



VILLAGE OF KEY BISCAINE

Office of the Village Manager

MEMORANDUM

Village Council

Franklin H. Caplan, *Mayor*

Michael E. Kelly, *Vice Mayor*

Michael W. Davey

Enrique Garcia

Robert Gusman

Mayra P. Lindsay

James S. Taintor

DATE: April 16th, 2012

TO: Honorable Mayor and Members of the Village Council

FROM: John C. Gilbert, Village Manager

Village Manager

John C. Gilbert

RE: Employee Health Insurance

As the Village's Insurance Broker, National Marketing Group Services, Inc. ("National Marketing"), has contacted seven (7) insurance companies to bid on the Village's employee health insurance policy. All insurance carriers were asked to extend their proposal for (17) seventeen months in order to keep with our fiscal year budgeting needs starting October 1st. From the seven (7) insurance companies, two (2) have declined to quote (Cigna and Coventry) and the remaining providers either guaranteed: only a five (5) month rate plan, a twelve (12) month rate plan, and only two (2) companies submitted options for a seventeen (17) month rate plan, as explained in the attached Executive Summary.

After comparing our existing benefits and employee rates with several options presented to the Village Manager by our Insurance Broker, it would be in the best interest of the Village to consider the proposed insurance plans by AvMed, Blue Cross Blue Shield, and Aetna in order to remain competitive with other municipalities (see attached pg. 3).



National Marketing Group Services, Inc.

April 12, 2012

Mr. John Gilbert, City Manager
Village of Key Biscayne
88 W. McIntyre Street
Key Biscayne, FL 33149

RE: Employee Health Benefits

Dear John,

Just as we did last year, we are enclosing a summary of all companies and their benefits, which we have approached to bid on The Village's employee benefits group insurance policy. As per your instructions, we asked the insurance carriers to extend their proposal for 17 months so that it would be in line with most municipalities that have an October 1st renewal date.

We have also reviewed your claims and utilization experience, which we requested from Avmed, to determine which type of medical expenses are being incurred by your employees. This information would help us in choosing those plans and benefits that best serve the needs of your employees.

We are also enclosing a comparison of plans used by thirteen municipalities in the Tri-County area so that you can have an idea as to the trend in benefit plans within the public sector.

We have also pointed out in the past that most cities only provide an allowance to their employees or pay their life and health insurance premium, as opposed to the Village which also pays 100% of dependent coverage.

We are looking forward to continue servicing the Village and its employees.

Warmest Regards,

A handwritten signature in black ink that reads 'Roger Gonzalez'.

Roger Gonzalez
President

EXECUTIVE SUMMARY EMPLOYEE HEALTH BENEFITS 2012/2013

The Village of Key Biscayne is renewing their employee health insurance effective May 1st, 2012. First priority in negotiating the VKB's renewal was the request of the City Manager to change the effective date of the group to run from October 1st, 2012 to September 30, 2013. Along with this priority is the importance of offering a comprehensive employee benefit package for all employees.

The group census, rates, benefits and utilization went to bid with every Health Insurance Carrier available. Below is a summary of the outcomes.

CIGNA

- Declined to quote. (Declination letter on file)

COVENTRY

- Declined to quote. (Declination letter on file)

NEIGHBORHOOD HEALTH PARTNERSHIP/UNITED HEALTH CARE

- Quoted a twelve month benefit plan option. They would not consider a five month contract. (Twelve month proposals are on file)

HUMANA

- Quoted a twelve month benefit plan option. They would not consider a five month contract. (Twelve month proposals are on file)

AVMED

- 7.7% increase for the next five months. October 1st effective date will result in an additional increase which will be determined in August with a claim look back period of the last twelve months. Please see enclosed proposal

BLUE CROSS BLUE SHIELD

- Provided a seventeen month proposal with a 12.6 % increase on similar benefits. They are offering a dual option plan. Please see enclosed proposal.

AETNA

- Provided a seventeen month proposal with an 8.1% increase on as close to similar benefits. They offered a triple option benefit plan structure. Please see enclosed proposal.

For comparison purposes, the following information has been gathered from 13 municipalities regarding their effective date, deductible amounts and contribution.

ANNIVERSARY	OPTIONS	DEDUCTIBLE	CONTRIBUTION
3/1/2011	Triple	\$1000/20%	100%
10/1/2011	Single	\$150/10%	100%
1/1/2012	Quad	\$750/20%	100%
10/1/2011	Dual	\$250/20%	100%
1/1/2012	Dual	\$0/\$0	100%
10/1/2011	Dual	\$750/20%	100%
10/1/2011	Triple	\$250/10%	100%
10/1/2011	Dual	\$250/10%	100%
10/1/2011	Triple	\$250/20%	100%
10/1/2011	Triple	\$1500/20%	100%
5/1/2011	Triple	\$250/20%	100%
1/1/2012	Triple	\$0/\$0	100%

The mechanics are unique in each and every Municipality. The Village can provide the foundation and resources to educate and implement change through education and benefit workshops. We feel that these benefits and plans have addressed the specific client's industry, employee demographics, company culture and financial economics.

In addition, in order to provide cost containment for the future, as we have tried to do in the past, we would like to implement health fairs. This would allow for the employer to see, on an average, the health and well being of their employees and address the avenues that are of most concern.

We are enclosing copies of our monthly newsletter, The Advisor. This is sent to The Village HR department every month. The changes in our industry and the impact that healthcare reform will bring allows the newsletter to provide our clients with up to date and pertinent information.

