
REQUESTED COUNCIL MEETING DATE: AUGUST 17, 2015

ITEM: COUNCIL BILL No. 2015-516

ATTACHMENTS: ANTHEM BCBS CONTRACT FOR STOP LOSS, ADMINISTRATIVE SERVICES & EAP

Finance Director: Leslie Haase

Human Resource Director: Dave Allgood

City Attorney: Peter Edwards

City Manager: Sam Anselm

INTRODUCTION:

This Council Bill approves an annual contract for 2016 with Anthem BCBS to provide stop loss coverage, administrative services, and EAP services for the City's health self-insurance coverage.

DISCUSSION:

Earlier this year, the City let a bid for dental, vision, life and health insurance services. Segal Consulting evaluated the bids and presented the information to the City Council at a recent work session. The City is self-insured for health coverage. Therefore, the services requested in the bid were for stop loss coverage, administrative services, and EAP services. For these services, Anthem BCBS responded with the lowest and best overall bid. Also, after an evaluation of the annual large claims incurred, it was determined that the current stop loss coverage of \$150,000 per claim is still the appropriate level of protection.

Anthem proposed an increase of 7% in the stop loss fee per employee per month. The weighted combined fee will increase from \$70.28 to \$75.14 per employee per month. The annual premium will be approximately \$477,000, which is an increase of \$31,000. Anthem proposed a decrease of over 8% in the administrative fee. The rate will decrease from \$43.49 to \$39.90 per employee per month. As a result, the annual premium will be approximately \$253,000, which is a decrease of \$23,000. Additionally, Anthem is proposing to keep the monthly cost of the Employee Assistance Program (EAP) the same at \$2.20 per employee per month, which represents an annual cost of \$14,000.

At this point in time, the premiums for the health insurance for the 2016 calendar year have not been established. Since we are self-insured, the claims incurred for this year will continue to be assessed, prior to setting these rates. The premiums for the 2016 calendar year will be set in October in time for open enrollment services.

RECOMMENDATION:

City Staff recommends this Council Bill be approved on an emergency basis.