

City of Coral Gables City Commission Meeting
Agenda Item H-1
March 9, 2010
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera, Jr.
Commissioner Wayne “Chip” Withers

City Staff

City Manager, Patrick Salerno
City Attorney, Elizabeth Hernandez
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia

Public Speaker(s)

Bob Schaefer, Insurance Consultant

H-1 [Start: 10:06:22 a.m.]

Resolution approving the medical/dental/life insurance renewal proposals. The Humana group medical plan is for a one (1) year term, effective July 1, 2010; the renewal of the Blue Cross/Blue Shield dental plan and the Standard Insurance Company life insurance plan, both with no premium increase guaranteed through June 30, 2012, are also effective July 1, 2010 for a one (1) year term.

Mayor Slesnick: H-1

City Manager Salerno: H-1 is a resolution approving the medical/dental/life insurance renewal proposals. The Humana group medical plan is for a one (1) year term, effective July 1, 2010; the renewal of the Blue Cross/Blue Shield dental plan and the Standard Insurance Company life insurance plan, both with no premium increase guaranteed through June 30, 2012, are also effective July 1, 2010 for a one (1) year term. We have Bob Schaefer here today who is our insurance consultant. Bob, if you'd like to say anything, has done the negotiations and recommends your approval here of this agreement.

Mr. Schaefer: Good morning, Bob Schaefer, 4206 Laguna Street. As the Manager mentioned we have been dealing with the carriers last month and-a-half or so, on the benefits on the medical insurance, life insurance and the dental. As the Manager mentioned we've been working last month and-a-half or so on the renewal of July 1 programs for the medical, life and the dental, the biggest piece obviously is the medical with Humana, and you saw in your packet we have been able to negotiate a minus four percent decrease actually in the renewal with them. This is based

on a couple of different things, obviously we had a very good year of claims this past year, but at the same time Humana is very much interested in maintaining the relationship with the city. We made some changes last year to sort of help them in their product mix and such, and so we worked hard there. That minus four percent is about a hundred and fifty thousand dollars (\$150,000) of actual cost savings to the city. So it's a significant situation. On the dental insurance; the dental insurance is purely voluntary, that's with Blue Cross. They have maintained their rates again, and for another twenty-four months, and that's significant to the employees, they don't have to make a change in their providers, at the same time they also know that the rates that they are paying won't go up for another twenty-four months. On the life insurance side, that's Standard Life, the city does pay for that, however, they also agreed to hold the rate on the life in the AD&D coverage there and guarantee that for another twenty-four months. So we have a very positive situation where Humana's increase is actually a decrease of minus four percent, and we have the other two carriers in a rate pass, and extending it instead of twelve months for twenty-four months. We reviewed all this information with the Insurance Advisory Committee, they were ecstatic, unanimous in their adoption or recommendation as an Advisory Committee, and so come to you with that recommendation from us that we renew all of these coverages.

Vice Mayor Kerdyk: Bob, great work. I do have some questions though very quickly. Anytime you get four percent you can't look down on anything I would suspect, but when was the last time we bid this out, was it a couple years ago?

Mr. Schaefer: It's been about five years sir.

Vice Mayor Kerdyk: Has it been five years?

Mr. Schaefer: Right.

Vice Mayor Kerdyk: Is there a point where you say no matter what Humana does with their bids it's a time to go look at what other providers are out there?- where is that point of demarcation where you say, hey five years is long, we need to go out there at least pursue the market, and I ask that because I know that you told us for several years, don't do it because we're looking like we are switching too frequently, but now where is that point of demarcation where we really should look at other providers?

Mr. Schaefer: I think we are getting very close. It's not so much the time of we have to every, I'll just pick a number, every five years, every five years you have to send it out, I don't think that's the right approach; you need to look at the mix of your claims, how that's been going. You might remember when I was with you here the last couple years, last year we had a very, very poor year...

Vice Mayor Kerdyk: I remember.

Mr. Schaefer:...in fact our claims experience was in excess of a hundred percent, the year before that, I don't remember exactly, but it was in the high 80's – low 90's. So I would say to you, and I think I mentioned this to the Manager, if this time next year we are standing here in a situation

where the claims experience is as good next year as it is right now, then I'd definitely be saying we're sending it out, and the reason being because now you have some credible experience to look back on of two very positive years. Any carrier we would go to today, pick any of them, they wouldn't just look at this last year of good experience, they'd want to look at two, three, four and five, which really weren't that terrific, and so they would look at the whole thing. We have Humana in this situation right now where we are getting a minus four percent, and so it didn't start out there obviously, but it's a great position to be in right now. Next year if we have just a good a year, I would bet I'd be telling you we are going out to bid.

Vice Mayor Kerdyk: And I think the other important component I must ask you about, financially, it's a big thing for the city, but the other side of the story is what do our employees think about the program itself? I think we had CIGNA prior to moving to Humana, and what is the feedback that you are getting, what are you hearing?

Mr. Schaefer: What I'm hearing is very positive; obviously when we first switched to Humana, it was a little rockier, only because they'd been with CIGNA for many, many, many years; I want to say eighteen or nineteen years, and so any transition from that to something new was rocky, but it is very much slowed down and we are getting very, very positive feedback from what I'm hearing from Marj's office and when we meet at the Insurance Advisory Committee level.

Vice Mayor Kerdyk: Thank you.

Commissioner Withers: Bob, the Police and Fire, they have their own policies apart, is that correct?

Mr. Schaefer: Correct.

Commissioner Withers: Are they with Humana?

Mr. Schaefer: I don't handle them, so I really don't know. I believe the Fire is under...

City Manager Salerno: They are independent of us, so.

Commissioner Withers: But they were with Humana at one point if I remember, one of them, they've left.

Mr. Schaefer: I thought the Fire was in a three-city agreement funded plan at one time, but I don't handle them.

Mayor Slesnick: Ralph? Any other comments?

Commissioner Cabrera: No.

Mayor Slesnick: Do I have a motion?

Commissioner Anderson: I'll move it.

Mayor Slesnick: Maria Anderson moves it, Chip Withers seconds. Any further discussion? Any further comments?- concerns?

Mr. Clerk

Commissioner Anderson: Yes

Commissioner Cabrera: Yes

Vice Mayor Kerdyk: Yes

Commissioner Withers: Yes

Mayor Slesnick: Yes

(Vote: 5-0)

[End: 10:13:30 a.m.]