



**CITY OF RIVIERA BEACH CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 9/20/2017

Agenda Category: RESOLUTION

Subject: RESOLUTION TO CONTINUE HEALTH INSURANCE COVERAGE WITH AETNA HEALTH CARE.

Recommendation/Motion: Staff recommends that City Council adopts the resolution authorizing Aetna Health Care to continue providing coverage for the 2017-2018 policy year with a premium increase of 3.0% .

Originating Dept	HUMAN RESOURCES	Costs	Estimated Monthly total amount \$491,879.36
User Dept.	HUMAN RESOURCES	Funding Source	Various
Advertised	No	Budget Account Number	VARIOUS CITY DEPARTMENTAL ACCOUNTS
Date			
Paper			
Affected Parties	Not Required		

Background/Summary:

The City has been in discussions and negotiations with Aetna for Health Insurance renewals for FY2017-2018. Aetna initially proposed \$6,990,796.08. The proposal represented a 6.09% increase over the current amount due. After several discussions between the City and Aetna, Aetna agreed to cap the increase at 3% over the current amount due.

After further review, it was found that the members and employee counts reported to and being used by Aetna to calculate the cost per member are incorrect. (Members includes both employees and their dependents covered under the health insurance plan.) Employees that are no longer employed by the City, and their respective dependents, are still reflected within the counts utilized by Aetna's underwriting group. Aetna was using 555 employees and a total of 1,116 members. The City believes that the employee count is 478 and the total members are 997.

Aetna uses the member count along with claims and trending data to establish rates for the next renewal period. Using the City's counts, the increase in costs per member is approximately 14%, not the 3% offered by Aetna. Fully aware that the change in member counts has a negative impact on the costs per member calculation, Aetna has graciously agreed to hold firm on their 3% offer. Holding the increase in payments to 3% will result in an estimated cost of Health Insurance for FY2017-2018 of \$5,902,552.36. The City and those employees who contribute to their health insurance coverage will both see an equal 3% increase in premiums.

Staff supports accepting the proposal from Aetna. However, staff desires for the Council to be fully informed on this matter. The increase should be and could have been much higher if not for Aetna's willingness to hold true to their commitment to the City. Though next year's rates will be determined based on future claims and membership, the Council should be cognizant of the facts presented above and prepared for a significant increase for FY2018-2019.

The City Manager recommends a future Council workshop dedicated exclusively to the discussion of Health Insurance.

Fiscal Years	2018
Capital Expenditures	
Operating Costs	\$4,800,573
External Revenues	
Program Income (city)	
In-kind Match (city)	
Net Fiscal Impact	
NO. Additional FTE Positions (cumulative)	

III. Review Comments

- A. Finance Department Comments:
- B. Purchasing/Intergovernmental Relations/Grants Comments:
- C. Department Director Review:

That City Council pass the resolution for Aetna Health Care to continue providing coverage for the 2017-2018 policy year.

Contract Start Date
Contract End Date
Renewal Start Date
Renewal End Date
Number of 12 month terms this renewal
Dollar Amount
Contractor Company Name
Contractor Contact
Contractor Address
Contractor Phone Number
Contractor Email
Type of Contract
Describe

ATTACHMENTS:

File Name	Description	Upload Date	Type
RESOLUTION_NO- Health Insurance FY 2017-2018-1.docx	Resolution - Health Insurance 2017-2018	9/14/2017	Cover Memo
Health Insurance Illustrative Summary.pdf	Illustrative Summary - Rates and Costs	9/14/2017	Cover Memo
ACTIONABLE_INFORMATION.pdf	Aetna -Actionable Information	8/11/2017	Cover Memo
HEALTH_STATISTICS_MARCH_2016-FEB_2017.pdf	Aetna-Key Statistics Overview	8/11/2017	Cover Memo
EMERGENCY_ROOM_UTILIZATION_ANALYSIS.pdf	Emergency Room Utilization Analysis	8/11/2017	Cover Memo
HIGHLIGHTS_2017_RENEWAL.pdf	Aetna -Highlights for 2017 Renewal	8/11/2017	Cover Memo

REVIEWERS:

