

SAINT PETERSBURG CITY COUNCIL

Consent Agenda

Meeting of November 5, 2009

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

Subject: Accepting a proposal from United Healthcare Insurance Company ("United") for group health insurance at an estimated annual premium of \$30,804,045; and authorizing the Mayor or his designee to execute all documents necessary to effectuate this transaction.

Explanation: The Purchasing Department received four proposals for group health insurance. The proposals were evaluated by a cross-functional advisory board which utilized consulting services from Gallagher Benefit Services, Inc. The proposals were reviewed on a basis of qualifications, experience and capacity, plan design, plan administration, financial stability, total costs and conformance with the terms of the request for proposal. United, CIGNA and Humana, Inc. were asked to submit best and final offers. United quoted an overall decrease of 8%, while CIGNA and Humana quoted 12% and 11% increases, respectively, over the City's current annual costs. As a result, United is recommended to provide coverage on a sole carrier basis for the plan year beginning April 1, 2010 and ending March 31, 2011. The contract includes four, one-year renewal options with a second year renewal rate guarantee if renewed for the next year, dependent upon claims experience.

United will provide the following plans: Preferred Provider Organization (PPO) and Exclusive Provider Organization (EPO). United proposes that all employees and retirees enrolled in the current HMO plan be enrolled in the new EPO plan effective April 1, 2010. United has committed to providing plans with no significant changes in the coverage currently offered, increasing the City's annual wellness budget to \$25,000 and providing an on-site, full time representative.

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

United Healthcare Insurance Company.....\$30,804,045

Network Open Access - Employees & Retirees	\$25,029,476
1,108 Single Coverage	Monthly premium of \$432.69
600 Two Person Coverage	Monthly premium of \$930.30
856 Family Coverage	Monthly premium of \$1,224.52

Monthly premium decrease of (4.38%) from current Network (HMO) plan; monthly premium decrease of (11.47%) from current Network Open Access (EPO) plan

City of St. Petersburg
Group Health Insurance Rates - Employees
Effective April 1, 2010

	TOTAL COST	CITY CONTRIBUTION	EMPLOYEE COST
Benefit Plan	Monthly	Monthly	Monthly
UNITED NETWORK OPEN ACCESS			
Single	\$432.39	\$324.52	\$108.17
Two person	\$930.30	\$697.73	\$232.57
Family	\$1,224.52	\$918.39	\$306.13
UNITED OPEN ACCESS PLUS			
Single	\$519.31	\$389.48	\$129.83
Two person	\$1,049.04	\$786.78	\$262.26
Family	\$1,454.12	\$1,090.59	\$363.53

City of St. Petersburg

Group Health Insurance Rates - Retirees

Effective April 1, 2010

	TOTAL COST	CITY CONTRIBUTION	RETIREE COST
Benefit Plan	Monthly	Monthly	Monthly
UNITED NETWORK OPEN ACCESS			
Single	\$432.69	\$189.78	\$242.91
Two person	\$930.30	\$383.33	\$546.97
Family	\$1,224.52	\$531.35	\$693.17
UNITED OPEN ACCESS PLUS			
Single	\$519.31	\$189.78	\$329.53
Two person	\$1,049.04	\$383.33	\$665.71
Family	\$1,454.12	\$531.35	\$922.77
UNITED OPEN ACCESS PLUS - BASE OPTION			
Single	\$253.04	\$189.78	\$63.26
Two person	\$511.11	\$383.33	\$127.78
Family	\$708.47	\$531.35	\$177.12

