

RESOLUTION NO. 29-09-15

RESOLUTION AUTHORIZING AND DIRECTING THE TOWN MANAGER TO RENEW FOR FISCAL YEAR 2016 THE EMPLOYEE MEDICAL INSURANCE THROUGH FLORIDA BLUE; THE EMPLOYEE DENTAL INSURANCE WITH METLIFE; TO OBTAIN THE EMPLOYEE VISION INSURANCE THROUGH HUMANA; AND, TO OBTAIN BASIC LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE, SHORT TERM DISABILITY AND LONG TERM DISABILITY INSURANCE THROUGH FLORIDA COMBINED LIFE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Lake Park (“Town”) is a municipal corporation of the State of Florida with such power and authority as has been conferred upon it by the Florida Constitution and Chapter 166, Florida Statutes; and

WHEREAS, the Town Commission has determined that it will provide the Town’s employees with medical insurance, dental insurance, and vision insurance coverage for Fiscal Year 2016; and

WHEREAS, the Town Commission of the Town of Lake Park has reviewed the Employee Benefits Insurance Renewal Evaluation effective October 1, 2015 presented by Gehring Group, a copy of which is attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, the Town Commission has determined that it is in the best interest of the Town of Lake Park to renew for Fiscal Year 2016 its employee medical insurance through Florida Blue; to renew for Fiscal Year 2016 its employee dental insurance through MetLife; to obtain employee vision insurance through Humana; and, to obtain basic life and accidental death and dismemberment insurance, short term disability and long term disability insurance through Florida Combined Life.

WHEREAS, the Town Commission of the Town of Lake Park has directed that adequate funds be allocated for such coverage in Fiscal Year 2016.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LAKE PAK, FLORIDA AS FOLLOWS:

Section 1. The whereas clauses are incorporated herein as true and correct and are hereby made a specific part of this Resolution.

Section 2. The Town Commission hereby authorizes and directs the Town Manager to renew for Fiscal Year 2016 its employee medical insurance through Florida Blue; to renew for Fiscal Year 2016 its employee dental insurance through MetLife; to obtain employee vision insurance through Humana; and, to obtain basic life and accidental death and dismemberment insurance, short term disability and long term disability insurance through Florida Combined Life.

Section 3. This Resolution shall become effective immediately upon adoption.

The foregoing Resolution was offered by Commissioner Rapoza who moved its adoption. The motion was seconded by Commissioner O'Rourke and upon being put to a roll call vote, the vote was as follows:

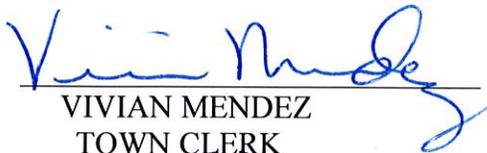
	AYE	NAY
MAYOR JAMES DUBOIS	<u> / </u>	<u> </u>
VICE-MAYOR KIMBERLY GLAS-CASTRO	<u> / </u>	<u> </u>
COMMISSIONER ERIN FLAHERTY	<u> / </u>	<u> </u>
COMMISSIONER MICHAEL O'ROURKE	<u> / </u>	<u> </u>
COMMISSIONER KATHLEEN RAPOZA	<u> / </u>	<u> </u>

The Town Commission thereupon declared the foregoing Resolution NO. 29-09-15 duly passed and adopted this 3 day of September, 2015.

