



CITY OF SOUTH MIAMI

MEMORANDUM



**To:** Mayor Stoddard, Vice Mayor Newman, and Commissioners  
**Date:** August 17, 2010

**Thru:** Acting City Manager *B. R. Jones*

**From:** Employees Insurance Committee  
**Re:** Employee benefit Considerations for FY 2010/2011

Please be informed that the Employee Insurance Committee hereby respectfully requests the following considerations for the fiscal year 2010/2011:

- Renewing the AV Med HMO insurance (low) currently in place without any changes, at an increase of 13.5%;
- Renewing the AV Med HMO insurance (high) currently offered without any changes, at an increase of 13.5%;

The Committee offers the following reasons for the above-referenced considerations:

- **Costs** - Substantial increases in the cost of living, including for 10% increase in employee contribution for dental and vision insurance, etc.;
- **Competitiveness** – City remain competitive by offering attractive benefits to retain competent and productive employees;
- **Employees** – Some City employees have not received cost of living increases in pay for the past three years;
- **Individual health** – Reasonable costs allow for employees to proactively address health care concerns and issues;
- **Health care** – Due to changes in the past years, employees incurred higher health care costs and out-of-pocket co-payments, including \$250 per day hospitalization deductible.

The Committee has attached a comparison sheet of employer contributions/benefit survey for other Miami-Dade County municipalities.

The Committee sincerely thanks all of you for your thoughtful and diligent consideration involving employee health care and costs for the new fiscal year.

**Benefit Survey**

HMO Benefit Comparison

|                                 | <b>City of South Miami<br/>Network</b>     | <b>City ofventura<br/>Network</b> | <b>Town of Bay Harbor Islands<br/>Network</b> | <b>City of Doral<br/>Network</b>           |
|---------------------------------|--|-----------------------------------|---|--|
| <b>Office Visit</b>             |  |                                   |   |  |
| Primary Care Physician          | \$15 copay/visit                           | \$10 copay/visit                  | \$15 copay/visit                              | \$25 copay/visit                           |
| Specialist                      | \$25 copay/visit                           | \$10 copay/visit                  | \$30 copay/visit                              | \$50 copay/visit                           |
| <b>Inpatient Hospital</b>       | \$250 copay/day<br>up to \$1,250/admission | \$250 copay/admission             | \$150 copay/day<br>up to \$750/admission      | \$500 copay/day<br>up to \$2,500/admission |
| <b>Outpatient Surgery</b>       | \$250 copay/visit                          | No copay                          | \$150 copay/visit                             | \$250 copay/visit                          |
| <b>Emergency Room</b>           | \$100 copay/visit                          | \$75 copay/visit                  | \$100 copay/visit                             | \$100 copay/visit                          |
| <b>Rx Drugs (30 day supply)</b> |  |                                   |   |  |
| Generic                         | \$20 copay                                 | \$7 copay                         | \$15 copay                                    | \$15 copay                                 |
| Brand - Formulary               | \$40 copay                                 | \$20 copay                        | \$25 copay                                    | \$30 copay                                 |
| Brand - Non Formulary           | \$60 copay                                 | \$50 copay                        | \$40 copay                                    | \$50 copay                                 |

**Benefit Survey**

HMO Benefit Comparison

|                                 | <b>City of South Miami<br/>Network</b>     | <b>City of Florida City<br/>Network</b>    | <b>City of Homestead<br/>Network</b> | <b>Village of Key Biscayne<br/>Network</b> |
|---------------------------------|--|--|--------------------------------------|--|
| <b>Office Visit</b>             |  |  |                                      |  |
| Primary Care Physician          | \$15 copay/visit                           | \$15 copay/visit                           | \$15 copay/visit                     | \$15 copay/visit                           |
| Specialist                      | \$25 copay/visit                           | \$30 copay/visit                           | \$25 copay/visit                     | \$25 copay/visit                           |
| <b>Inpatient Hospital</b>       |  |  |                                      |  |
|                                 | \$250 copay/day<br>up to \$1,250/admission | \$300 copay/day<br>up to \$1,500/admission | \$500 copay/admission                | \$250 copay/admission                      |
| <b>Outpatient Surgery</b>       | \$250 copay/visit                          | \$200 copay/visit                          | \$250 copay/visit                    | \$250 copay/visit                          |
| <b>Emergency Room</b>           | \$100 copay/visit                          | \$100 copay/visit                          | \$150 copay/visit                    | \$100 copay/visit                          |
| <b>Rx Drugs (30 day supply)</b> |  |  |                                      |  |
| Generic                         | \$20 copay                                 | \$10 copay                                 | \$10 copay                           | \$15 copay                                 |
| Brand - Formulary               | \$40 copay                                 | \$30 copay                                 | \$25 copay                           | \$30 copay                                 |
| Brand - Non Formulary           | \$60 copay                                 | \$50 copay                                 | \$40 copay                           | \$50 copay                                 |