After reviewing all the available options, and after identifying the needs of The Village, which include but are not limited to, finding the best plans with good benefits in addition to bringing cost containment, the analysis shows that Blue Cross Blue Shield represents an increase of 12.6% from Avmed's current rates, with matching benefits. Furthermore, a second option is being presented from BCBS to result in a 1.5% increase from current. All rates are guaranteed for 17 months. Both options can be implemented as a dual option. Should The Village be interested in additional savings, a high deductible plan has been quoted with a gap plan to complement.

If a change in insurance carrier would occur, the carrier would need at least 10 business days to hold open enrollment and process incoming applicants.

Village of Key Biscayne
Effective May 1st, 2012
Renewal Analysis - Benefit & Premium Comparison

		Avmed Current/Renewal	Avmed Option	AvMed Option	Avmed Current	BCBS Option	BCBS Option	Avmed Current	AETNA Option	AETNA Option	AETNA Option
		5227	5229	5001	5227	NFQ-LG Plan 55	NFQ-LG Plan 99	5227	FL HNONLY 11 10	FL HNONLY 11 \$500	FL HNONLY 11 \$250
		In-Network Only	In network Only	In-Network Only	In-Network Only	In-Network Only	In-Network Only				
Calendar Year		\$250 Ind	\$500 Ind	\$500 Ind	\$250 Ind	\$0 Ind.	\$500 Ind	\$250 Ind	None	None	None
Deductible (CYD)		\$750 Family	\$1,000 Family	\$1,000 Family	\$750 Family	\$0 Family	\$1,000 Family	\$750 Family	None	None	None
Co-insurance(Plan pays)		90%	80%	80%	90%	100%	90%	90%	100%	100%	100%
Preventive Care		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Physicians Office		\$15	\$20	\$25	\$15	\$10	\$15	\$15	\$30	\$30	\$30
Specialist Office		\$25	\$40	\$50	\$25	\$10	\$35	\$25	\$60	\$60	\$60
Open Access		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In-Hospital		\$250 co-pay	\$500 co-pay	\$500/day, 5 day max	\$250 co-pay	\$250 co-pay	\$500 co-pay	\$250 co-pay	\$1,500 co-pay	\$500 co-pay	\$250 co-pay
Out-Patient Surgery		\$250	\$250	\$250 co-pay	\$250	\$100 ASC/\$150 Hosp	\$250 ASC/\$350 Hosp	\$250	\$500	\$500	\$250
Out-Patient Imaging		Ded+10%	Ded +20%	Ded+20%	Ded+10%	\$75 PCP/\$50 Facility	\$175 PCP/\$75 Facility	Ded+10%	\$80	\$60	\$60
Emergency Room		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$200	\$200	\$200
Urgent Care		\$40/\$50	\$40/\$50	\$40/\$50	\$40/\$50	\$10	\$35	\$40/\$50	\$75	\$75	\$75
Prescription Drugs		\$20/40/60/75/50%	\$20/40/60/75/50%	\$20/40/60/75/50%	\$20/40/60/75/50%	\$10/50/80	\$10/50/80	\$20/40/60/75/50%	\$20/40/70	\$20/40/70	\$20/40/70
Mail Order(\$0 Day Supply)		2x MO	2x MO	2x MO	2x MO	\$25/125/200	\$25/125/200	2x MO	2x MO	2x MO	2x MO
Out of Pocket		\$1,500 Ind.(Excludes Ded)	\$2,000 Ind.(Excludes Ded)	\$3,000 Ind.(Excludes Ded)	\$1,500 Ind.(Excludes Ded)	\$2,500 Ind.(Includes Ded)	\$3,500 Ind.(Includes Ded)	\$1,500 Ind.(Excludes Ded)	\$3,500 Ind.(Excludes Ded)	\$3,500 Ind.(Excludes Ded)	\$3,500 Ind.(Excludes Ded)
		\$3,000 Family(Excludes Ded)	\$4,000 Family(Excludes Ded)	\$6,000 Family(Excludes Ded)	\$3,000 Family(Excludes Ded)	\$7,500 Family (Includes Ded)	\$7,000 Family(Includes Ded)	\$3,000 Family(Excludes Ded)	\$7,000 Family (Excludes Ded)	\$7,000 Family (Excludes Ded)	\$7,000 Family (Excludes Ded)
Provider Search		www.avmed.org	www.avmed.org	www.avmed.org	www.avmed.org	www.bcbs.com	www.bcbs.com	www.avmed.org	www.aetna.com	www.aetna.com	www.aetna.com
		Current / Renewal Rates*	Rates*	Rates*	Current	Rates *	Rates *	Current	Rates*	Rates*	Rates*
Employee	38	\$441.99/\$475.98	\$440.03	\$427.47	\$441.99	\$448.24	\$404.22	\$441.99	\$419.54	\$427.92	\$437.15
EE+SP	19	\$883.88/\$951.97	\$898.09	\$854.94	\$883.88	\$1,068.82	\$962.02	\$883.88	\$1,002.15	\$1,022.20	\$1,044.24
EE+CH	8	\$883.88/\$951.97	\$898.09	\$854.94	\$883.88	\$824.77	\$743.75	\$883.88	\$794.17	\$810.07	\$827.54
Family	46	\$1,193.29/\$1,285.19	\$1,212.46	\$1,154.22	\$1,193.29	\$1,398.53	\$1,261.14	\$1,193.29	\$1,273.58	\$1,299.02	\$1,327.94
Total Employee	102										
Total Monthly		\$87,596.80 / \$94,341.44	\$88,658.82	\$84,726.90	\$87,596.80	\$98,831.86	\$88,943.00	\$87,596.80	\$90,902.06	\$92,718.44	\$84,718.26
Percent Change from Current		7.7%	1.2%	-3.30%		12.8%	1.5%		3.8%	5.8%	8.1%
		*5 month rate	*5 month rate	*5 month rate		*17 month rate	*17 month rate		*17 month rate	*17 month rate	*17 month rate