TOWN OF LAKE PARK, FLORIDA

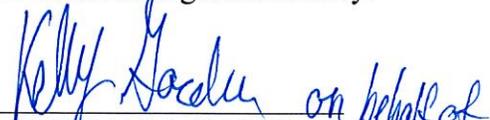
BY: 
JAMES DUBOIS
MAYOR

ATTEST:


VIVIAN MENDEZ
TOWN CLERK



Approved as to form and legal sufficiency:

BY:  on behalf of
THOMAS J. BAIRD
TOWN ATTORNEY

TOWN OF LAKE PARK

Employee Benefits Insurance Evaluation



RENEWAL RECOMMENDATION FOR:

GROUP MEDICAL INSURANCE
GROUP DENTAL INSURANCE
GROUP VISION INSURANCE
GROUP BASIC LIFE and AD&D INSURANCE
GROUP VOLUNTARY LIFE INSURANCE
GROUP SHORT TERM DISABILITY INSURANCE
GROUP LONG TERM DISABILITY INSURANCE

PLAN YEAR EFFECTIVE: OCTOBER 1, 2015

August 24, 2015

Presented By:

GEHRING GROUP
INSURANCE BROKERS & CONSULTANTS

11505 Fairchild Gardens Ave., Ste. 202
Palm Beach Gardens, FL 33410
Tel: (800) 244-3696 Fax: (561) 626-6970
www.gehringgroup.com

Employee Benefits RFQ Evaluation & Recommendation

Plan Year Effective Date: October 1, 2015

EXECUTIVE SUMMARY

The Town of Lake Park offers eligible employees and their dependents medical insurance through FL Blue. The current program is a PPO plan that utilizes the Blue Options network. The Town contributes 100% of the single employee cost and 50% of the dependent cost. Additionally, the Town pays for 100% of the single employee cost for dental, vision, life and long term disability coverage.

Due to the concern of rising healthcare care inflation, the Town of Lake Park's Agent of Record, the Gehring Group conducted a Request for Quotes (RFQ) to the marketplace as well as an Evaluation of the Medical, Dental, Vision, Life, Voluntary Life and Long Term Disability insurance programs to ensure that the Town was receiving the most competitive plans at the most competitive cost. Conducting an RFQ allows the opportunity to evaluate other available options in the marketplace that may reduce the overall renewal impact on a fiscal basis while attempting to maintain current benefit levels.

Medical Insurance

FL Blue's initial renewal offer for the 2015-2016 plan year generated an 18.7% rate increase or an additional annual premium of approximately \$87,000. Through negotiations with the Gehring Group, FL Blue reduced the 18.7% increase to 8.7% and also submitted an alternate proposal generating a 6.5% increase resulting in additional annual premium of \$30,213 contingent upon the Town placing the life and short and long term disability coverage with their subsidiary, Florida Combined Life (FCL).

As a result of the RFQ responses, it has been determined that the most viable option for the Town is to continue the current PPO plan with FL Blue at the 6.5% annual premium increase. The employees will receive continuity in care, plan design, pharmacy formulary and network.

United Healthcare proposed an HMO plan option generating an approximate -2% savings as well as a comparable POS plan generating a 2% increase but the difference in annual cost is not significant enough to switch insurance carriers and create employee disruption. Humana proposed comparable plans resulting in a 6.6% annual increase which is slightly higher than the FL Blue renewal option and the Aetna plans generated an 11.8% increase for the HMO and an 18.5% increase for the more comparable PPO.

