

# CITY OF HUDSON

## PROPOSED LEGISLATION

**TO:** City Council President Basil and Members of City Council

**COPY:** William A. Currin, Mayor

**FROM:** Anthony J. Bales, City Manager

**LEGISLATION:** Authorization to enter into a renewal contract with SummaCare (medical and prescription drug coverage), a renewal contract with Klais & Company, Inc. (dental and vision coverage) and a new contract with HealthEquity, Inc. (health reimbursement account (HRA) management)

**MEETING:** City Council Workshop Meeting – October 23, 2012

I. **Purpose and Explanation**

Annually during the month of October, the City begins preparing for health insurance for the upcoming year. During this period staff reviews, analyzes and recommends a health benefit plan to City Council that meets the goal of providing employees with an equitable health benefit plan at a fiscally responsible cost.

To achieve the above-stated goal, staff evaluated several insurance plans including SummaCare, OME-RESA, Medical Mutual and the plan offered through Summit County. After a thorough review of these plans, staff is recommending a renewal of medical and prescription drug coverage with SummaCare, a renewal of dental and vision coverage with Klais & Company, Inc. and a new contract for health reimbursement account (HRA) management with HealthEquity, Inc.

The renewal with Klais & Company, Inc. will maintain the existing dental and vision plans. The renewal with SummaCare includes a plan that is the same as the City's current plan, except for an increase in doctor's visit copayments from \$15 to \$20 and the installation of a \$2,000/\$4,000 deductible and a \$2,000/\$4,000 out-of-pocket maximum. However, staff is recommending that the City fund a HRA for each employee equal to the employee's deductible and out-of-pocket maximum, or in other words, a maximum of \$4,000 per employee. The recommendation to contract with HealthEquity, Inc. for management of the HRAs will provide for a seamless process for the employees, as claims will be sent nightly from SummaCare to HealthEquity, Inc. and processed to automatically pay any deductible amounts from the employee's HRA account. After reaching the maximum, all claims will then be paid by SummaCare.

**The overall cost for all of these healthcare related contracts and City funding of the HRAs will increase the City's cost 1.92%.** This increase assumes increased employee contributions of 11.5% equal to an increase from \$57.98 to \$73.62 per month for single coverage; \$119.72 to \$152.93 per month for employee/spouse coverage;

\$113.14 to \$146.80 per month for employee/child(ren) coverage; and \$150.00 to \$204.82 for family coverage. The increase in family coverage would exceed the \$150.00 maximum included in the current contract with employees represented by the Ohio Patrolmen's Benevolent Association (OPBA). However, that contract expires at the end of 2012 and this item will be included in the renewal negotiations.

II. **Recommendation**

Staff recommends approval of the three aforementioned contracts. Open enrollment for health insurance will begin in November and shall run for a 30-day period prior to plan renewal. Consequently, approval at the November 7, 2012 City Council Meeting with emergency language is necessary.