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## CITY COUNCIL AGENDA

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Notice is hereby given that the Rockport City Council will hold a special meeting on Wednesday, July 5, 2017, at 10:00 a.m. The meeting will be held at Rockport City Hall, 622 E. Market, Rockport, Texas. The matters to be discussed and acted upon are as follows:

### Opening Agenda

1. Call meeting to order.

### Regular Agenda

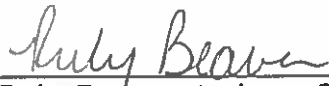
2. Deliberate and act on the Texas Municipal League MultiState Intergovernmental Employee Benefits Pool Rerate Notice for active employees and retired employees not eligible for Medicare.
3. Adjournment.

### Special Accommodations

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at (361) 729-2213, ext. 225 or FAX (361) 790-5966 or email [citysec@cityofrockport.com](mailto:citysec@cityofrockport.com) for further information. Braille is not available. The City of Rockport reserves the right to convene into executive session under Government Code §§ 551.071-551.074 and 551.086.

### Certification

I certify that the above notice of meeting was posted on the bulletin board at City Hall, 622 E. Market Street, Rockport, Texas on Friday, June 30, 2017, by 5:00 p.m. and on the City's website at [www.cityofrockport.com](http://www.cityofrockport.com). I further certify that the following News Media were properly notified of this meeting as stated above: *The Rockport Pilot*, *Coastal Bend Herald*, and *Corpus Christi Caller Times*.



Ruby Beaven  
Ruby Beaven, Assistant City Secretary

**CITY COUNCIL AGENDA**  
**Special Meeting: Wednesday, July 05, 2017**

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**AGENDA ITEM: 2**

Hear and deliberate on the Texas Municipal League MultiState Intergovernmental Employee Benefits Pool Rerate Notice for active employees and retired employees not eligible for Medicare.

**SUBMITTED BY:** City Manager Kevin Carruth

**APPROVED FOR AGENDA:** PKC

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**BACKGROUND:** Group medical insurance is a major benefit for employees and a major cost center in the City's budget (\$668,751 in FY 2016-2017). The City of Rockport, just like all other public and private organizations across the United States, struggles to find the balance between premium affordability and meaningful plan details all the while navigating an everchanging market and regulatory environment.

The City was fortunate in the few years prior to FY 2016-2017 to experience limited increases of 3-5 percent; however, over the last year not only have the 923 TMLIEBP members experienced unusually high claims but so has the City's group. As a result, there will be a 13.1% percent increase for all members and another 6.9% for Rockport, for a total premium increase of 20% for the same plan in FY 2017-2018 and we have in FY 2016-2017.

Staff had extensive discussions with TMLIEBP seeking ways to bring the premium cost down. Because of the City's recent loss history, TMLIEBP's Underwriting Department limited the options to the current plan with the 20% increase, option 1 with a 15.26% increase, and option 2 with a 14.48% increase. Please see the accompanying TMLIEBP Benefits Cost tables and TMLIEBP Rerate Notice for details on the individual plans and costs.

Mandatory meetings were held with all employees on June 21 to explain the three health insurance options and to solicit input. Of the 70 employees expressing an opinion via ballot, 63 voted to stay with the current plan, three were in favor of option 1, and four wanted option 2.

The good news is that there are no changes to the plans or premiums for dental and vision insurance.

**Medical**

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The monthly group medical insurance premium for active employees and retired employees not eligible for Medicare increased by twenty percent. In September 2011 Council chose to equally split the additional cost of a rerate increase with the employee.

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**Sec. 40-65. Benefits**
(a) *Group insurance*

- (1) *Insurance provided:* All full-time employees and all retired employees are provided with medical insurance for which an employee contribution may be required.
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There are no major changes in the plan for the 2017-2018 plan year. See the accompanying rerate notice for additional information.

<b>Covered Life</b>	<b>Current Rate</b>	<b>New Rate</b>
Active Employee	\$555.50	\$666.60
+Active Employee Spouse	\$572.16	\$686.60
+Active Employee Child(ren)	\$342.24	\$410.70
+Active Employee Family	\$907.66	\$1,089.20
Voluntary Pre-65 Retiree	\$1,083.22	\$1,299.88
+Voluntary Pre-65 Retiree Spouse	\$1,115.68	\$1,338.86
+Voluntary Pre-65 Retiree Child(ren)	\$667.36	\$800.84
+Voluntary Pre-65 Retiree Family	\$1,769.94	\$2,123.92

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**Dental**

The City is currently enrolled in Dental III. The group dental insurance premium for active and retired employees did not increase for the plan year 2017-2018. The Dental III plan is currently an active employee only employer paid plan and the Pre-65 Retiree is responsible for full premium. See the accompanying rerate notice for additional information.

<b>Covered Life</b>	<b>Current Rate</b>	<b>New Rate</b>
Active Employee	\$37.64	\$37.64
+Active Employee Spouse	\$39.62	\$39.62
+Active Employee Child(ren)	\$43.58	\$43.58
+Active Employee Family	\$77.90	\$77.90
Voluntary Pre-65 Retiree	\$67.90	\$67.90
+Voluntary Pre-65 Retiree Spouse	\$71.48	\$71.48
+Voluntary Pre-65 Retiree Child(ren)	\$78.62	\$78.62
+Voluntary Pre-65 Retiree Family	\$140.48	\$140.48

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**Vision**

The City is currently enrolled in Vision B. The group vision insurance premium for active and retired employees did not increase for the plan year 2017-2018. The Vision plan is currently an active employee only employer paid plan and the Pre-65 Retiree is responsible for full premium. See the accompanying rerate notice for additional information.

