

CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST AGENDA

TUESDAY, JULY 26, 2016, 6:15 P.M. (approximately)

KERRVILLE CITY HALL COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

1. CALL TO ORDER

2. CONSIDERATION AND POSSIBLE ACTION:

2A. Approval of the renewals and rates for the Fiscal Year 2017 employee benefit plans.

- Medical: Blue Cross Blue Shield of Texas
- Dental: MetLife
- Vision: MetLife
- Group Life & AD&D, Voluntary Life & AD&D, and Short Term Disability: Lincoln Financial Group

3. ADJOURNMENT

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: July 21, 2016 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

**TO BE CONSIDERED BY THE TRUSTEES OF THE EMPLOYEE BENEFIT TRUST
CITY OF KERRVILLE, TEXAS**

SUBJECT: Approval of the renewals and rates for the FY 2016 employee benefit plans.

FOR AGENDA OF: July 26, 2016

DATE SUBMITTED: July 12, 2016

SUBMITTED BY: Kimberly Meismer
Director of General Operations

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Benefit Spreadsheets & Provider Rate Sheets

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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(Fees are a part of the Group Insurance line item and are budgeted in each department.)

PAYMENT TO BE MADE TO: Blue Cross Blue Shield, MetLife, and Lincoln
REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Kerrville established the Employee Benefit Trust in 2008 in order to qualify for the tax exemptions pursuant to Chapter 222.002 of the Texas Insurance Code. Chapter 222.022 creates an annual tax that is imposed on insurers for gross premiums received from their policyholders. Gross premiums paid by a municipality, county, or hospital district are **exempt** from the tax being collected by their insurer, if the municipality, county, or hospital district establishes either a single entity benefit trust or establishes or participates in a Chapter 172 risk pool. Since 2008, we have saved over \$360,000.

The City of Kerrville Employee Benefits Trust shall consider awarding the FY 2017 employee benefits. Below shows a ten (10) year history of our benefits budget representing the total annual City contribution toward the cost of benefits for City employees and their dependents:

Fiscal Year	\$ Per Employee Per Year
FY 2008	\$8,920
FY 2009	\$8,950
FY 2010	\$8,950
FY 2011	\$7,800
FY 2012	\$6,800
FY 2013	\$7,100
FY 2014	\$7,500
FY 2015	\$7,500
FY 2016	\$7,000
FY 2017	\$6,500

Kerrville, again, secured a comprehensive, cost effective, quality benefits package for City employees.

Medical

Even though our claims have increased by 11% this year, Blue Cross Blue Shield of Texas (BCBSTX) has offered to renew the medical plan with no change in premiums or plans. The rate is guaranteed for one year, from October 2016 – September 2017.

BCBSTX has provided quality coverage the past three years. Employee experience with BCBSTX has been very good.

Currently, the City contributes \$6,655 per employee per year. Kerrville will need to budget \$6,500 per employee per year and an additional \$165,000 from the Employee Benefit Reserve account. The Employee Benefit Reserve account has ample funds available that can only be used for employee benefits. When we set the “per employee per year” amount, we are estimating the tier of coverage that an employee will have throughout the year. Many times that will change due to marriage, divorce, death, new babies, or termination of employment throughout the fiscal year. When these changes occur, the budgeted amount does not change and therefore creates a reserve.

Dental

MetLife offered to renew the same dental plan for FY 2017 with a 3% increase in premiums. This increase represents a \$18 per employee per year increase. This would be the fourth year of coverage under the same MetLife benefit program. This rate is guaranteed for one year, from October 2016 - September 2017. The rate increase can be absorbed by the City by allocating funds from the Employee Benefit Reserve account. The \$18 cited above includes an increase in the City's contribution for dependent dental coverage from 7% to 9% in order to keep the employee's out of pocket expenses consistent with the current plan year.

Vision

Vision coverage is offered on a voluntary basis with no cost impact to the City. The vision coverage is currently with MetLife. The renewal came back with no increase for the same plan design as currently offered. The rate is guaranteed for one year, from October 2016 – September 2017.

Group Life & AD&D, Voluntary Life & AD&D, and Short Term Disability

The City has enjoyed a long standing relationship with Lincoln Financial Group, strong coverages, competitive and stable pricing, along with capable service. The Group Life, AD&D, Voluntary Life and AD&D, and Short Term Disability coverages will continue at CURRENT premium rates for the FY 2017 plan year.

