

HUMAN RESOURCES DEPARTMENT
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Date: October 15, 2012

To: Dee Bruemmer, County Administrator

From: Mary J. Thee, Human Resources Director/Asst. County Administrator

Subject: Insurance Recommendations

Health/Pharmaceutical

We have received a proposal to renew our Administrative Service Agreement with United Health Care of the River Valley with a 3% increase. Our ASA agreement has not been increased since January, 2010 when the County decided to become self funded for our Health and Pharmaceutical coverage.

As part of our coverage with UHCRV we annually renew our Specific Stop Loss and Aggregate Stop Loss coverage. Jeff Scarpinato, Holmes Murphy, was able to negotiate three options; the first leaves our stop loss at \$130,000 specific deductible and results in a \$22,213 increase in premiums. The other two increase the stop loss coverage, i.e. risk, to the County and thus reduce the premium costs. An increase to \$140,000 specific deductible would result in a premium decrease of \$7,602. An increase to \$150,000 specific deductible would result in a premium decrease of \$19,149. We have analyzed past claim experience with Holmes Murphy and are recommending a move to the \$150,000 specific deductible.

Dental

With the assistance of Holmes Murphy we have met with our representative from Delta Dental to discuss our renewal. Last year we experienced a 3% increased in administrative costs. They proposed an additional 3% increase in administrative costs, so we explored a 2 year agreement. They were willing to extend the agreement with a 2% increase for the second year, which we think is advisable. Additionally we are recommending that we continue the pilot wellness program provided by Delta Dental called Enhanced Benefits. In discussion with Delta Dental we determined that if the County were to pay an access fee to their PPO, where 35% of our claims are already we could receive a deeper discount. By opening up the Delta Dental PPO employees will receive a lower deductible.

Vision

We are coming off of a 3 year contract with Avesis for vision coverage. We are recommending a 2 year agreement with them. Although there was a significant increase in the rate it still remains less than the costs in 2009 for vision coverage.

Health Care Rates

The County has reviewed our health care rates with our actuarial, Silverstone Group and have recommended slight increase to the employee premium rates for CY13. With the decision to go self funded we had gone with no premium increases for 42 months, i.e. since July 1, 2009. The recommended rates will result in a \$4.07 month increase to the employee family plan.

Health Care Flex Spending Account

Additionally we need to amend the County's Health Care Flex Spending Account for employees to reflect changes in Section 125(i) of the Internal Revenue Code. In CY2012 employees were permitted a maximum annual contribution of \$5,000. However part of the Affordable Care Act limits these tax free contributions to \$2,500 in CY2013. The amount may be modified annually by the IRS code to adjust for the cost of living.

The supporting documentation is attached.

Cc: David Farmer, Budget Manager
Jeff Scarpinato, Holmes Murphy
Cheri Sexton, Benefits Coordinator



**Scott County
Self Funded Medical Benefit Cost Analysis
Effective January 1, 2013**

Administrator Carrier	UHC of River Valley Self-Funded Current	UHC of River Valley Self-Funded Renewal	UHC of River Valley Self-Funded Renewal Option #1	UHC of River Valley Self-Funded Renewal Option #2
FIXED COSTS				
491	Administration Fee Medical Monthly Administration Costs \$215,882.88	\$36.64 \$17,990.24 \$222,364.08	\$37.74 \$18,530.34 \$222,364.08	\$37.74 \$18,530.34 \$222,364.08
SPECIFIC STOP LOSS (Medical & Rx)				
211 280	Specific Stop Loss Deductible Contract Type Specific Premium Single Family Monthly Specific Premium \$280,930.56	\$130,000 Paid \$47.68 \$47.68 \$23,410.88 \$303,143.40	\$130,000 Paid \$51.45 \$51.45 \$25,261.95 \$273,329.88	\$150,000 Paid \$44.43 \$44.43 \$21,815.13 \$261,781.56
AGGREGATE STOP LOSS (Medical & Rx)				
491	Aggregate Premium Per Employee Per Month Monthly Aggregate Premium \$29,813.52 \$310,744.08	Paid \$5.06 \$2,484.46 \$32,582.76 \$335,726.16	Paid \$5.62 \$2,749.60 \$32,995.20 \$306,325.08	Paid \$5.62 \$2,759.42 \$33,113.04 \$294,894.60
VARIABLE COSTS				
211 280	AGGREGATE FACTORS (Medical & Rx) Contract Type Expected Claims Single Family Maximum Claims Single Family Annual Expected Claims \$4,367,032.56 \$5,440,613.88	Paid \$741.18 \$741.18 \$923.39 \$923.39 \$4,694,863.44 \$5,850,638.16	Paid \$796.82 \$796.82 \$992.98 \$992.98 \$528,689.16 \$2,062.20	Paid \$806.23 \$806.23 \$1,004.75 \$1,004.75 \$4,750,307.16 \$5,919,987.00
Est. Aggregate Attachment Point (1.25%)				
Total Annualized Fixed Costs				
Increase/(Decrease) to Current Fixed Costs - \$				
Increase/(Decrease) to Current Fixed Costs - %				
Total Annualized Expected Costs				
Increase/(Decrease) to Current Expected Costs - \$				
Increase/(Decrease) to Current Expected Costs - %				
Total Annualized Maximum Costs				
Increase/(Decrease) to Current Maximum Costs - \$				
Increase/(Decrease) to Current Maximum Costs - %				