Town of Lake Park
Medical Insurance Evaluation
Effective: October 1, 2015

	CURRENT		RENEWAL		
	Florida Blue		Florida Blue		
	Predictable Cost Plan 03769		Predictable Cost Plan 03769		
Deductible	In Network	Out of Network	In Network	Out of Network	
Single	\$500	\$1,500	\$500	\$1,500	
Family	\$1,500	\$4,500	\$1,500	\$4,500	
Out of Pocket Maximum	<i>Includes All Costs</i>		<i>Includes All Costs</i>		
Single	\$3,000	\$6,000	\$3,000	\$6,000	
Family	\$6,000	\$12,000	\$6,000	\$12,000	
Coinsurance	20%	50%	20%	50%	
Office Visits					
Physician Office Visit	\$25	CYD + 50%	\$25	CYD + 50%	
Specialist Visit	\$60	CYD + 50%	\$60	CYD + 50%	
Preventive Services (Wellness)	No Charge	50%	No Charge	50%	
Independent Clinical Lab	No Charge	CYD + 50%	No Charge	CYD + 50%	
Advanced Imaging	CYD + 20%	CYD + 50%	CYD + 20%	CYD + 50%	
Chiropractic	\$60	CYD + 50%	\$60	CYD + 50%	
Urgent Care Center	\$65	CYD + 50%	\$65	CYD + 50%	
Hospital					
Inpatient	CYD + 20%	CYD + 50%	CYD + 20%	CYD + 50%	
Outpatient	CYD + 20%	CYD + 50%	CYD + 20%	CYD + 50%	
Physician Services at Hospital	\$100	\$100	\$100	\$100	
Emergency Room Visit	\$300	\$300	\$300	\$300	
Ambulance	CYD + 20%	In-Net CYD + 20%	CYD + 20%	In-Net CYD + 20%	
Mental Health / Substance Abuse					
Inpatient	No Charge	50%	No Charge	50%	
Outpatient	No Charge	50%	No Charge	50%	
Prescription Drugs					
Tier 1	\$10		\$10		
Tier 2	\$50		\$50		
Tier 3	\$80	50%	\$80	50%	
Tier 4	\$10/\$50/\$80		\$10/\$50/\$80		
Mail Order (90 day supply)	2.5 x Retail	Not Covered	2.5 x Retail	Not Covered	
enroll		Total Cost	Total Cost		
Employee	26	\$646.54	\$688.42		
Employee + Spouse	6	\$1,538.77	\$1,638.43		
Employee + Child(ren)	4	\$1,189.63	\$1,266.69		
Family	4	\$2,017.21	\$2,147.87		
Total Monthly Premium	40	\$38,870	\$41,388		
Total Annual Premium		\$466,440	\$496,653		
\$ Increase			\$30,213		
% Increase			6.5%		
		Town Cost	EE Cost	Town Cost	EE Cost
Employee	26	\$646.54	\$0.00	\$688.42	\$0.00
Employee + Spouse	6	\$1,092.66	\$446.12	\$1,163.43	\$475.01
Employee + Child(ren)	4	\$918.09	\$271.55	\$977.56	\$289.14
Family	4	\$1,331.88	\$685.34	\$1,418.15	\$729.73
Monthly Premium	40	\$32,366	\$6,504	\$34,462	\$6,925
Annual Premium		\$388,390	\$78,051	\$413,547	\$83,106
\$ Increase				\$25,158	\$5,055
% Increase				6.5%	6.5%

Dental Insurance

The Town's current dental program is an employer sponsored PPO plan offered through MetLife. The Town has been insured with MetLife dental since October 1, 2012. The Town contributes 100% of the single employee cost. Benefits eligible employees may enroll their spouses and dependent children and contribute the difference in premium. The MetLife PPO dental renewal generated a 4.6% premium increase or \$1,242 annually. The 4.6% rate increase is below current dental market trend which is 7%. Renaissance and Reliance Standard both proposed comparable plans at a -2% and 2.4% over current costs respectively. The premium difference generated does not merit the disruption in carriers, administration and plan network.

Dental PPO Schedule of Benefits		CURRENT / RENEWAL	
		MetLife PDP Plus Network	
Plan Basics		<i>In Network</i>	<i>Non Network</i>
Calendar Year Maximum		\$1,000	
Annual Deductible			
Single		\$25	\$50
Family		\$75	\$150
Deductible Waived for Preventive Services		Yes	Yes
Benefits			
Preventive		100%	100%
Basic		95%	80%
Major		50%	50%
Orthodontia (up to age 19)		50%	50%
Service Information			
Out of Network Benefits Payable Level		90th UCR	
Waiting Period for Major Services (Timely Entrants)		None	
Endodontics/Periodontics Payable Level		Basic	
Orthodontic Lifetime Maximum		\$1,000	
Rate Guarantee		09/30/15	9/30/16
Monthly Rates	2 tier	CURRENT	RENEWAL
Employee	24	\$30.93	\$33.21
Employee + Family	16	\$95.79	\$98.84
Monthly Premium	40	\$2,275	\$2,378
Annual Premium		\$27,300	\$28,542
\$ Increase		N/A	\$1,242
% Increase		N/A	4.6%

