

**SAINT PETERSBURG CITY COUNCIL**

**Consent Agenda**

**Meeting of October 15, 2009**

**To: The Honorable Jeff Danner, Chair and Members of City Council**

**Subject:** Renewing an agreement with Humana, Inc. for group health insurance, Medicare + Choice Health Management Organization (HMO) and Preferred Provider Organization (PPO) for retirees at an estimated annual premium of \$436,608.

**Explanation:** On January 5, 2006 City Council approved an agreement for group health insurance for retirees, Medicare HMO and PPO. On November 21, 2008 City Council approved the third of four one-year renewal options effective through December 31, 2009. Under the renewal of contract clause, the city reserves the right to extend the agreement for an additional one-year period if mutually agreeable. This is the fourth one-year renewal option which will be effective through December 31, 2010.

The Purchasing Department, in cooperation with the Human Resources Department, recommends for renewal:

Humana, Inc.....	\$436,608
Humana HMO	\$119,808
92 participants	monthly premium of \$ 64.00
32 participants (two person coverage)	monthly premium of \$128.00
Humana Choice PPO	\$ 316,800
64 participants	monthly premium of \$ 165.00
48 participants (two person coverage)	monthly premium of \$ 330.00

The vendor has agreed to uphold the terms and conditions of RFP No. 6444 dated September 21, 2005. This agreement will be effective through December 31, 2010. As the monthly premiums are below the cap (maximum dollar amount) on the city's contributions for retiree health insurance, retirees are not required to make a contribution for the 2010-2011 plan year.


For plan year 2010 (January 1 – December 31), the projected cost of these plans (depending upon enrollment) will be \$436,608, an overall increase of 35.3%. This increase is due to a 8.5% increase in the HMO monthly premium, a 26.9% increase in PPO monthly premium and an increase of 24.4% in PPO enrollment since 2008.

The Humana HMO and PPO plans are Medicare Advantage Plans. The monthly premium rates for Medicare Advantage plans are largely based on the plan's level of benefits (copays, coinsurance, etc.) and the rate of reimbursement to the plan from Medicare. The proposed plan design is largely unchanged from the 2009 plan year. However, the increase in reimbursement from Medicare for 2010 will be significantly less than the increase in prior years. The actual experience of the City of St Petersburg plans has been favorable which has lessened the effect of the change in Medicare reimbursement rates on the 2010 monthly premiums.

**Cost/Funding/Assessment Information:** Funds have been previously appropriated in the Health Insurance Fund (5121), Human Resources Group Benefits (0901177).

**Attachments:** Medicare + Choice Benefits Comparison - HMO  
Medicare + Choice Benefits Comparison - PPO  
Resolution

**Approvals:**

  
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**Administrative**

  
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**Budget**

**Humana Medicare + Choice Benefits Comparison – HMO**

<b>BENEFITS</b>	<b>2009 - Plan Pays:</b>	<b>2010 – Plan Pays:</b>
<b>Hospital Care</b>	100% after \$250/day copay (1-5 days)	100% after \$250/day copay (1-5 days)
<b>Skilled Care Facility</b>	100% (days 1-20), 100% after \$75/day (days 21-100) Limit 100 days per benefit period	100% (days 1-20), 100% after \$75/day (days 21-100) Limit 100 days per benefit period
<b>Outpatient Surgery</b>	100% after \$200 copay outpatient hospital	100% after \$200 copay outpatient hospital
<b>Ambulance</b>	100% after \$75 copay when medically necessary	100% after \$75 copay when medically necessary
<b>Prescriptions*</b>	<b>Retail (30 day supply):</b> 100% after; Level 1 - \$10 copay, Level 2 - \$20 copay, Level 3 - \$40 copay, Level 4 - 25% coinsurance. After true out-of-pocket cost reaches \$4,350, the member pays the greater of \$2.40 for generic and \$6 for all other drugs, or 5% coinsurance. Rx coverage is unlimited. <b>Mail order:</b> 100% after; Level 1 - \$0 copay for 90 day supply, Level 2&3 – 90 day supply for 2 copays, Level 4 – 25% coinsurance for 30 day supply	<b>Retail (30 day supply):</b> 100% after; Level 1 - \$10 copay, Level 2 - \$20 copay, Level 3 - \$40 copay, and Level 4 - 25% coinsurance. After true out-of-pocket cost reaches \$4,550, the member pays the greater of \$2.50 for generic and \$6.30 for all other drugs, or 5% coinsurance. Rx coverage is unlimited. <b>Mail order:</b> 100% after; Level 1 - \$0, Level 2 – \$40, Level 3 - \$80, Level 4 – 25% coinsurance for 30 day supply
<b>Doctor's Visits</b>	100% after \$10 copay per visit	100% after \$10 copay per visit
<b>Specialist's Visits</b>	100% after \$25 copay per visit	100% after \$25 copay per visit
<b>Emergency Services</b> Network hospital Other hospital	100% after \$50 copay (Waived if admitted within 24 hours)	100% after \$50 copay (Waived if admitted within 24 hours)

\*Benefit changed from 2009

Note: Humana primary service area - Pinellas, Hillsborough, Pasco, Manatee and Hernando counties  
Humana secondary service area – Jacksonville, Daytona, Orlando and South Florida.