City of St. Petersburg

Group Health Insurance Rate History

	2006	2007	2008	2009	2010
Network *					
Single	346.00	380.01	406.61	452.53	432.69
Two Person	743.90	817.03	874.22	972.96	930.30
Family	979.17	1,075.42	1,150.70	1,280.67	1,224.52
Network Open Access					
Single	382.36	419.95	449.35	488.74	432.69
Two Person	822.09	902.90	966.10	1,050.78	930.30
Family	1,082.10	1,188.47	1,271.66	1,383.13	1,224.52
Open Access Plus					
Single	406.84	449.88	494.42	543.12	519.31
Two Person	821.84	908.79	998.76	1,097.14	1,049.04
Family	1,139.18	1,259.71	1,384.42	1,520.79	1,454.12
Open Access Plus - Base Option (Retirees)					
Single	196.74	219.23	240.91	264.64	253.04
Two Person	397.41	442.83	486.62	534.55	511.11
Family	550.86	613.82	674.52	740.96	708.47

*Network Plan not offered for plan year 2010, rates are for the Network Open Access Plan

Note: Years 2006 – 2009 through CIGNA Healthcare of Florida, Inc.
Year 2010 through UnitedHealthcare

**City of St. Petersburg
Group Health Insurance
Summary of Benefits
Effective April 1, 2010**

United Healthcare Choice Network Open Access Plan – 7DB

BENEFIT	MEMBER PAYS:
Annual Deductibles	\$200/\$400
Hospital	\$200 copay per day (first 3 days per admission) and plan deductible
Physician: Office*	Primary Care - \$20 copay per visit; Specialist (per visit) \$30
Rehabilitation Services	\$20 or \$30 copay per visit, 240 visits max.
Outpatient Surgery*	Plan deductible
Annual Expense Limit For Covered Charges	\$1,500 single \$3,000 family
Emergency Room	\$100 copay and plan deductible
Urgent Care	\$50 copay and plan deductible
Prescription Drugs	\$15 copay generic; \$30 preferred brand; \$45 non- preferred brand (30-day supply)
Outpatient Lab, X-Ray and Major Diagnostics (MRI, CT, etc.)*	Plan deductible
Outpatient Diagnostic X-Ray and Lab Tests*	Physician Office – physician office copay; Inpatient and Outpatient facility – \$0
Member access to Network Providers*	Nationwide
Prosthetic Devices	Plan deductible, maximum annual benefit \$10,000
Durable Medical Equipment	Plan deductible; maximum annual benefit \$3,500
Mental Health and Substance Abuse*	Inpatient – Same as covered health benefits dependent upon place of service Outpatient - \$20 or \$30 copay per visit, no limit on annual visits
Lifetime Maximum*	\$5,000,000

* CHANGES FROM PLAN YEAR 2009-2010–SEE THE DOCUMENT 'PLAN DESIGN CHANGES'

**City of St. Petersburg
Group Health Insurance
Summary of Benefits
Effective April 1, 2010**

UnitedHealthcare Choice Plus Modified PPO Plan F80 (High and Base Options)

BENEFITS	MEMBER PAYS:	
	In Network Benefits	Out Of Network Benefit
Annual Deductibles	\$200/\$400	\$300/\$600
Hospital	\$200 copay/day (first 3 days per admission) and deductible, then 10%)	\$200 copay/day (first 3 days per admission) and deductible, then 30%
Physician: Office*	Primary Care - \$25 copay per visit; Specialist (per visit) - \$35	Plan deductible, then 30%
Rehabilitation Services	\$25 or \$35 copay per visit, 240 visits maximum per year	Plan deductible, then 30%, 240 visits maximum per year
Outpatient Surgery	Plan deductible, then 10%	Plan deductible, then 30%
Annual Expense Limit For Covered Charges	\$400 individual; \$800 family	\$1200 individual; \$2400 family
Emergency Room	\$100 copay and plan deductible	\$100 copay and plan deductible
Urgent Care	\$50 copay and plan deductible	\$50 copay and plan deductible
Prescription Drugs	\$15 copay generic; \$30 copay brand; \$45 copay non-preferred brand (30 day supply) Mail order 3 copays for 90-day supply	Not covered
Outpatient Lab, X-Ray and Major Diagnostics (MRI, CT, etc.)	Plan deductible then 10%	Plan deductible, then 30%
Diagnostic X Rays And Lab Tests	Physician Office – physician office copay; Inpatient and Outpatient facility –Plan deductible, then 10%	Plan deductible, then 30%
Member Access to Network Providers	Nationwide	N/A
Prosthetic Devices	Plan deductible, then 10%, maximum annual benefit \$10,000	Plan deductible, then 30%; maximum annual benefit \$10,000
Durable Medical Equipment	Plan deductible, then 10%; maximum annual benefit \$3,500	Plan deductible, then 30%; maximum annual benefit \$3,500
Mental Health and Substance Abuse*	Inpatient – same as covered health benefits, dependent upon place of service Outpatient \$25 or \$35 copay per visit, no limit on annual visits	Inpatient – same as covered health benefits, dependent upon place of service Outpatient Plan deductible, then 30%
Lifetime Maximum	High Option \$1,000,000; Base Option (Retirees) - \$100,000	

