

MINUTES OF THE MEETING OF THE
CITY OF SEAFORD BENEFITS COMMITTEE

2:00 p.m.

April 5, 2019

MEMBERS PRESENT: Charles Anderson - City Manager, June Merritt-Director of Finance & HR, Annette Cole-HR Coordinator, Lisa Gillespie-PW Operations Coordinator, Chris Miller – Sergeant, Kris Smith- Integra Administrative Group, LLC.

June Merritt called the meeting to order at 2:02 p.m. and welcomed Kris Smith from Integra Administrative Group, LLC and requested that he begin his presentation of the updated quote analysis with the concessions made by the incumbent and the savings shown if we make the change to Envolve Prescription plan which will save the plan almost \$11,000.

Kris Smith first identified the incumbent, Unimerica, made concessions and sent a revised quote that was \$12,500 less than the original quote which will bring the fixed costs down. This will mean the final quote for Unimerica would result in a 3.60% increase in costs.

Kris Smith then explained that Integra has also researched alternate plan changes as requested by the committee. After researching the increase to out of pocket payments to employees to \$1,500 per individual and \$3,000 per family for HPN and in network benefits, it would result in an annual savings of \$4,100. If the out of pocket was raised for out of network benefits it would result in a savings of \$5,400. If copays for office visits were raised by \$10 per visit and hospital charges were raised by \$50 per visit it would provide the plan with a potential cost savings of \$16,150. Finally, if an upfront deductible was added to the plan for all employees and their families it would give a potential savings to the plan of \$21,900 annually. Kris Smith stressed that this type of plan would be a dramatic change to employees and is unusual in its implementation. Charles Anderson asked if the City was in line with other municipalities as to the copays that we currently have set on the plan or would we be more in line with the proposed changes. Mr. Smith responded that our copays may be a little lower than average but the out of pocket deductibles for the City are more than the average, in the end it equals out. Charles Anderson then stated “in your professional opinion, nothing is glaringly off regarding the current copays and/or deductibles required under the current City plan?” and Mr. Smith responded “no”. There being no further questions, Mr. Smith went into the revised numbers.

The committee then began looking at the revised financial numbers and quotes that have been received by Integra Administrative Group for the 2019-2020 contract year. In summary, Mr. Smith stated the following information regarding the updated quote analysis:

1. The incumbent, Unimerica, sent a revised offer that would maintain the design of the plan as it is currently with only the change to Envolve Prescription management added. The revised quote would be a 3.60% increase in projected costs. If we add the experience rewards savings of \$40,300 to this offer it would result in a net decrease of \$30,000 in fixed costs.
2. Westport Insurance came back with firm offers that match plan information from the incumbent, Unimerica, with a total cost decrease to the plan as it is currently. If the City chose this option, it would mean a total fixed cost decrease of -.23%.
3. The incumbent, Unimerica, sent a revised offer with an added \$20,000 aggregate specific as well. The revised offer would mean a 3.15% projected cost increase.

4. Westport Insurance matched the offer that would add a 20,000 aggregate specific as well. If the City were to choose this option it would be a -.57% projected cost decrease.
5. The incumbent, Unimerica, sent a third revised quote that would raise the contract deductible to \$75,000. This would give the City more claim exposure if they had higher claims during the year, therefore fixed costs would decrease but the projected cost of claims would increase due to that exposure. This will mean a 3.63% projected cost increase.
6. Westport Insurance, sent a third revised quote that would raise the contract deductible to \$75,000. Due to the higher claims exposure, this quote would be a projected cost decrease of .74%. June Merritt asked if Westport was a good company and Mr. Smith stated yes this carrier is "A" rated and Integra has worked with the company very successfully in the past.

Mr. Smith finished his presentation by stating that both Westport and Unimerica are fine companies. The City has been with Unimerica a long time and have always had a good working relationship. However, The Westport numbers are extremely competitive and the Westport with the \$5,000 deductible increase should definitely be considered.

Charles Anderson then asked if there was any discussion among the group. Lisa Gillespie stated that she didn't think it would be in the City's best interest to lose the experience rewards refund. Annette Cole stated that although the experience rewards refund is substantial, if we were to go with the Unimerica option it would substantially raise the employee cost vs. the Westport option due to the fixed cost increase. Chris Miller then asked if the City were to go to the Westport option could the City get into their experience rewards program next year. Mr. Smith stated yes.

Charles Anderson asked the committee if they were prepared to make a recommendation. He further stated that he thought we should present the Council with two options, so he would suggest the committee choose the best two options to present to Council.

Chris Miller and Annette Cole both stated that they would recommend either Westport option as it is the option with the least amount of change to contract deductible of \$70,000 and \$75,000. Lisa Gillespie agreed.

June Merritt called for a motion to present to Council the Unimerica option with the \$70,000 deductible, the Westport option with the \$70,000 deductible, and the Westport option with the \$75,000 deductible with the committee's recommendation to go with the Westport option with the \$75,000 deductible. With all present voting in favor.

There being no other questions, June Merritt called for a motion to adjourn the meeting.

Annette Cole made a motion to close the Regular Meeting. Chris Miller seconded the motion; motion so passed with all voting in favor. Meeting was adjourned at 2:47 p.m.

Annette Cole, Secretary