actual Charge – Up To \$4,000 Per Month

NO LIFETIME MAXIMUM

COLONY STIMULATING FACTORS

Pays Actual Charge – Up To \$4,000 Per Month

Pays the cost of the chemical substances and their administration to stimulate the production of blood cells.

NO LIFETIME MAXIMUM

BREAST PROSTHESIS

Pays **Actual Charge Incurred** for a prosthesis to restore normal body contour lost due to breast cancer and the implantation of the prosthesis.

NO LIFETIME MAXIMUM

SURGERY

Pays the amount listed on the surgical schedule but not to exceed **\$3,000 (Option I) or \$4,500 (Options II and III)**. It does not pay an amount which exceeds the actual surgeon's fees for the surgery

Benefit Based on Option Selected

BONE MARROW AND STEM CELL TRANSPLANT.

**Pays Actual Charge – Up To \$15,000
Per Covered Person**

Pays Actual Charges per Covered Person for surgical and anesthetic charges associated with bone marrow transplant and/or peripheral stem cell transplant combined lifetime maximum of \$15,000

HOSPITAL CONFINEMENT. \$100 per day, up to 60 days. Benefit is two times the amount for covered children under age 21. **No Lifetime Maximum.**

EXTENDED BENEFITS. If hospital confinement is more than 60 days continuous, we will pay three times the selected hospital confinement benefit shown on the schedule page. Payment will begin on the 61st day of continuous hospital confinement. This benefit is payable in lieu of the Hospital Confinement Benefit. **No Lifetime Maximum.**

Mississippi Only 3 Option Highlights of Coverage with Payroll Deduction Monthly Premium Rates

The Policy Also Provides Specific Benefits For

<i>Positive Diagnosis Test</i>	<i>Private Duty Nursing</i>
<i>Second and Third Surgical Opinions</i>	<i>Artificial Limb or Prosthesis</i>
<i>Non-Local Transportation</i>	<i>Physical or Speech Therapy</i>
<i>Adult Companion Lodging and Transportation</i>	<i>Extended Benefits</i>
<i>Ambulance</i>	<i>Extended Care Facility</i>
<i>Blood Plasma and Platelets</i>	<i>At Home Nursing</i>
<i>Donor-Benefit Bone Marrow and Stem Cell Transplant</i>	<i>New or Experimental Treatment</i>
<i>Daily Hospital Confinement</i>	<i>Hospice Care</i>
<i>Anesthesia</i>	<i>Government or Charity Hospital</i>
<i>Ambulatory Surgical Center</i>	<i>Hairpiece</i>
<i>Drugs and Medicines</i>	<i>Rental or Purchase of Durable Goods</i>
<i>Outpatient Anti-Nausea Drugs</i>	<i>Physician's Attendance</i>

Waiver of Premium

Covered Diseases. Cancer; Addison's Disease; Amyotrophic Lateral Sclerosis (Lou Gehrig's Disease); Cystic Fibrosis; Diphtheria; Encephalitis; Epilepsy; Hansen's Disease; Legionaire's Disease; Lupus Erythematosus; Lyme Disease; Malaria; Meningitis; Multiple Sclerosis; Muscular Dystrophy; Myasthenia Gravis; Nieman-Pick Disease; Osteomyelitis; Poliomyelitis; Rabies; Reye's Syndrome; Rheumatic Fever; Rocky Mountain Spotted Fever; Scarlet Fever; Sickle Cell Anemia; Tay-Sachs Disease; Tetanus; Toxic Epidermal Necrolysis; Tuberculosis; Tularemia; Typhoid Fever; Undulant Fever; Whipple's Disease

PLUS

All Benefits Are Payable in Addition to Any Other Insurance or Medicare	Benefits Provided for Cancer or Specified Disease Do Not Reduce Because of Age
Guaranteed Renewable for Life	Portable – Take it with You If You Change Jobs or Retire

All Benefits Are Subject to the Provisions of the Policy.

Read the Policy for Complete Descriptions of Benefits Provided and the Exceptions and Limitations.

Cancer & Specified Disease Insurance Monthly Payroll Deduction Premium Rates

Issue Age	Under 44			45 - 54			55 - 64			65 +		
	Option I	Option II	Option III	Option I	Option II	Option III	Option I	Option II	Option III	Option I	Option II	Option III
Monthly Individual	\$27.72	\$31.90	\$37.91	\$31.23	\$35.93	\$42.70	\$60.67	\$70.69	\$85.13	\$75.25	\$88.85	\$108.47
Monthly Single Parent	\$37.73	\$42.92	\$50.44	\$41.24	\$46.97	\$55.26	\$70.87	\$81.94	\$97.92	\$83.73	\$98.37	\$119.54
Monthly Family	\$57.46	\$65.88	\$77.95	\$64.03	\$73.44	\$86.93	\$122.66	\$142.85	\$171.73	\$154.48	\$182.85	\$223.40

Optional Intensive Care Unit Rider Available for Additional Monthly Payroll Deduction Premium

Issue Age	0 - 44			45 - 54			55 - 64			65 +		
	Daily Benefit Amount			Daily Benefit Amount			Daily Benefit Amount			Daily Benefit Amount		
	\$325.00	\$625.00	\$825.00	\$325.00	\$625.00	\$825.00	\$325.00	\$625.00	\$825.00	\$325.00	\$625.00	\$825.00
Individual	\$2.49	\$4.79	\$6.33	\$2.81	\$5.40	\$7.13	\$3.42	\$6.58	\$8.68	\$3.54	\$6.81	\$8.99
Single Parent	\$4.01	\$7.71	\$10.18	\$4.33	\$8.32	\$10.99	\$4.97	\$9.56	\$12.61	\$5.09	\$9.79	\$12.92
Family	\$5.64	\$10.84	\$14.31	\$6.24	\$12.00	\$15.84	\$7.10	\$13.66	\$18.03	\$6.40	\$12.30	\$16.24

This is a brief description of the coverage available. The Policy will contain limitations, exclusions and termination provisions. Humana Insurance Company has its principal place of business in Green Bay, Wisconsin.

These Are Highlights of the Coverage Proposed and To Be Used Only With Outline of Coverage