City of Joplin City Council Agenda Item

REQUESTED COUNCIL MEETING DATE: OCTOBER 16, 2017

ITEM: COUNCIL BILL NO. 2017-518

ATTACHMENTS: ANTHEM BCBS CONTRACT FOR STOP LOSS AND ADMINISTRATIVE SERVICES

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 2018 with Anthem BCBS to provide stop loss coverage and administrative services for the City's health self-insurance coverage.

DISCUSSION:

In 2015, the City let a bid for dental, vision, life and health insurance services for a five-year period. Anthem BCBS provided the lowest and best bid for stop loss coverage and third-party administrative services. The price for these services is negotiated in the following years, based on the city's actual claims. 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 submitted an increase of 9% in the stop loss fee per employee per month. The single fee will increase from $36.91 to $40.24, while the family fee will increase from $118.15 to $128.82 per employee per month. The annual premium will be approximately $531,000, which is an increase of $44,000. Anthem proposed no change in the administrative fee. The rate will remain at $41.10 per employee per month. The annual premium will be approximately $252,000.

As a result of actual claims costs and administrative fees, the premium cost increase for 2018 is 1.2%. Since the City returned to self-insured coverage, the eight-year trend is 6.3%. During this same eight-year time period, the national trend increase for health insurance costs has been 7.4%. Claims costs are a function of both utilization and prices. The Joplin Health Nuts continues to work with city employees to decrease utilization and become better "consumers" of health products, in order to try to stay below national trends for health insurance increases.

The City provides single health insurance to employees. The monthly premium will increase from $466.82 to $472.32, or $5.50 per employee per month. For family coverage, the City covers 75% and the employee is responsible for 25% of the monthly premium, as well as usage costs set forth in the plan design. The City's monthly premium for family coverage will increase from $980.36 to $991.88, or $11.52 per employee per month. The employee's monthly premium for family coverage will

increase from $326.78 to $330.64, or $3.86. There will be no changes to vision or life insurance premiums or carriers due to multiple year contracts awarded from the bid process.

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