

Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council
From: Eric Strong
Date: November 26, 2013
Subject: Award Bid for Group Health Insurance

Council Action Requested:

Consider award of bid for annual Group Health Insurance plan.

Background Information:

At the November 2, 2013 City Council meeting, the City Council authorized staff to put the annual Group Health Insurance plan out for bid. This was done due to the threat of a potential 16% increase from our current health insurance provider, Blue Cross Blue Shield. As you might recall, Blue Cross also notified us that if we decided not to bid out our plan, they would lower our renewal to an increase of 5.6%.

As it turned out, following the bid, Blue Cross only increased our rate by just under 4%. However, even with the bid from Blue Cross coming in lower than anticipated, they were not the low bidder. TML was the low bidder, at a cost of approximately \$25 per employee per month. Considering the number of employees we have on our plan, that amounts to an annual difference of over \$19,500.

TML uses the United Health Care network of Doctors, which is the second largest network of Doctors in the state, behind Blue Cross Blue Shield.

TML also offers some ancillary benefits that the other respondents don't offer. One of those benefits is a service called "Dial a Doc". This is a service which allows any employee on the plan (and their covered dependents) to call a hotline anytime, 24 hours a day, 7 days a week. The employee can talk to a Texas certified doctor about symptoms they are experiencing and receive feedback from the doctor about what they should do. This includes the ability of the

doctor to write a prescription to last until the next business day when the employee would have the opportunity to go to their primary physician. This service is included in the cost of the premiums, and the only additional charge would be a \$10 co-pay per call that the employee would need to pay.

I have utilized both Blue Cross Blue Shield and TML in past cities that I have worked for, and both have been good companies to work with and have a wide network of doctors to choose from.

As you will see on the attached bid tab, we also received bids from three (3) other companies, although none of them were deemed to be competitive. While two of the other bids were competitive from a pricing standpoint, there are specific plan and network features that make them less attractive, especially considering that they were not the low bidders.

Staff recommends awarding the bid to TML due to the similarity to the current health plan, yet being nearly \$20,000 cheaper over the course of the year. Since TML is also a political subdivision, they require the attached Interlocal Agreement to be approved in order to enroll in their plan. If another provider is selected, there is no need to approve an Interlocal Agreement. As such, **if TML is selected**, the motion to award the bid needs to include language to “**award the bid to TML and approve the attached Interlocal Agreement**”.

Once a provider is selected, staff will set up open enrollment meetings for employees in December so that the plan can take effect on January 1st.

Board/Citizen Input:

N/A

Financial Impact: Funds budgeted in Group Health Insurance Line Items throughout budget

Staff Contacts:

Eric Strong

Assistant City Manager

estrong@richlandhills.com

Attachments:

Bid Tabulation Sheet for Group Health Insurance

Interlocal Agreement with TML

Medical Insurance:

	 BlueCross BlueShield of Texas		 We want you to know™ Aetna	 HUMANANA Guidance when you need it most	 UnitedHealthcare A UnitedHealth Group Company	
Plan Design:	\$1,500 DED/ 80% PLAN RM16	\$1,500 DED/ 80% PLAN	\$1,500 DED/ 80% PLAN OAMC 1500	\$1,500 DED/ 80% PLAN TX PPO 14 Copay OPT 55	\$1,500 DED/ 80% 2T5 (Premier) Rx Plan: T7	
	<u>Network</u> <u>Non-Network</u>	<u>Network</u> <u>Non-Network</u>	<u>Network</u> <u>Non-Network</u>	<u>Network</u> <u>Non-Network</u>	<u>Network</u> <u>Non-Network</u>	
Lifetime Maximum	Unlimited		Unlimited		Unlimited	
Calendar Year Deductible	\$1,500/ 3 X Per Family		\$1,500/ 2 X Per Family	\$1750/ 2 X Per Family	\$1,500/ 2 Individuals Per Family	\$3,000/ 2 Individuals Per Family
Inpatient Deductible	Calendar Year Ded.	Calendar Year Ded.	Calendar Year Ded.	Calendar Year Ded.	Calendar Year Ded.	Calendar Year Ded.
Co-Insurance Percentage (after Cal. Yr. Ded.)	80%	60%/70%	80%	50%	80%	50%
Maximum Out of Pocket Costs (incl. Cal. Yr. Ded.)/ Ind.	\$4,500	\$13,500	\$4,500	N/A	\$5,000	\$10,000
Doctor Office Visit Copay	\$30	70%	\$30	50% After Ded.	\$25 Generalist \$50 Specialist	50% After Ded.
Coverage included in Copay	Office Visit, Non-Complex Lab & X-Ray		Office Visit, Non-Complex Lab & X-Ray		Office Visit	
Preventive Care	100%	70% After Ded.	100%	50% After Ded.	100%	50% After Ded.
ER Costs Including Facility and Physician	Facility: 80% after \$100 Copay Physician: 80% After Ded.		80% After \$100 copay and deductible		100% After \$250 Copay	
Urgent Care Costs	\$55	70% After Ded.	50% After Ded.		\$75 Copay	50% After Ded.
Outpatient Surgery	80% After Ded.	60% After Ded.	80% After Ded.	50% After Ded.	80% After Ded.	50% After Ded.
Pharmacy Plan	\$20/\$35/\$50		\$0/\$10/\$38/\$60/\$120 Mandatory Generic Specialty \$100 copay		\$10/\$50/50% up to max copay of \$500	
Copay	Mandatory Generic		3 X Copay for 90 Day Supply		\$15/\$35/\$55/25%	
Additional RX Notes	3 X Copay for 90 Day Supply		2.5 X Copay for 90 Day Supply		\$15/\$100/\$300	
Mail In Copay	None		\$500		\$500	
Non-Precertification Penalty	None	\$250	\$400		\$500	
Network	BlueChoice		UHC Choice Plus		Open Access Managed Care	
Rates	Current	Renewal				
Employee Only Cost	66	\$496.74	\$511.06	\$485.78	\$491.00	\$500.68
Spouse Add-On	4	\$556.35	\$572.41	\$586.54	\$681.00	\$600.83
Child Add-On	4	\$397.39	\$408.86	\$369.20	\$534.00	\$450.62
Spouse & Child(ren) Add-On	3	\$909.04	\$935.27	\$1,014.44	\$1,162.00	\$1,101.51
Total Monthly Health Insurance Costs:		\$39,326.92	\$40,460.85	\$38,927.76	\$40,752.00	\$40,555.21
						\$48,334.28

This is a brief summary of plan benefits. Please refer to your Benefit Booklet for more information.