

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, City Manager
Date: September 20, 2016
Subject: Health Insurance Renewal

Council Action Requested:

Consideration of renewal of Health Insurance Bid

Background Information:

As council will recall, last year we bid out our employee health insurance and but chose to remain with TML. We are still evaluating whether or not to stay with TML or to bid it out again, but to preserve the option to remain with TML we need approval to sign the attached and submit to TML by the end of the month. This does not obligate us to stay with TML, and we maintain the right to leave.

Board/Citizen Input: N/A

Financial Impact: 10% increase over current year. Approximate total annual expense of \$470,000.

Staff Contacts:

Eric Strong
City Manager
estrong@richlandhills.com

Attachments: Rerate Agreement



**TML MultiState Intergovernmental Employee Benefits Pool
Rerate Notice and Benefit Verification Form**

September 20, 2016
2C - 2

Richland Hills

Original

Plan Year 2016-2017 (12 Months)

Rates are subject to change if there is any legislation passed during the plan year affecting benefits.
Supplemental benefits cannot be accessed without accessing the TML MultiState IEBP Medical Benefit Plan

Medical

Employer Group Medical Plan

Plan	Benefit Pct	In Net Ded	Out Net Ded	In Net OOP	Office Visit	XRay & Lab in QV	Svc Fee*	Rates	Current	New	New + Svc Fee
P85-150-30-Mac A	80/50	\$1500	\$1750	\$3000	\$30	No	4.5%	Employee:	\$493.18	\$542.50	\$566.91
								Spouse:	\$595.46	\$655.02	\$684.50
								Child(ren):	\$374.82	\$412.30	\$430.85
								Family:	\$1,029.88	\$1,132.88	\$1,183.86

Dental Plan

No Dental Coverage

Vision Plan

No Vision Coverage

Calendar Year Pre-65 Retiree Medical

No Pre-65 Retiree Medical Coverage

Calendar Year Pre-65 Retiree Dental

No Pre-65 Retiree Dental Coverage

Calendar Year Pre-65 Retiree Vision

No Pre-65 Retiree Vision Coverage

LTD

No LTD Coverage

STD

No STD Coverage

Basic Life and AD&D

No Basic Life and AD&D Coverage

Dependent Life

2C - 3

No Dependent Life Coverage

Voluntary AD&D

No Voluntary AD&D Coverage

Additional Employee Life and AD&D

No Additional Employee Life and AD&D Coverage

Basic & Additional Retiree Life

No Basic & Additional Retiree Life Coverage

Continuation of Coverage (COC)

Yes

Benefit Waiting Period

Medical: 1st of mo after date of hire

Life: 1st of mo after date of hire

Medical Network

Choice Plus

Flex, HRA, HSA & RRA

Flex Admin

HRA Admin

HSA Admin

RRA Admin

No

No

No

No

Select one of the following options for Flex:

Debit Card Flex (\$3.70 per participant per month)

Paper Flex (\$5 per participant per month)

Select one or all of the following options for HRA, HSA & RRA:

HRA (\$3.70 per participant per month - debit card only)

HSA (\$3.70 per participant per month - debit card only)

RRA (\$3.70 per participant per month - debit card only)

If employer accesses Debit Card Flex and/or HRA, HSA or RRA, only one charge of \$3.70 per participant per month will be incurred.

MAC A Plan: If a brand name drug is dispensed and a generic alternate drug exists, the Covered Individual pays the difference between the brand name and generic price in addition to the appropriate copayment for the brand name. The cost difference between the brand name and generic price does not apply to any individual deductibles or out of pocket amounts. The MAC differential applies to all prescriptions purchased through this program when a generic alternate is available.

MAC C Plan: If a brand name drug is dispensed and a generic alternate drug exists, the Covered Individual pays the appropriate brand copay.

