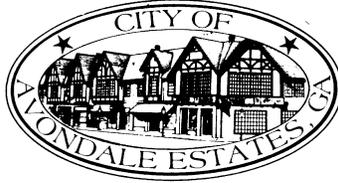


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Staff has conducted discussions with a2 benefits, which firm was referred to the City by its current liability/property/workers' comp provider, Apex Insurance. Grant Campbell, the a2 agent, has developed quotes from four other national healthcare insurance providers, selecting a plan or plans from each that most closely duplicate the current coverage provided through BCBS/Anthem through GMA. The details of these plans are attached in a separate document. Lines highlighted in green are areas in the new plans that would benefit employees; red lines would be less advantageous than the current plan. Yellow highlighted lines are comparable to the current plan but may be more or less advantageous depending on circumstances.

The BOMC will recall that premiums negotiated by GMA have skyrocketed in recent years, increasing the City's cost from about \$258,000 in 2015 to \$473,000 in 2018. Each quote provides significant savings over our current plan while providing comparable benefits, and is based on actual current participants as of May 31, 2019. Staff therefore recommends switching to one of these alternative plans as soon as practicable, taking into account the following considerations:

- 1) There are two types of plans presented: fully-insured (options 1-3), which is the same type as the current plan; and "alternate funded", which may be described as a hybrid of self-insured and fully-insured plans. With these plans, the City would share any savings realized if claims for a given year were less than 58% of premiums. This would also allow the City to decide, after collecting a few years' data, whether self-insurance is an option worth considering. Alternate-funded plans are more customizable, which is why Option 4 is the closest match to the current plan.
- 2) Deductibles and out-of-pocket maximums have the greatest financial impact to participants and rates, so staff recommends adopting a plan with similar amounts to the current plan in order to minimize the impact to current employees.
- 3) Usually, the family multiple for both deductible and out-of-pocket maximum are the same, reflecting the demographic makeup of the organization. Readers will also note that our current out-of-pocket maximums are more generous than any other fully-insured option. Therefore, staff recommends considering deductibles of \$750 (single)/\$1500 (family) and out-of-pocket maximums of \$3500/\$7000 as consistent with both the current plan and industry standards.
- 4) Kaiser Permanente encourages use of their own facilities with further discounts over in-network rates. Although there are several such facilities in the Atlanta area, it would be worthwhile to investigate their proximity to home addresses of current employees before choosing this plan.
- 5) The Cigna plans offer a 1% discount if dental is also provided, as with the City's current plan. If the BOMC wishes to consider a Cigna plan more closely, it would be worthwhile to compare dental plan costs; however, dental plans tend to be fairly standard and a minimal cost compared to medical.

- 6) Regardless of plan, staff recommends increasing the current two tiers (single/family) to four tiers in order to more fairly distribute employee costs.
- 7) Regardless of plan, staff recommends setting initial employee contribution rates to be equal (or very close) to current contribution rates, but express them in terms of a percentage of the total premium rather than a set dollar amount. This would allow for more accurate budgeting, as well as ensuring that health insurance costs are intrinsic to discussions of overall compensation.

Overall, staff considers Options 3 & 4 to be best suited to the City's needs, and would suggest requesting a Cigna quote with the same deductibles and out-of-pocket maximums as the Kaiser plan to aid comparison. Inclusion of a dental plan in both would also aid comparison to the current plan. Additional cost savings could be realized by increasing deductibles, co-pays, and out-of-pocket maximums, but staff recommends keeping changes in these areas to a minimum at present; the appropriate portion of the healthcare cost burden to be shared by employees can be better addressed at the conclusion of the classification/compensation study soon to be conducted by the Carl Vinson Institute.