The Group Life and AD&D, Voluntary Life and AD&D and Short Term Disability rates are guaranteed for one year, from October 2016 – September 2017.

RECOMMENDATION

Staff recommends Council approve the renewals and rates for the FY 2017 employee benefit plans as presented.

FY 2016 MEDICAL (24 Pay Periods)										
5% OVERALL RATE DECREASE - SAME PLAN DESIGN										
FY 2016 PPO Plan										
BCBS										
\$2,500 Deductible, Office Visit \$35/\$50, RX \$100 Ded + \$15/\$40/\$70										
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	Employee Cost Per EE/Mo.	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	Total EE + CITY Rates	Total EE + CITY Burden
Emp Only (90)	233	0.00	0.00	359.38	359.38	359.38	100%	\$ 1,004,826	359.38	\$392,443
Spouse	25	94.00	188.00	279.21	467.21	467.21	60%	\$ 83,763	826.59	\$247,977
Child(ren)	47	81.50	163.00	239.52	402.52	402.52	60%	\$ 135,089	761.90	\$429,712
Family	71	156.00	312.00	475.07	787.07	787.07	60%	\$ 404,760	1146.45	\$976,775
	233							\$ 1,628,438		\$2,046,907
FY 2016 HRA Plan										
BCBS										
\$2,500 Deductible, RX \$100 Ded + \$15/\$40/\$70										
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	Employee Cost Per EE/Mo.	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	Total EE + CITY Rates	Total EE + CITY Burden
Emp Only (35)	51	0.00	0.00	330.63	330.63	330.63	100%	\$ 202,346	330.63	\$130,929
Spouse	4	87.00	174.00	255.83	429.83	429.83	60%	\$ 12,280	760.46	\$36,502
Child(ren)	6	74.50	149.00	221.32	370.32	370.32	60%	\$ 15,935	700.95	\$50,468
Family	6	146.50	293.00	431.11	724.11	724.11	60%	\$ 31,040	1054.74	\$75,941
	51							\$ 261,600		\$293,841
	284		PEPY	\$6,655				\$ 1,890,039		\$2,340,748

FY 2017 MEDICAL (24 Pay Periods)										
NO INCREASE - SAME PLAN DESIGN										
FY 2017 PPO Plan										
\$2,500 Deductible, Office Visit \$35/\$50, RX \$100 Ded + \$15/\$40/\$70										
BCBS		Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost			
Tier of Coverage	Count									
Emp Only (90)	242	0.00	0.00	359.38	359.38	100%	\$ 1,043,640			
Spouse	25	94.00	188.00	279.21	467.21	60%	\$ 83,763			
Child(ren)	49	81.50	163.00	239.52	402.52	60%	\$ 140,838			
Family	77	156.00	312.00	475.07	787.07	60%	\$ 438,965			
	242						\$ 1,707,205			
FY 2017 HRA Plan										
\$2,500 Deductible, RX \$100 Ded + \$15/\$40/\$70										
BCBS		Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost			
Tier of Coverage	Count									
Emp Only (35)	60	0.00	0.00	330.63	330.63	100%	\$ 238,054			
Spouse	6	87.00	174.00	255.83	429.83	60%	\$ 18,420			
Child(ren)	5	74.50	149.00	221.32	370.32	60%	\$ 13,279			
Family	6	146.50	293.00	431.11	724.11	60%	\$ 31,040			
	60						\$ 300,792			
	302		PEPY	\$6,649			\$ 2,007,997			

Notes for FY 2017

Same Rates as FY16

Same Plan Design

City Contribution stays at 60%
4th Year with BCBSTX

Total EE + CITY Rates	Total EE + CITY Burden
359.38	\$392,443
826.59	\$247,977
761.90	\$447,997
1146.45	\$1,059,320
	\$2,147,737

Total EE + CITY Rates	Total EE + CITY Burden
330.63	\$130,929
760.46	\$54,753
700.95	\$42,057
1054.74	\$75,941
	\$303,681
	\$2,451,418

FY 2017 DENTAL - 24 Pay Periods

3% RATE INCREASE ABSORBED BY CITY - SAME PLAN DESIGN

MetLife		FY 2017 Dental - Annual Maximum \$1,500 - Orthodontics Included						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	299	0.00	0.00	21.34	21.34	100%	\$ 76,574	
Spouse	46	9.30	18.60	1.92	20.52	9%	\$ 1,059	
Child(ren)	46	17.81	35.61	3.66	39.27	9%	\$ 2,022	
Family	91	27.76	55.51	5.73	61.24	9%	\$ 6,261	
	299		PEPY	\$287			\$ 85,916	