### Humana Medicare + Choice Benefits Comparison – PPO

Benefits	2009 – Plan Pays:		2010 – Plan Pays:	
	Network	Non-Network	Network	Non-Network
<b>Hospital Care</b>	100% after \$150/day copay (days 1-5)	75% after \$200 deductible per admission	100% after \$150/day copay (days 1-5)	75% after \$200 deductible per admission
<b>Skilled Care Facility</b>	100% (days 1 -20); 100% after \$75/day copay (days 21-100)  Limit 100 days per benefit period	70%	100% (days 1 -20); 100% after \$75/day copay (days 21-100)  Limit 100 days per benefit period	70%
<b>Outpatient Surgery</b>	100% after \$50 copay per visit	70%	100% after \$50 copay per visit	70%
<b>Ambulance</b>	100% after \$50 copay per date of service	100% after \$50 copay per date of service	100% after \$50 copay per date of service	100% after \$50 copay per date of service
<b>Prescriptions*</b>	<b>Retail 30 day supply:</b> 100% after; Level 1 - \$10 copay, Level 2 - \$20 copay, Level 3 - \$40 copay, and Level 4 - 25% coinsurance. After member's true out-of-pocket cost reaches \$4,350 the member pays the greater of \$2.40 for generic and \$6 for all other drugs, or 5% coinsurance. Rx coverage is unlimited. <b>Mail order:</b> 100% after; Level 1 - \$0 copay for 90 days, Levels 2&3 90 day supply for 2 copays. Level 4 – 25% coinsurance for 30 day supply	In network copay plus the difference in cost between network and non-network pharmacy cost	<b>Retail 30 day supply:</b> 100% after; Level 1 - \$10 copay, Level 2 - \$20 copay, Level 3 - \$40 copay, and Level 4 - 25% coinsurance. After member's true out-of-pocket cost reaches \$4,550 the member pays the greater of \$2.50 for generic and \$6.30 for all other drugs, or 5% coinsurance. Rx coverage is unlimited. <b>Mail order:</b> 100% after Level 1 - \$0 copay for 90 day supply, Level 2 - \$40 for 90 day supply, Level 3 - \$80 for 90 day supply Level 4 – 25% coinsurance for 30 day supply	In network copay plus the difference in cost between network and non-network pharmacy cost
<b>Doctor's Visits</b>	100% after \$10 copay per visit	70%	100% after \$10 copay per visit	70%
<b>Specialist's Visits</b>	100% after \$20 copay per visit	70%	100% after \$20 copay per visit	70%
<b>Emergency Services</b> Network hospital Other hospital	100% after \$50 copay Waived if admitted within 24 hours	100% after \$50 copay (Waived if admitted within 24 hours)	100% after \$50 copay Waived if admitted within 24 hours	100% after \$50 copay Waived if admitted within 24 hours

Note: Humana PPO service area: All counties in the state of Florida.

\*Benefit changed from 2009

A RESOLUTION APPROVING THE RENEWAL OF AN AGREEMENT WITH HUMANA, INC. FOR GROUP HEALTH INSURANCE, MEDICARE + CHOICE HEALTH MANAGEMENT ORGANIZATION (HMO) AND PREFERRED PROVIDER ORGANIZATION (PPO) FOR RETIREES AT A TOTAL ESTIMATED ANNUAL PREMIUM NOT TO EXCEED \$436,608; AUTHORIZING THE MAYOR OR MAYOR'S DESIGNEE TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on January 5, 2006, City Council approved an agreement with four one-year renewal options with Humana, Inc. for group health insurance for retirees, Medicare HMO and PPO pursuant to RFP No. 6444 dated September 21, 2005; and

WHEREAS, on January 11, 2007 City Council approved the first one-year renewal option; and

WHEREAS, on November 29, 2007 City Council approved the second one-year renewal option; and

WHEREAS, on November 20, 2008 City Council approved the third one-year renewal option; and

WHEREAS, the City desires to exercise the fourth one-year renewal option; and

WHEREAS, Humana, Inc. has agreed to uphold the terms and conditions of RFP No. 6444 dated September 21, 2005; and

WHEREAS, the Purchasing Department, in cooperation with the Human Resources Department, recommends approval of the fourth one-year renewal option to the Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida that the fourth one-year renewal option of the Agreement with Humana, Inc. for group health insurance, Medicare + Choice Health Management Organization (HMO) and Preferred Provider Organization (PPO) for retirees at a total estimated annual premium not to exceed \$436,608 is approved and the Mayor or Mayor's Designee is authorized to execute all documents necessary to effectuate this transaction; and

BE IT FURTHER RESOLVED that this renewal will be effective through December 31, 2010.

This Resolution shall become effective immediately upon its adoption.

Approved as to form and content:

  
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City Attorney (designee)