Department	Reviewer	Action	Date
Human Resources	DAVIS, BRUCE	Approved	9/13/2017 - 6:49 PM
Purchasing	Little, Rickey	Approved	9/13/2017 - 6:59 PM
Finance	sherman, randy	Approved	9/14/2017 - 3:43 PM
Attorney	Degraffenreidt, Andrew	Approved	9/14/2017 - 4:05 PM
City Clerk	Robinson, Claudene	Approved	9/14/2017 - 4:27 PM
City Manager	Evans, Jonathan	Approved	9/14/2017 - 4:33 PM

RESOLUTION NO 106-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA, AUTHORIZING THE RENEWAL OF HEALTH CARE BENEFIT COVERAGE WITH AETNA HEALTH CARE, AND AUTHORIZING THE DIRECTOR OF FINANCE AND ADMINISTRATIVE SERVICES TO MAKE PAYMENTS FROM VARIOUS DEPARTMENTAL ACCOUNTS UP TO THE MONTHLY ESTIMATED AMOUNT OF \$491,879.36 TO AETNA HEALTH CARE OF FLORIDA; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City is in need of health insurance coverage for employees for Fiscal Year 2017-2018; and

WHEREAS, the City Health Insurance Broker was charged with obtaining health insurance renewal quotes; and

WHEREAS, while the City received 3% increase in health insurance, to include a mandatory PPACA fee – Patient Protection and Affordable Care Act required by the Federal Government.

WHEREAS, City staff recommends renewal of our health insurance coverage with Aetna Health Care for Fiscal Year 2017-2018; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, FLORIDA, as follows:

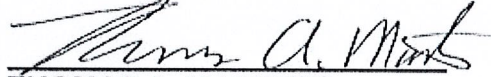
SECTION 1. That staff is hereby authorized to bind coverage for the City of Riviera Beach for health insurance with Aetna Health Care Inc. for Fiscal Year 2017-2018.

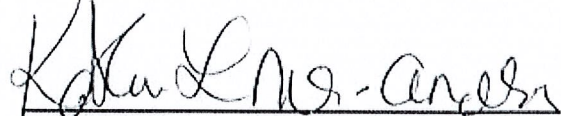
SECTION 2. That the Director of Finance and Administrative Services is authorized to make payments from various departmental accounts in the total estimated amount of \$491,879.36.

SECTION 3. That this Resolution shall become effective immediately and coverage to commence as of October 1, 2017, upon its passage and approval by the City Council.

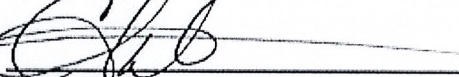
PASSED and APPROVED this 20th day of September, 2017.

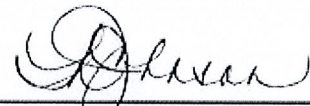
APPROVED:

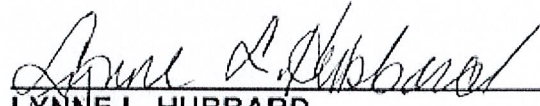

THOMAS A. MASTERS
MAYOR

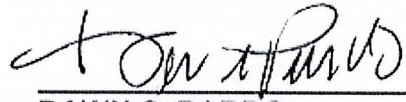

KASHAMBA L. MILLER-ANDERSON
CHAIRPERSON

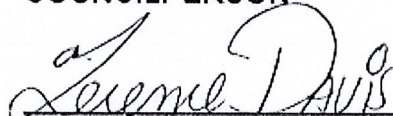
ATTEST:


CLAUDENE L. ANTHONY
CERTIFIED MUNICIPAL CLERK
CITY CLERK


TONYA DAVIS JOHNSON
CHAIR PRO TEM


LYNNE L. HUBBARD
COUNCILPERSON


DAWN S. PARDO
COUNCILPERSON


TERENCE D. DAVIS
COUNCILPERSON

MOTIONED BY: D. PARDO

SECONDED BY: T. DAVIS JOHNSON

K. MILLER-ANDERSON AYE

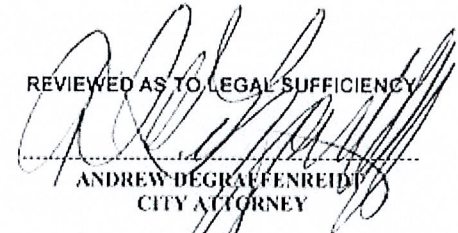
T. DAVIS JOHNSON AYE

L. HUBBARD AYE

D. PARDO AYE

T. DAVIS AYE

REVIEWED AS TO LEGAL SUFFICIENCY


ANDREW DEGRAFFENREID
CITY ATTORNEY

DATE: 9/20/17