Total EE + CITY Rates	Total EE + CITY Burden
21.34	\$25,098
41.86	\$23,106
60.62	\$33,460
82.59	\$90,183
	\$171,847

MetLife		FY 2016 Dental - Annual Maximum \$1,500 - Orthodontics Included (4% Rate Increase)						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	290	0.00	0.00	20.72	20.72	100%	\$ 72,106	
Spouse	54	9.30	18.60	1.32	19.92	7%	\$ 855	
Child(ren)	44	17.81	35.61	2.52	38.13	7%	\$ 1,331	
Family	81	27.76	55.51	3.95	59.46	7%	\$ 3,839	
	290		PEPY	\$269			\$ 78,131	

Total EE + CITY Rates	Total EE + CITY Burden
20.72	\$24,367
40.64	\$26,335
58.85	\$31,073
80.18	\$77,935
	\$159,709

MetLife		FY 2015 Dental - Annual Maximum \$1,500 - Orthodontics Included (3% Rate Increase)						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	288	0.00	0.00	19.92	19.92	100%	\$ 68,844	
Spouse	48	9.30	18.60	0.56	19.16	3%	\$ 323	
Child(ren)	47	17.81	35.61	1.06	36.67	3%	\$ 598	
Family	90	27.76	55.51	1.67	57.18	3%	\$ 1,804	
	288		PEPY	\$243			\$ 71,568	

Total EE + CITY Rates	Total EE + CITY Burden
19.92	\$23,426
39.08	\$22,510
56.59	\$31,917
77.10	\$83,268
	\$161,121

FY 2017 VISION - 24 Pay Periods

NO INCREASE - SAME PLAN DESIGN

MetLife (VSP)		FY 2017 Vision - 12/12/24, Exam Copay \$10, Materials Copay \$20						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	246	3.09	6.17	0.00	6.17	0%	\$ -	
Spouse	45	6.18	12.36	0.00	12.36	0%	\$ -	
Child(ren)	37	5.80	11.59	0.00	11.59	0%	\$ -	
Family	71	8.88	17.75	0.00	17.75	0%	\$ -	
	246		PEPY	\$0			\$ -	

Total Rates	Total EE Burden
6.17	\$18,214
12.36	\$6,674
11.59	\$5,146
17.75	\$15,123
	\$45,157

MetLife (VSP)		FY 2016 Vision - 12/12/24, Exam Copay \$10, Materials Copay \$20						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	240	3.09	6.17	0.00	6.17	0%	\$ -	
Spouse	48	6.18	12.36	0.00	12.36	0%	\$ -	
Child(ren)	35	5.80	11.59	0.00	11.59	0%	\$ -	
Family	65	8.88	17.75	0.00	17.75	0%	\$ -	
	240		PEPY	\$0			\$ -	

Total Rates	Total EE Burden
6.17	\$17,770
12.36	\$7,119
11.59	\$4,868
17.75	\$13,845
	\$43,602

MetLife (VSP)		FY 2015 Vision - 12/12/24, Exam Copay \$10, Materials Copay \$20						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	240	3.09	6.17	0.00	6.17	0%	\$ -	
Spouse	48	6.18	12.36	0.00	12.36	0%	\$ -	
Child(ren)	35	5.80	11.59	0.00	11.59	0%	\$ -	
Family	65	8.88	17.75	0.00	17.75	0%	\$ -	
	240		PEPY	\$0			\$ -	

Total Rates	Total EE Burden
6.17	\$17,770
12.36	\$7,119
11.59	\$4,868
17.75	\$13,845
	\$43,602

BUDGET ANALYSIS CITY CONTRIBUTION (PEPY)

	Medical	Dental	Life/ADD	LTD	Total	Budget
FY 2017	\$6,649	\$287	\$75	N/A	\$7,011	\$6,500 + \$125K Reserve
FY 2016	\$6,655	\$269	\$75	N/A	\$6,999	\$7,000
FY 2015	\$6,907	\$248	\$75	N/A	\$7,230	\$7,500
FY 2014	\$7,159	\$232	\$60	N/A	\$7,451	\$7,500
FY 2013	\$6,767	\$271	\$60	N/A	\$7,098	\$7,100
FY 2012	\$6,518	\$207	\$60	N/A	\$6,785	\$6,800
FY 2011	\$7,117	\$385	\$106	\$152	\$7,760	\$7,800
FY 2010	\$7,666	\$504	\$106	\$152	\$8,428	\$8,950
FY 2009	\$7,686	\$408	\$118	N/A	\$8,212	\$8,950
FY 2008	\$7,770	\$408	\$118	N/A	\$8,296	\$8,920