Notes: This is a summary of benefits provided by the plans. Refer to the carrier's descriptive material for a full discussion of benefits and rates.



Delta Dental of Iowa

Summary of Covered Services and Benefits: Alternate 2

Scott County Group # 92218

Deductibles, Maximums & Eligibility	Delta Dental Premier*	Delta Dental Premier* / Non Par
- Individual Deductible	\$15	\$25
- Family Deductible	\$45	\$75
- Deductible applies to Check-Ups and Teeth Cleaning?	No	No
- Benefit Period Maximum	\$1,500	\$1,500
- Eligible children to age	26	26
- Full-time (unmarried) students eligible to age	99	99
- Does Individual Deductible apply to Orthodontics?	Yes	Yes
- Orthodontic lifetime maximum	\$1,500	\$1,500
- Orthodontics: Eligible children to age	19	19
- Orthodontics: Full-time students eligible to age	19	19
- Adult Orthodontics	No	No
Benefits		
Check-Ups and Teeth Cleaning (Diagnostic and Preventive Services)	100%	100%
- Dental Cleaning		
- Oral Evaluations		
- Fluoride Applications		
- X-Rays		
- Sealant Applications		
- Space Maintainers		
Cavity Repair and Tooth Extractions (Routine and Restorative Services)	90%	80%
- Emergency Treatment		
- General Anesthesia/Sedation		
- Restoration of Decayed or Fractured Teeth		
- Limited Occlusal Adjustments		
- Routine Oral Surgery		
- Consultations		
- Posterior Composites w/o Alternate Processing	50%	50%
Root Canals (Endodontic Services)	80%	80%
- Apicoectomy		
- Direct Pulp Cap		
- Pulpotomy		
- Retrograde Fillings		
- Root Canal Therapy		
Gum and Bone Diseases (Periodontal Services)	80%	80%
- Conservative Procedures (Non-surgical)		
- Complex Procedures (Surgical)	50%	50%
- Periodontal Maintenance Therapy		
High Cost Restorations (Cast Restorations)	80%	80%
- Cast Restorations		
- Crowns		
- Inlays		
- Onlays		
- Post and Cores		
- Recementing Crowns/Inlays/Onlays		
Dentures and Bridges (Prosthetic Services)	50%	50%
- Bridges		
- Dentures		
- Repairs and Adjustments		
- Recementing of Bridges		
- Implants Not Covered		
Straighter Teeth (Orthodontics)	50%	50%
Additional Options		
-Enhanced Benefits Program	Included	Included

This dental plan includes the Enhanced Benefits Program (EBP) which allows additional benefits for Covered Person(s) with designated dental or medical conditions.

This is a general description of coverage. It is not a statement of your contract. Actual coverage is subject to terms and conditions specified in the benefits document itself and enrollment regulations in force when the benefits become effective. Certain exclusions and limitations apply. Please refer to your dental benefits document for details.

2013



Financial Exhibit :

Alternate 2

Scott County
Group # 92218

Changes on the Summary of Covered Services and Benefits exhibit are shown in red; all other benefits remain the same.

