

**CITY OF JOPLIN
COUNCIL AGENDA ITEM**

ITEM

Council Bill 2019-517 – Approving a one-year Contract with Anthem BCBS to provide stop loss coverage and administrative services for the City’s health self-insurance coverage

MEETING DATE

October 21, 2019

ORIGINATING DEPT

Finance

ATTACHMENTS

CB 2019-517 Ordinance; Exhibit “A”-Anthem BCBS Agreement

REVIEWED BY

Department Head: Leslie Haase; Human Resources Director: David Allgood; City Attorney: Peter Edwards; Interim City Manager: Dan Pekarek

SUMMARY

This Council Bill approves a one-year contract with Anthem BCBS to provide stop loss coverage and administrative services for the City’s health self-insurance coverage for City employees.

BACKGROUND

In 2015, the City let a bid for dental, vision, life and health insurance services for a five-year period. Anthem BCBS provided the lowest and best bid for stop loss coverage and third-party administrative services. The price for these services is negotiated in the following years, based on actual claims experience. Also, after an evaluation of the annual large claims incurred, it was determined that the current stop loss coverage of \$150,000 per claim is still the appropriate level of protection.

Anthem submitted an increase of 10% in the overall stop loss fee. The single fee will increase from \$45.07 to \$65.73 per employee per month. The family fee will decrease from \$144.28 to \$141.40 per employee per month. The annual premium will be approximately \$611,625, which is an increase of \$55,371. Anthem guaranteed their administrative fee for 2019 and 2020. The rate will remain at \$41.10 per employee per month. The annual premium will be approximately \$245,600.

As a result of actual claims costs, the stop loss fees and administrative fees, the health insurance premiums will be increasing 5.6% for 2020. Since the City returned to self-insured coverage, the ten-year trend is 5.6%. During this same ten-year time period, the national trend increase for health insurance costs has been 6.8%. Claims costs are a function of both utilization and prices. The Joplin Health Nuts continues to work with city employees to decrease utilization and

become better “consumers” of health products, in order to try to stay below national trends for health insurance increases.

The City provides single health insurance to employees. The monthly premium will increase from \$472.32 to \$498.88 per employee. For family coverage, the City covers 75% and the employee is responsible for 25% of the monthly premium, as well as usage costs set forth in the plan design. The City’s monthly premium will increase from \$991.88 to \$1,047.68 per employee. The employee’s monthly premium will increase from \$330.64 to \$349.24. The total estimated increase to the City for this benefit is \$243,000.00.

The contract will begin on January 1, 2020. All insurance services will be bid during 2020 for coverage in 2021,

FUNDING SOURCE

This item is expensed to all funds based on where employees are charged. This increase is included in the 2020 budget.

RECOMMENDATION

Staff recommends approval of this council bill on an emergency basis.