Vision Insurance

The Town currently offers employees and their dependents vision insurance through the MetLife/Safeguard plan. The Town contributes 100% of the single cost. Vision coverage has been in place with MetLife/Safeguard since 2012; however the 2015-2016 plan year resulted in a negotiated increase of 14% due to high claim activity.

Through this year's RFQ process, competitive vision proposals were received. Humana proposed a comparable plan that will reduce the annual premium by approximately -11%. The Humana proposal also reduces the materials copay from \$25 to \$15 and increases the current elective contact lens allowance from \$135 to up to \$150. Employees will continue to benefit from obtaining care from private practitioners as well as some of the larger retail chains such as LensCrafer's, Pearle Vision, JC Penny, Sears and Target.

Vision Schedule of Benefits	CURRENT / RENEWAL			ALTERNATE	
	MetLife (SafeGuard)			Humana Plan 56	
	In Network	Non Network		In Network	Non Network
Exam Copay	\$10			\$10	
Materials Copay	\$25			\$15	
Frequency					
Exam Copay	12 months			12 months	
Lenses	12 months			12 months	
Frames	24 months			24 months	
Benefits Payable					
	Copay	Reimbursement		Copay	Reimbursement
Eye Exam	\$10	Up to \$35		\$10	up to \$35
Single Lenses	\$25	Up to \$25		\$15	Up to \$25
Bifocal Lenses	\$25	Up to \$35		\$15	Up to \$40
Trifocal Lenses	\$25	Up to \$45		\$15	Up to \$60
Lenses and Frames					
	Reimbursement				
Contact Lenses (Elective)	Up to \$135	Up to \$100		Up to \$150	Up to \$150
Contact Lenses (Medically Necessary)	Up to \$250	Up to \$250		Paid in Full	Up to \$210
Frames	Up to \$100	Up to \$65		\$50 wholesale	Up to \$45
Rate Guarantee	09/30/15	09/30/16		Expires 09/30/16	
Monthly Rates	2 tier	4 tier	CURRENT	RENEWAL	NEGOTIATED
Employee	23	23	\$5.39	\$6.44	\$6.13
Employee + Spouse	0	7			
Employee + Child(ren)	0	2			
Employee + Family	16	7	\$13.00	\$15.59	\$14.84
Monthly Premium	39	39	\$332	\$398	\$378
Annual Premium			\$3,984	\$4,771	\$4,541
\$ Increase			N/A	\$787	\$558
% Increase			N/A	19.8%	14.0%

Life & Accidental Death and Dismemberment (AD&D) Insurance

As previously mentioned, the 6.5% medical increase is contingent upon the Town of Lake Park placing the life and disability coverage with their subsidiary Florida Combined Life (FCL). In addition to FCL reducing the renewal impact on the medical program, they proposed very competitive life and disability programs which are employer sponsored plans.

These programs have been in place with Lincoln Financial since 2009; however recent claim activity produced a renewal increase on the life insurance program of 9.2% and a 10% renewal on the short and long term disability plans. The combined annual increase in cost to the Town to renew these plans would be approximately \$3,740. FCL's life insurance proposal would reduce the Town's current annual cost by approximately \$1,800 and coupled with FCL's short and long term disability plans, the Town would save a combined annual total of \$7,800 as compared to the current cost. The life and disability benefits proposed by FCL are comparable to the current benefits offered through Lincoln Financial.