The City Of Kerrville Employee Benefit Trust

Prospective Premium Projection
for the period
October 1, 2016 - September 30, 2017
10/1/2016 Fully Insured Renewal

RATE DEVELOPMENT

Please refer to the ACA Disclaimer regarding benefits and final pricing.

	PPO		
Premium at Current Rates			\$2,491,088
Rate Action			0.0 %
Requested Premium at Renewal Rates *			\$2,491,088
Allocated Taxes and Fees			\$17,452
	Lives	Current	Renewal *
Blue Choice PPO \$2,500			
Single	43	\$330.63	\$330.63
Single + Spouse	6	\$760.46	\$760.46
Single + Child(ren)	5	\$700.95	\$700.95
Family	6	\$1,054.74	\$1,054.74
Blue Choice HCA \$2,500			
Single	91	\$359.38	\$359.38
Single + Spouse	25	\$826.59	\$826.59
Single + Child(ren)	49	\$761.90	\$761.90
Family	77	\$1,146.45	\$1,146.45
HCSC & Medicare Total	302		

Name of Authorized City Representative

Authorized Signature

Date

**Total premium due includes the effects of Health Insurer Fees and Reinsurance Fees (including but not limited to successor or alternate programs), if any, plus any federal and state taxes applicable to the fees for (BCBSTX) products/services.*

Metropolitan Life Insurance Company
4150 N Mulberry Drive, Suite 300
Kansas City, MO 64116



June 30, 2016

BENEFITS ADMINISTRATOR
CITY OF KERRVILLE
701 MAIN ST.
KERRVILLE, TX 78028

Re: Customer # 05911367

Dear Benefits Administrator:

We have completed our annual renewal evaluation of your group coverage with MetLife or its affiliates. Our analysis takes into consideration a variety of elements that include overall industry trends in claims incidence, shifts in employee composition as well as other financial or premium related issues that have bearing on our cost structure.

After careful consideration of the above factors, we have established our pricing for the upcoming policy year. Following are both your current and renewal rates, which will be effective on October 1, 2016.

<u>Coverage</u>	<u>Current Rates</u>	<u>Renewal Rates</u>	<u>Rate Basis</u>
DENTAL	\$20.720	\$21.340	Employee
	\$40.640	\$41.860	Employee + Spouse
	\$58.850	\$60.620	Employee + Child(ren)
	\$80.180	\$82.590	Family

Rates are guaranteed for twelve (12) months subject to the terms, conditions and provisions of your group insurance policy. Billing statements on and after October 1, 2016 will reflect the renewal rates. Any additional coverage(s) not specifically mentioned in this letter, that is/are active at the time of the renewal, will have their rate(s) continued through the coming year.

It is our expressed intent to provide the best possible relationship of benefit costs to the products we provide to your group. Please be assured that our analysis has been completed with this in mind. We appreciate the opportunity to provide your employee benefits and look forward to continuing our relationship. If you have any questions regarding our renewal assessment, please do not hesitate to contact us at 800 ASK-4-MET.

Sincerely,

MetLife Renewal Underwriting

cc: ROBERT J TREACY
HOUSTON SALES OFFICE

Name of Authorized City Representative

Authorized Signature

Date

Metropolitan Life Insurance Company
4150 N Mulberry Drive, Suite 300
Kansas City, MO 64116



June 30 2016

BENEFITS ADMINISTRATOR
CITY OF KERRVILLE
701 MAIN ST
KERRVILLE, TX 78028

Re: Customer # 05911367

Dear Benefits Administrator:

We have completed our annual renewal evaluation of your group coverage with MetLife or its affiliates. Our analysis takes into consideration a variety of elements that include overall industry trends in claims incidence, shifts in employee composition as well as other financial or premium related issues that have bearing on our cost structure.

After careful consideration of the above factors, we have established our pricing for the upcoming policy year. Following are both your current and renewal rates, which will be effective on October 1, 2015.