Employer Contribution Complete this Section*

	ER Contribution*	
Single	_____	Number of benefit Eligible Employees* _____
Family	_____	

Plan Costs Rates guaranteed from 01/01/2013 through 12/31/2013

	<u>Single</u>	<u>Family</u>	<u>Annual Expense</u>
Contracts	184	308	
Self-insured incurred claim estimates	\$26.30	\$79.19	\$350,767
Self-insured Administrative Fees - Weekly Settlement		2013 PEPM	2014 PEPM
Administrative Fee		\$4.44	\$4.54
Network Fee		\$0.25	\$0.25
Broker Fee		\$0.00	\$0.00
Total Administrative Fee		\$4.69	\$4.79
Recommended Rates (Includes Admin)	\$28.37	\$85.45	\$378,457

*Please update employer contribution and number of benefit eligible employees above and sign below.
Return to Delta Dental of Iowa at fax # 888-264-1433

Signature _____

Date _____

**Scott County
Vision Renewal Analysis
Effective January 1, 2013**

Current Cabinet	CURRENT Analysis		RENEWAL Analysis	
	Network Benefits	Non-Network Amount Covered	Network Benefits	Non-Network Amount Covered
BENEFIT COMPONENTS				
EXAMS - (Once every 12 Months)	\$10	Up to \$35	\$10	Up to \$35
MATERIALS	\$20	See Below	\$20	See Below
ONE TIME LASIK BENEFIT	\$150 Allowance		\$150 Allowance	
FREQUENCY GUIDELINES				
EXAMINATION	12 months	12 months	12 months	12 months
LENSES	12 months	12 months	12 months	12 months
FRAMES	24 Months	24 Months	24 Months	24 Months
MAXIMUM ALLOWANCES				
FRAMES - (Once every 24 Months)*	\$50 Wholesale Allowance*	Up to \$45	\$50 Wholesale Allowance*	Up to \$45
LENSES - (Once every 12 Months)				
Elective Contacts	Up to \$130	Up to \$130	Up to \$130	Up to \$130
Medical Necessary Contacts	In Full	Up to \$250	In Full	Up to \$250
Single Vision	In Full	Up to \$25	In Full	Up to \$25
Bifocals	In Full	Up to \$40	In Full	Up to \$40
Trifocals	In Full	Up to \$50	In Full	Up to \$50
Lenticular	In Full	Up to \$80	In Full	Up to \$80
PROVISIONS				
Rate Guarantee			Two Year Rate Guarantee	
GENESIS				
189 Single	\$5.53		\$6.24	
301 Family	\$12.72		\$14.37	
MONTHLY PREMIUM	\$4,873.89		\$5,504.73	
ANNUAL PREMIUM	\$58,486.68		\$66,056.76	
Estimated Savings/Increase \$			\$7,570.08	

Note: This is only a summary of the benefits/premium rates associated with the Group Insurance Program. Please refer to the plan carrier's illustration for full disclosure.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

October 25, 2012

APPROVAL OF A ONE YEAR AGREEMENT FOR ADMINISTRATIVE SERVICES AND
STOP LOSS COVERAGE

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the proposal from United Health Care of the River Valley for one year for third party administration services and one year agreement for specific and aggregate stop loss coverage for calendar year 2013 is hereby accepted and approved.

Section 2. That the Human Resources Director hereby authorized to sign the health insurance contracts for services on behalf of the Board.

Section 3. This resolution shall take effect immediately.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

October 25, 2012

APPROVAL OF TWENTY FOUR MONTH AGREEMENT WITH DELTA DENTAL FOR
THIRD PARTY ADMINSTRATOR SERVICES

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the proposal from Delta Dental for twenty four months for third party administration services is hereby accepted and approved.

Section 2. That the Human Resources Director hereby authorized to sign the dental insurance contracts for services on behalf of the Board.

Section 3. This resolution shall take effect immediately.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

October 25, 2012

APPROVAL OF TWENTY FOUR MONTH AGREEMENT WITH AVESIS FOR VISION
COVERAGE

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the proposal from Avesis for twenty four months for a fully funded vision plan is hereby accepted and approved.

Section 2. That the Human Resources Director hereby authorized to sign the vision insurance contracts for services on behalf of the Board.

Section 3. This resolution shall take effect immediately.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

October 25, 2012

APPROVAL OF AMENDMENT TO FLEXIBLE SPENDING ACCOUNT PLAN

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the County's Health Care Flexible Spending Account is hereby amended to set a cap at \$2,500 in order to comply with changes to the IRS Code.

Section 2. That the Human Resources Director hereby authorized to sign the FSA contracts for services on behalf of the Board.

Section 3. This resolution shall take effect January 1, 2013.