Additionally, the optional supplemental life insurance age banded rates are less expensive per \$1,000 of coverage as compared to the current coverage through Lincoln Financial. The optional supplemental life insurance allows employees to purchase additional coverage on themselves and their dependents on a voluntary basis. Lastly, FCL included a two year rate guarantee on basic life and ad&d, voluntary life and short and long term disability coverage.

Town of Lake Park
Basic Life and Accidental Death & Dismemberment Insurance Evaluation
Effective: October 1, 2015

Basic Life / AD&D Schedule of Benefits	CURRENT / RENEWAL		ALTERNATE
	Lincoln Financial		Florida Combined Life
Class Description			
Class 1: Town Manager	2 x annual salary to a maximum of \$240,000		2 x annual salary to a maximum of \$240,000 \$75,000 Guarantee Issue
Class 2: All other FT EE's, Mayor, Commissioners	1 x annual salary to a maximum of \$50,000		1 x annual salary to a maximum of \$50,000
Features			
Waiver of Premium	Included		Included
Conversion Privilege	Included		Included
Age Reduction Schedule <i>Benefits Reduce To:</i>	65% at age 65 40% at age 70 25% at age 75		65% at age 65 50% at age 70 25% at age 75
Accelerated Death Benefit	Maximum of \$250,000 or 75% of claimants amount of life insurance whichever is greater		Maximum of \$250,000 or 75% of claimants amount of life insurance whichever is greater
Seat Belt Benefit	Not Included		\$10,000 or 10% of Principal Sum
Airbag Benefit	Not Included		\$10,000 or 10% of Principal Sum
Value Added Features	ID Theft Travel Assist Estate Guidance Beneficiary Services		Repatriation Coma
Rate Guarantee Period	Expires 09/30/15	Expires 09/30/16	Expires 09/30/17
Basic Life Rate / \$1,000	\$0.400	\$0.440	\$0.320
AD&D Rate / \$1,000	\$0.035	\$0.035	\$0.030
Total Life and AD&D Rate	\$0.435	\$0.475	\$0.350
Estimated Volume	\$1,817,000	\$1,817,000	\$1,817,000
Total Monthly Premium	\$790	\$863	\$636
Total Annual Premium	\$9,485	\$10,357	\$7,631
\$ Increase	N/A	\$872	-\$1,853
% Increase	N/A	9.20%	-19.5%

**Town of Lake Park
Voluntary Life Insurance Evaluation
Effective: October 1, 2015**

	CURRENT / RENEWAL	ALTERNATE
Supplemental Life	Lincoln Financial	Florida Combined Life
Core Benefit		
All Eligible Employees Working 24 + hours per week	\$10,000 to \$250,000 up to 5 x annual salary \$10,000 Increments	\$10,000 to \$500,000 up to 5 x annual salary \$10,000 Increments
All Eligible Spouses	\$5,000 increments to \$100,000	\$5,000 increments to \$250,000
All Eligible Child(ren)	14 days - 6 months: \$250 6 months - 19 years: Up to \$25,000	14 days - 6 months: \$500 6 months - age 30: \$10,000
Features		
Guarantee Issue Employee	\$50,000	\$60,000
Guarantee Amount Spouse	\$10,000	\$30,000
Employee Age Reduction Schedule	65% at age 65 40% at age 70 25% at age 75	65% at age 65 50% at age 70
Waiver of Premium	Included	Included
Portability Option	Included	Included
Conversion Option	Included	Included
Seatbelt Benefit	Not Included	\$10,000 or 10% of Principal Sum
Airbag Benefit	Not Included	\$10,000 or 10% of Principal Sum
Accelerated Benefit	Maximum of \$250,000 or 75% of claimants amount of life insurance whichever is greater	Maximum of \$250,000 or 75% of claimants amount of life insurance whichever is greater
Rate Guarantee Period	Expires 09/30/16	Expires 09/30/17
Rates per \$1,000	Employee & Spouse	Employee & Spouse
Child(ren)	\$0.20/\$1,000 per child	\$5,000 - flat \$1.50/month \$10,000 - flat \$3.00/month
Under Age 20	0.110	0.070
Age 20-24	0.110	0.070
Age 25-29	0.110	0.070
Age 30 - 34	0.120	0.090
Age 35 - 39	0.170	0.120
Age 40 - 44	0.280	0.200
Age 45 - 49	0.460	0.320
Age 50 - 54	0.690	0.530
Age 55 - 59	1.030	0.810
Age 60 - 64	1.710	1.130
Age 65 - 69	3.080	1.870
Age 70 - 74	4.360	3.120
Age 75-79	9.410	5.950
Age 80-84	9.410	5.950