<u>Coverage</u>	<u>Current Rates</u>	<u>Renewal Rates</u>	<u>Rate Basis</u>
VISION	\$6.170	\$6.170	Employee
	\$12.360	\$12.360	Employee + Spouse
	\$11.590	\$11.590	Employee + Child(ren)
	\$17.750	\$17.750	Family

Any additional coverage(s) not specifically mentioned in this letter, that is/are active at the time of the renewal, will have their rate(s) continued through the coming year.

Rates are guaranteed for twelve (12) months subject to the terms, conditions and provisions of your group insurance policy. Billing statements on and after October 1, 2015 will reflect the renewal rates.

It is our expressed intent to provide the best possible relationship of benefit costs to the products we provide to your group. Please be assured that our analysis has been completed with this in mind. We appreciate the opportunity to provide your employee benefits and look forward to continuing our relationship. If you have any questions regarding our renewal assessment, please do not hesitate to contact us at 800 ASK-4-MET.

Sincerely,

MetLife Renewal Underwriting

cc: GALLAGHER BENEFIT SERVICE
HOUSTON SALES OFFICE

Name of Authorized City Representative

Authorized Signature

Date



Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

May 24, 2016

The Lincoln National Life Insurance Company
8801 Indian Hills Drive
Omaha, NE 68114-4066
toll free (800) 423-2765

Gallagher
245 Commerce Green Blvd, #290
Sugar Land, TX 77478

RE:
Group Name: City Of Kerrville
Group ID: CTYOFKERR
Renewal Letter for Policy Number(s): 10145200
Renewal Date: 10/1/2015

It is our sincere pleasure to provide you with quality group products and services at a cost that delivers sound value. As part of our effort to ensure continuing quality products and service, each year we carefully review and analyze current benefit and rate structures to determine the appropriate premium levels to charge for continued group insurance protection for your valued employees.

After reviewing the renewal information on your group, we are pleased to announce that we are extending the rate guarantee for another year. Your next renewal will take place 10/1/2017. This letter will serve in place of a policy amendment reflecting this no rate change. Please keep this letter with your policy records.

Thank you for the opportunity to be of service. We appreciate your business and look forward to working with you in the future as we continue to meet your group insurance needs. If you have any questions, or if we can be of further assistance, please feel free to call us on our toll-free number: 1-800-423-2765.

Sincerely,

Group Underwriting

Lincoln Financial Group focuses on making life easier for you by doing business the way you want to do business – via the Web, telephone, IVR, e-mail and fax.

We are committed to being there when you need us!

Visit us on the web at www.lincoln4benefits.com or contact us at 1-800-423-2765.



Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

May 24, 2016

The Lincoln National Life Insurance Company
8801 Indian Hills Drive
Omaha, NE 68114-4088
toll free (800) 423-2766
www.LFG.com

City of Kerrville
701 Main Street
Kerrville, TX 78028

RE: Renewal for Policy Number(s): 01-0145199

We are proud to provide your company with quality group products and services at a cost that delivers sound value.

Each renewal period, we analyze current benefit and rate structures to determine the appropriate rates for continued group insurance protection for your valued employees. This process includes recalculation of the premium rates to reflect factors like:

- plan features
- demographics
- nature of business
- experience
- any adjustments to our underlying rate structure

Based upon our review, your renewal rates, effective 10/1/2015, are as follows:

Coverage	Rate Basis	Current Rate	Current Monthly Premium	Renewal Rate	Renewal Monthly Premium	Renewal Monthly Premium Change	Rate Guarantee Until
Life	per \$1,000	0.130	\$1,551.61	0.130	\$1,551.61	\$0.00	10/1/2017
AD&D	per \$1,000	0.020	\$236.63	0.020	\$236.63	\$0.00	10/1/2017
Premium Totals:			\$1,788.24		\$1,788.24	\$0.00	

Your Current Group Rates

Your Newly Calculated Rates Effective on 10/01/2015

Weekly Income

\$.450

\$.495 per \$10 of weekly benefit

These rates are guaranteed for 24 months from the renewal date shown above. Your next renewal will take place 10/01/2017. This renewal letter is intended to serve as a policy amendment and should be kept with your policy.

Sincerely,

Name of Authorized City Representative

Lisa Ray
Group Underwriting

Authorized Signature

cc: GALLAGHER BENEFIT SERVICES INC
245 COMMERCE GREEN BLVD #290

Date