



## Legislation Details (With Text)

**File #:** 12-0378      **Version:** 1      **Name:** Health Insurance  
**Type:** Bids/Purchases      **Status:** Filed  
**File created:** 10/23/2012      **In control:** City Council  
**On agenda:** 11/13/2012      **Final action:** 11/13/2012  
**Title:** Health Insurance  
**Sponsors:** City Manager  
**Indexes:** Funds Budgeted  
**Code sections:**  
**Attachments:** 1. Insurance Bid List 2013, 2. Premiums for Health Insurance 2013, 3. Health Insurance Cost Spread Sheet 2013

Date	Ver.	Action By	Action	Result
11/13/2012	1	City Council	approved as recommended	Pass
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### Health Insurance

#### SUMMARY:

The bid process for health insurance, which includes a vision clause, was done through a publicly bid process. In September, bid packages were supplied to any broker and/or company in our database, posted on the City of Crossville website, and a notice was placed in the Crossville Chronicle.

As requested by bidders, an electronic employee census was provided as an addition to the renewal bid package and claims information. Due to employee privacy, information and claims experience was provided in such a way as to protect employee and dependent claim information

Bid packages for group health insurance for City of Crossville employees were sent out to seventeen (17) insurance agents/brokers for the year 2013. Of those seventeen, only Blue Cross Blue Shield of Tennessee, through Don Hinch and Associates, submitted a total bid package. (A list of companies receiving bids is attached).

Attached is a spreadsheet detailing the insurance options for Blue Cross/Blue Shield networks "S" and "P". These quotes include vision. The only change to benefits will be increasing the deductible for an employee from \$2,000 to \$2,500 and out of pocket expense for an individual from \$2,500 to \$3,000 (2 times for a family). We are recommending following the Duer plan whereby the increase is split 50/50 with the employee for spouse/child/family coverage. (Chart attached). We recommend acceptance of Blue Cross/Blue Shield, Option C. (Bid quotes attached). This represents a 6% increase in premium.

This renewal process was given very close attention by the City Manager, Finance Director, and Human Resources Director. The overall benefits package for City employees is excellent and

includes the following:

- 1) Excellent Health Insurance - City pays 100% for an employee and one-half for dependents
- 2) Excellent Dental Insurance - City pays 100% for an employee and 90% for dependents
- 3) Pension - fully funded for employees hired prior to July 1, 2012
- 4) Life Insurance - City pays 100%
- 5) Vacation - 15.6 days a year accrued each pay period
- 6) Sick leave - 13 days a year accrued each pay period
- 7) Paid Holidays - 9 per year  
Total days off, with pay, each year totals 37.6 days
- 8) Short Term and Long Term Disability Insurance

We feel that the benefits package is excellent and we are very grateful for these benefits. We have taken a very hard look at all of our benefits, trying to find savings, while protecting the complete benefit package.

We are recommending that our Life Insurance goes from 2 times the annual salary, rounded to the next highest \$1,000, to an across the board \$25,000 with Accidental Death and Dismemberment. This will amount to a savings of \$23,500 in annual premiums. Additional life insurance can be purchased through a payroll deduction plan on employees, spouses and children.

We are also recommending that we eliminate Short Term and Long Term Disability Insurance. In the last four years the City has paid out premiums of \$280,000, while claims paid to our employees have totaled \$16,342. This change will save approximately \$70,000 annually. We provide liberal sick and vacation time to cover any incidences of illness. In addition, employees hurt on the job are covered by our Worker's Compensation insurance

Finally it is recommended that the City switch to a new Dental Insurance Provider, Delta Dental. (This matter is covered under another agenda Item). This new company will save us more than \$12,000 a year for the next two years plus give the employees a wider choice of dentists who participate in the Delta Dental network, which also results in a discount to the employee for dental procedures.

It is felt that these changes will have a very minimal impact on our employees while saving the City over \$100,000 per year.

#### BUDGET ACCOUNT:

**NECESSARY COUNCIL ACTION:** Approve the following recommendations for group health insurance for 2013:

- That the City provide health insurance coverage under Blue Cross/Blue Shield Networks "S" and "P" and pay 100% of the employee insurance and 50% of the difference for employee and spouses choosing network "S"
- That the City pays the premium of network "P" up to the amount of the employee premium for Network "S" plus 50% of the increase for employee and dependents. (The attached chart shows the premiums for both Network "S" and "P" for both the City and the employee. The City will not pay anymore for employees in the "P" network than it pays for those employees who choose the lesser cost of network "S")
- That life insurance be changed to a flat \$25,000 per employee or elected official (including

employees or elected officials over 65) with Accidental Death and Dismemberment and employees permitted to buy additional increments of \$10,000, \$25,000 or \$50,000 through payroll deduction for themselves, spouses, and children.