Lessor of Benefit: Through the OptumRx network contract, the covered individual's out of pocket expense is managed by the pharmacy network agreement that the covered individual will receive the most advantageous pricing. This would be determined by the lessor of pharmacy contracts, Usual & Customary cost (U&C), copayments or the discounted cost the covered individual would be charged. Due to the lessor of Benefit the OptumRx Reportal will be an important price transparency resource to ensure covered individual is purchasing the prescription from the most cost effective pharmacy.

The most effective way to control costs is through the use of generic drugs and a drug formulary.

\$	Drug Tier	Includes	Helpful Tips
 \$	Tier 1 Lowest Cost	Lower cost, commonly used generic drugs. Some low cost brands may be included.	Use Tier 1 drugs for the lowest out-of-pocket costs.
 \$\$	Tier 2 Mid-range Cost	Many common brand-name drugs, called preferred brands	Use Tier 2 drugs instead of Tier 3, to help reduce your out-of-pocket costs
 \$\$\$	Tier 3 Highest Cost	Mostly higher cost brand drugs, also known as non-preferred brands.	Many Tier 3 drugs have lower cost options in Tier 1 or 2. Ask your doctor if they could work for you.

Covered Individual Out of Pocket (OOP)

Prescribed (Doctor Ordered) Over the Counter Alternates and Prescription Networks	Retail: (up to 34 day supply max unless noted otherwise)	Mail/Maintenance: (up to 90 day dispensement)	SpecialtyRx/Biotech/Biosimilar: (up to 34 day dispensement)
<ul style="list-style-type: none"> Smoking Cessation (Nicorette Gum), Quantity Limit - 3 months per plan year Aspirin, Folic Acid, Fluoride Chemoprevention Supplements, Iron Deficiency Supplements, and Vitamin D supplementation to prevent falls in community-dwelling adults age 65 years and older who are at an increased risk for falls per prescription 	\$0.00	N/A	N/A
Network Retail 34 day <u>Non-Cost Share</u> most Generic Dispensement	\$5.00 (up to 34 day supply)	N/A	N/A
Network Retail 90 day <u>Non-Cost Share</u> most Generic Dispensement	\$14.00 (35 up to 90 day supply)	\$30.00	
OptumRx Network <u>Non-Cost Share</u> Best Brand/Formulary List	\$43.00	\$100.00	
OptumRx Network <u>Non-Cost Share</u> Non-Best Brand/Non-Formulary List	\$65.00	\$155.00	
OptumRx Network Cost Share	\$120.00	\$300.00	
OptumRx Specialty/Biotech Prescriptions	N/A	N/A	\$100.00 (up to 34 day supply)
OptumRx Biosimilar Generic Prescriptions	N/A	N/A	\$75.00 (up to 34 day supply)
Prescription Refill Control Standards	75%	70%	

Signature Section

The undersigned employer hereby acknowledges that for an employee to receive coverage, TML MultiState Intergovernmental Employee Benefits Pool (IEBP) must receive enrollment information within thirty-one (31) days of the commencement of employment regardless of whether the Employer has a waiting or a waiting and orientation period. If an employee is not enrolled within thirty-one (31) days of hire, the employee cannot be added to the Plan until the next Open Enrollment period or a qualifying event occurs.

 Employer

 Authorized Signature

 Date

 Printed Name

 Title

The entity named on this Rerate and Benefit Verification Form desires large claim information as specified in Article 21.49-15 of the Insurance Code in Section 2.(2), to be for individual claims that reach or exceed \$35,000 during the plan year. This information is considered confidential for purposes of Chapter 552 of the Local Government Code.

The rates are based on census information five months prior to plan year. If the census changes by more than 10%, TML MultiState IEBP reserves the right to revise rates due to census change and underwriting impact.

 Tax ID Number

 Authorized Signature

 Date

Proposed rates, for your convenience, include any applicable service fees. Service fees are not a contingency of obtaining benefit coverage but are fees agreed to between you (employer) and your non TML MultiState IEBP benefit service representative.