- **CHANGES FROM PLAN YEAR 2009-2010 – SEE THE DOCUMENT ‘PLAN DESIGN CHANGES’**

**GROUP HEALTH INSURANCE
PLAN YEAR 2010-2011
PLAN DESIGN CHANGES**

2009-2010

2010-2011

**CIGNA Network - physician referral required;
CIGNA Network Open Access - no physician
referral required**

**UnitedHealthcare Choice Network Open Access Plan -
no physician referral required**

Specialist copay:

Cigna Care Network - \$25
Non Care Network - \$35

All Specialists - copay \$30

Mental Health: outpatient 30 visits/calendar year

*Mental Health – same as covered health benefits

Substance Abuse: Outpatient 30 visits/calendar year

*Substance Abuse – same as covered health benefits

*Required by the Mental Health Parity and Addiction Equity Act of 2008

Provider Network – State of Florida

Provider Network – Nationwide

Non-Freestanding Outpatient Facility Charge - \$100

No Outpatient Facility Charge

Network Lifetime Maximum: \$5,000,000
Network Open Access Lifetime Maximum: \$2,000,000

Lifetime Maximum: \$5,000,000

CIGNA Open Access Plus

UnitedHealthcare Choice Plus Modified PPO Plan

Specialist copay:

CIGNA Care Network - \$30
Non Care Network - \$40

All Specialists - copay \$35

Mental Health: outpatient 30 visits/calendar year

*Mental Health – same as covered health benefits

Substance Abuse: Outpatient 30 visits/calendar year

*Substance Abuse – same as covered health benefits

*Required by the Mental Health Parity and Addiction Equity Act of 2008

A RESOLUTION ACCEPTING THE PROPOSAL AND APPROVING THE AWARD OF A ONE-YEAR AGREEMENT WITH FOUR ONE-YEAR RENEWAL OPTIONS TO UNITED HEALTHCARE INSURANCE COMPANY FOR GROUP HEALTH INSURANCE FOR EMPLOYEES AND RETIREES AT AN ESTIMATED ANNUAL PREMIUM OF \$30,804,045 FOR THE HUMAN RESOURCES DEPARTMENT; AUTHORIZING THE MAYOR OR MAYOR'S DESIGNEE TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Purchasing Department received four proposals for group health insurance pursuant to RFP No. 6840 dated June 4, 2009; and

WHEREAS, United Healthcare Insurance Company has agreed to uphold the terms and conditions of RFP No. 6840; and

WHEREAS, the Purchasing Department, in cooperation with the Human Resources Department, recommends this award.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that the proposal and award of a one-year agreement with four one-year renewal options to United Healthcare Insurance Company for group health insurance for employees and retirees at an estimated annual premium of \$30,804,045 for the Human Resources Department 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 Agreement will be effective from April 1, 2010 through March 31, 2011.

This Resolution shall become effective immediately upon its adoption.

Approved as to Form and Substance:



City Attorney (Designee)