Town of Lake Park
Short Term Disability Insurance Evaluation
Effective: October 1, 2015

Short Term Disability	CURRENT / RENEWAL		ALTERNATE
	Lincoln Financial		Florida Combined Life
Benefits			
Eligible Employees	Employees working 24+ hours per week		Employees working 24+ hours per week
Benefit Percent	70% of weekly earnings		70% of weekly earnings
Maximum Benefit per Week	\$1,200		\$1,200
Elimination Period			
Accident Waiting Period	14 Days		14 Days
Illness Waiting Period	14 Days		14 Days
Benefit Duration	13 Weeks		13 Weeks
Rate Guarantee	Expires 09/30/15	Expires 09/30/16	Expires 10/01/2017
Benefits Volume	\$27,550	\$27,550	\$27,550
Rate per \$10	\$0.540	\$0.594	\$0.390
MONTHLY PREMIUM	\$1,488	\$1,636	\$1,074
ANNUAL PREMIUM	\$17,852	\$19,638	\$12,893
\$ INCREASE	N/A	\$1,785	-\$4,959
% INCREASE	N/A	10.0%	-27.8%

**Town of Lake Park
Long Term Disability Insurance Evaluation
Effective: October 1, 2015**

Long Term Disability	CURRENT / RENEWAL		ALTERNATE
	Lincoln Financial		Florida Combined Life
Eligible Employees	All Active Employees working 24+ hours per week		All Active Employees working 24+ hours per week
All Eligible Employees	60% of monthly earnings up to \$5,000		60% of covered monthly earnings
Elimination Period	90 Days		90 Days
Own Occupation Period	24 Months		24 Months
Duration of Benefit	SSNRA		SSNRA
Maximum Monthly Benefit	\$5,000		\$5,000
Mental Illness Limitation	24 Months		24 Months
Pre-Existing Condition Limitation	3/12		3/12
Rate Guarantee Period	Expires 09/30/15	Expires 09/30/16	Expires 09/30/17
LTD Rate / \$100	\$0.520	\$0.572	\$0.470
Estimated Volume	\$173,550	\$173,550	\$173,550
Monthly Premium	\$902	\$993	\$816
Annual Premium	\$10,830	\$11,912	\$9,788
\$ Increase	N/A	\$1,083	-\$1,041
% Increase	N/A	10.0%	-9.6%

RECOMMENDATION

Upon receipt of the proposals, Gehring Group representatives met with Town staff to evaluate the options. Based on the review of the proposals received during the marketing process, and through negotiations, Gehring Group and Town Staff recommend the following for your consideration:

- Maintain current medical insurance program with the Florida Blue at a 6.5% rate increase; this includes no plan changes to the Town's current program;
- Maintain current dental program with MetLife at a 4.6% rate increase;
- Switch vision program from MetLife/Safeguard to Humana with plan modifications and copay enhancements at a 11.2% rate decrease;
- Switch Basic Life and AD&D and Voluntary Life program from Lincoln Financial to Florida Blue at a 19.5% rate decrease;
- Switch Short Term Disability program from Lincoln Financial to Florida Blue at a 27.8% rate decrease;
- Switch Long Term Disability program from Lincoln Financial to Florida Blue at a 9.6% rate decrease;