**Benefit Survey**

HMO Benefit Comparison

|                                 | <b>City of South Miami<br/>Network</b>     | <b>City of Miami Springs<br/>Network</b>   | <b>Village of Pinecrest<br/>Network</b>    | <b>Town of Surfside<br/>Network</b>        |
|---------------------------------|--|--|--|--|
| <b>Office Visit</b>             |  |  |  |  |
| Primary Care Physician          | \$15 copay/visit                           | \$15 copay/visit                           | \$15 copay/visit                           | \$15 copay/visit                           |
| Specialist                      | \$25 copay/visit                           | \$25 copay/visit                           | \$30 copay/visit                           | \$25 copay/visit                           |
| <b>Inpatient Hospital</b>       | \$250 copay/day<br>up to \$1,250/admission | \$250 copay/day<br>up to \$1,250/admission | \$300 copay/day<br>up to \$1,500/admission | \$250 copay/day<br>up to \$1,250/admission |
| <b>Outpatient Surgery</b>       | \$250 copay/visit                          | \$250 copay/visit                          | \$200 copay/visit                          | \$250 copay/visit                          |
| <b>Emergency Room</b>           | \$100 copay/visit                          | \$100 copay/visit                          | \$100 copay/visit                          | \$100 copay/visit                          |
| <b>Rx Drugs (30 day supply)</b> |  |  |  |  |
| Generic                         | \$20 copay                                 | \$15 copay                                 | \$10 copay                                 | \$15 copay                                 |
| Brand - Formulary               | \$40 copay                                 | \$30 copay                                 | \$30 copay                                 | \$30 copay                                 |
| Brand - Non Formulary           | \$60 copay                                 | \$50 copay                                 | \$50 copay                                 | \$50 copay                                 |
| <b>Renewal rate</b>             | 13.50%                                     |  |  |  |



# Employee Insurance Benefits Workshop August 17, 2010

# Current Insurance

**Our current health insurance is provided by Av Med Insurance Company.**

**Our current dental and vision insurance is provided by Comp Benefits/Humana.**



# Proposed Insurance

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- Av Med has increased rates for health insurance, without changes in benefits, by 13.5%.
- Av Med has offered a 2<sup>nd</sup> option with changes in benefits by a 8.8% rate increase.
- Av Med has offered a 3<sup>rd</sup> option with major reduction in benefits keeping the City's annual contribution flat.

# Advantages of Retaining Av Med



- **Stability.** Several companies approached this year declined to submit quotes.
- **Cost.** A number of companies have had highly increased renewal costs by 19 - 30%.
- **Coverage.**
  - Personal care managers provide individual guidance.
  - Preventative health screenings.
  - Out of state retirees coverage will not be affected.

# Committee Recommendation

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- **The Employee Insurance Committee recommends to continue with Av Med Health Insurance currently in place without any changes.**
- **Additionally, we recommend retaining the Comp Benefits/ Humana dental and vision insurance.**

# Committee Rationale

- The renewal rate at 13.5% is less than other comparable municipalities.
- FY 2010/11 budget has allocated monies toward an expected increase in renewal rates.
- Reduction in cost to City for Life/AD&D and Long Term Disability will help offset the increase in renewal rate.
- City remains competitive by offering attractive benefits to retain competent and productive employees.
- Some employees have not received cost of living increases for the past three years, yet substantial increases in the cost of living continue.
- A 10% increase in employee contribution for dental and vision insurance.
- Reasonable costs allow for employees to proactively address health care concerns and issues, resulting in lower claims and consequently minimizing renewal rate increases.



Thank you Mayor, Vice Mayor, and Commissioners for your vote in consideration of your employees health benefits and cost.



Health and lifecare benefits are about to get a whole lot better.