



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: June 19, 2017

Re: Resolution to authorize application and agreements for benefits administration and insurance coverages beginning January 1, 2018

Executive Summary

The City of Columbia RFP 44-2017 Employee Benefits Package was issued March 3, 2017 through the City's Purchasing Division for the following lines of coverage: Health (Medical Plan) Administrative Services/COBRA, Pharmacy, Stop Loss, Dental, Life, Disability, Vision, Worksite Benefits and Wellness. This resolution authorizes acquisition of insurance coverage and execution of agreements with United Health Care for ASO medical and prescription administration, stop loss coverage on medical and prescription claims, COBRA administration and wellness programs; with Delta Dental for fully insured dental insurance; with Sun Life for fully insured vision insurance; with Lincoln Financial for employee and fully insured dependent life insurance; with Lincoln Financial for long term disability insurance; and with Allstate for fully insured voluntary accident, critical illness and hospital indemnity worksite benefits.

Discussion

This resolution authorizes the acquisition of employee insurance coverage and associated agreements with:

- United Health Care for ASO medical and prescription administration, stop loss coverage on medical and prescription claims, COBRA administration and wellness programs;
- Delta Dental for fully insured dental insurance;
- Sun Life for fully insured vision insurance;
- Lincoln Financial for employee and fully insured dependent life insurance;
- Lincoln Financial for long term disability insurance; and,
- Allstate for fully insured voluntary accident, critical illness and hospital indemnity worksite benefits.

The City of Columbia RFP 44-2017 Employee Benefits Package was issued March 3, 2017 through the City's Purchasing Division for the following services and lines of coverage: Health (Medical Plan) Administrative Services/COBRA, Pharmacy, Stop Loss, Dental, Life, Disability, Vision, Worksite Benefits and Wellness. The City's benefits consultant, CBIZ Benefits and Insurance Services, provided evaluation and negotiation services for development of the RFP scope of work, review and analysis of the proposals received, follow-up with vendors, and presentation of final results with recommendations to staff and the City Manager. A copy of the evaluation and recommendation is attached to this memo. All work was coordinated through the Purchasing Division.



City of Columbia

701 East Broadway, Columbia, Missouri 65201

The most significant change to current employee benefit providers is moving dental insurance administration from Dearborn National under the current self-insured plan to Delta Dental under a fully insured plan, with no plan design changes. This change improves in-network dentist participation from about 3% to 93%, reduces the City contribution for employee only coverage, and reduces dependent coverage premiums paid by employees. Claims will no longer be paid by the City from the Employee Benefit Fund for employee dental procedures.

Employee life coverage and long-term disability insurance paid by the City and dependent voluntary life insurance will move from Dearborn National to Lincoln Financial. Life rates include a 26% premium reduction, and LTD rates include an 8% rate reduction.

Voluntary vision insurance will move from VSP to Sun Life, and includes a 35% premium reduction and no provider disruption. Voluntary Accident, Critical Illness and Supplemental Medical (Hospital Indemnity) will move from Humana to Allstate, and includes enhanced coverage with a reduction in premium rates.

Fiscal Impact

Short-Term Impact: Savings to the Employee Benefit Fund for plan year 2018 are estimated to be approximately \$183,800: Fixed cost savings to the Employee Benefit Fund will be approximately \$69,000 less in plan year 2018 for medical and pharmacy administration. Dental administration costs will be eliminated in plan year 2018, resulting in a \$52,800 savings to the fund. The City's contribution for employee dental insurance will be reduced by approximately \$26,000 in plan year 2018. Dental claims payments will be eliminated in plan year 2018. City contributions for employee life insurance coverage and long-term disability will decrease by about \$36,000.

Long-Term Impact: The City anticipates additional fixed cost reductions for the medical plan for plan years 2019-2021 of approximately \$96,500.

Vision & Strategic Plan Impact

[Vision Impacts:](#)

Primary Impact: Governance & Decision Making, Secondary Impact: Secondary, Tertiary Impact: Tertiary

[Strategic Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

[Comprehensive Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Legislative History

Date	Action
05/17/2012	R 157-12: Most recent City Council authorization of vendor agreements for benefits administration and insurance coverages for City employees.

Suggested Council Action

Adopt the resolution.