

Legislation Text

File #: BILL NO. 16-216, **Version:** 1

AN ORDINANCE APPROVING THE CALENDAR YEAR 2017 EMPLOYEE BENEFIT PROGRAMS, APPROVING AGREEMENTS FOR SERVICES BY AND BETWEEN THE CITY OF LEE'S SUMMIT, MISSOURI AND BLUE CROSS BLUE SHIELD OF KANSAS CITY, DELTA DENTAL OF MISSOURI, VSP VISION, NEW DIRECTIONS, AND THE STANDARD FOR THE PROVISION OF EMPLOYEE BENEFITS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS FOR THE SAME.

Issue/Request:

AN ORDINANCE APPROVING THE CALENDAR YEAR 2017 EMPLOYEE BENEFIT PROGRAMS, APPROVING AGREEMENTS FOR SERVICES BY AND BETWEEN THE CITY OF LEE'S SUMMIT, MISSOURI AND BLUE CROSS BLUE SHIELD OF KANSAS CITY, DELTA DENTAL OF MISSOURI, VSP VISION, NEW DIRECTIONS, AND THE STANDARD FOR THE PROVISION OF EMPLOYEE BENEFITS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS FOR THE SAME.

Key Issues:

The City originally entered into agreements with the listed service providers in December, 2014 for the provision of various employee health and welfare benefits under RFP 2014-121, to begin January 1, 2015. Each agreement was for a term of one (1) year with the possibility of two (2) additional renewals for coverage. Agreements to secure coverage for calendar year 2017 will be the final available renewal under the current contracts.

* The City's Group Health Insurance Plan rates through Blue Cross and Blue Shield Of KC will expire on December 31, 2016 and a new benefit and rate confirmation must be approved to continue employee health coverage. A cost-plus addendum is also included, which outlines the payment arrangement between Blue Cross and Blue Shield of Kansas City and the City of Lee's Summit.

* The renewal for health premiums (Blue Cross and Blue Shield of KC) for the year 2017 resulted in an annual increase of 6.5%, far below the budgeted amount of 10%.

* Blue Cross and Blue Shield of KC will continue to fund \$35,000 towards the City's Wellness Program

* No increase in premiums for the VSP (vision plan) for 2017. The plan provides an increase in the eyeglass frame allowance from \$130 to \$160 every 24 months.

* The City negotiated a rate increase of 12% for the Employee Assistance Program (EAP). The cost per employee increased from \$1.53 to \$1.71 per month.

* Delta Dental of Missouri renewal for 2017 increased by 7%. The single rate for the Dental Plan is \$39.78 per month, up from \$37.14 per month and the family rate is \$100.10 per month, up from \$93.54 per month.

* Group Life and Long Term Disability rates were previously guaranteed for three years through agreements with The Standard and rates will not be re-negotiated until mid-2017 for an effective date of January 1, 2018.

Proposed Committee Motion:

I move to recommend to the City Council approval of AN ORDINANCE APPROVING THE CALENDAR YEAR 2017 EMPLOYEE BENEFIT PROGRAMS, APPROVING AGREEMENTS FOR SERVICES BY AND BETWEEN THE CITY OF LEE'S SUMMIT, MISSOURI AND BLUE CROSS BLUE SHIELD OF KANSAS CITY, DELTA DENTAL OF MISSOURI, VSP VISION, NEW DIRECTIONS, AND THE STANDARD FOR THE PROVISION OF EMPLOYEE BENEFITS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS FOR THE SAME.

Background:

The City annually renegotiates the terms of various agreements related to employee benefits programs. In 2017 contracts and rates were negotiated for our health plan through Blue Cross Blue Shield of KC, the dental plan through Delta Dental of Missouri, and the Employee Assistance Program through New Directions. Delta Dental of Missouri previously provided a three year rate guarantee with increases capped at 7%, with 2017 being the third and final year for the rate guarantee. The 2017 increase was implemented at 7%, although, based on claims experience, it would have been expected absent a rate guarantee to see an increase of up to 8.2%. VSP coverage offered a rate hold for 2017 and 2018 and further increased the 24 month frame allowance benefit for members to \$160. The Employee Assistance Program proposed an increase of 15% but through negotiation the overall increase was reduced to 12% for 2017.

The renewal rates for the 2017 Health plan will be effective January 1, 2017 for all employees participating in the City's Health and Welfare plans

Presenter: Denise Kelly - Director of Human Resources

Recommendation: Staff recommends approval of AN ORDINANCE APPROVING THE CALENDAR YEAR 2017 EMPLOYEE BENEFIT PROGRAMS, APPROVING AGREEMENTS FOR SERVICES BY AND BETWEEN THE CITY OF LEE'S SUMMIT, MISSOURI AND BLUE CROSS BLUE SHIELD OF KANSAS CITY, DELTA DENTAL OF MISSOURI, VSP VISION, NEW DIRECTIONS, AND THE STANDARD FOR THE PROVISION OF EMPLOYEE BENEFITS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS FOR THE SAME.

Committee Recommendation: N/A