<b>Covered Life</b>	<b>Current Rate</b>	<b>New Rate</b>
Active Employee	\$9.00	\$9.00
Active Employee Family	\$18.00	\$18.00
Voluntary Pre-65 Employee	\$15.12	\$15.12
Voluntary Pre-65 Family	\$30.20	\$30.20

Our new TMLIEBP Representative, Ms. Heather VonGonten, will give a brief presentation and be available to answer any questions.

Please see the accompanying PowerPoint presentation, TMLIEBP Benefits Cost tables, and TMLIEBP Rerate Notice for additional details.

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**FISCAL ANALYSIS:** Medical - The twenty percent increase will be equally split between the City and the employee. The employee's new contribution amount will increase by \$55.55 per month ( $\$666.60$  (new rate) -  $\$555.50$  (previous rate) =  $\$111.10 \div 2$  (City & Employee) =  $\$55.55$  per month). The estimated total additional cost to the City for group medical coverage is \$86,658.

Dental - The dental plan is an active employee only employer paid plan and to enroll in Dental III the City would be responsible for the active employee rate of \$37.64 per month. The employee is responsible for the family plan. The Pre-65 retiree is responsible for both the retiree and / or the family rates. The premium is unchanged from FY 2016-2017.

Vision - The vision plan is an active employee only employer paid plan and to enroll in Vision B the City would be responsible for the active employee rate of \$9.00 per month. The employee is responsible for the family plan. The Pre-65 retiree is responsible for both the retiree and / or the family rates. The premium is unchanged from FY 2016-2017.

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**RECOMMENDATION:** Staff recommends Council approve the 2017-2018 Texas Municipal League MultiState Intergovernmental Employee Benefit Pool rerate for the same employee health benefits plan as FY 2016-2017, as presented.



**City of Rockport**  
**10/1/2017**

**DEDICATED TO SERVICE**

- ✓ *Political Subdivision Pooling is the Value Based Collaborative Solution*
- ✓ *2017-2018 IEBP Making Texas and Oklahoma Healthier: Local Site Biometric Screenings*

The factors used in the 2017-2018 rerate formula for all the Pool members are:

- Medical Trend - 10%
- Non-Biotech/Specialty Prescription Trend - 8%
- Biotech/Specialty Prescription Trend - 18%
- Stop Loss Trend - 17%
- Expanded Benefit Cost for On-Site/Local Site Biometric Screenings - \$4,075,860.10

The above factors were included in your employer benefit plan calculation. Once IEBP identifies the Pooling revenue that is required, each employer is rerated individually to support the claim utilization cost incurred by the employer's covered individuals.

The City of Rockport's 2017-2018 rerate calculation used the below loss ratio information:

The snapshot is for actual claims paid, not billed.

**Rollup Loss Ratios with unknown claim dollars included**

**Rollup Anniversary  
Month Loss Ratio**

111.37%

**Rollup Rolling 12  
Month Loss Ratio**

92.18%

**Rollup 14-15 Loss  
Ratio**

73.76%

**Rollup 13-14 Loss  
Ratio**

89.59%

The Loss Ratio for the last two years have been over 85%. Prospective risk = High

Anything above 85% is a cost center, more Claim Utilization in excess of Premium/Contribution collection.

TML MultiState IEBP Pool 2017-2018

Average rate increase = 13.1%

Maximum rate increase = 30%

Rockport rate increase = 20%

Rockport minimum increase = 14%  
(with plan change)

	2010-11	2011-12	2012-13	2013-14	2014-15	2016-17
Average Rate Increase	1.6%	3.4%	4.7%	4.5%	6.8%	4.6%
	*\$3.5 million in Equity	*\$3.3 million in Equity	*\$4.2 million in Offset	*\$3 million in Offset	*\$806,891 in Offset	Equity put in Reserves

\*Member Equity is used to buy down potential rate increase for all Pool membership

Rockport does benefit from the IEBP Political Subdivision Pooling process.

Recommendation: not enough savings by making a plan change. Renew with current benefits and increase city/employee cost share contributions.

The Trustees and TML MultiState IEBP staff look forward to the opportunity to serve your eligible employee/dependent, and retiree population during this new plan year.

# TML IEBP Benefits Cost

Employee Medical Cost Rate Comparison  
October 1, 2017 – September 30, 2018



Human  
Resources  
Department

Benefit	Emp + Dep Monthly Premium	City of Rockport Monthly Cost	Employee Monthly Cost	Employee Per Pay period	Difference Per Pay Period
<b>Current Plan*: 80/50 PPO \$200 In Ded \$450 Out Ded \$1,000 In OOP No OV</b>					
Employee Only	\$555.50	\$470.65	\$84.85	\$42.42	n/a
Emp/Spouse	\$1,127.66	\$470.65	\$657.01	\$328.50	n/a
Emp/Child(ren)	\$897.74	\$470.65	\$427.09	\$213.54	n/a
Family	\$1,463.16	\$470.65	\$992.51	\$496.25	n/a

\*Current plan runs through 9/30/17

<b>Current Plan – 20% Increase: 80/50 PPO \$200 In Ded \$450 Out Ded \$1,000 In OOP No OV</b>					
Employee Only	\$666.60	\$526.20	\$140.40	\$70.20	\$27.78
Emp/Spouse	\$1,353.20	\$526.20	\$827.00	\$413.50	\$85.00
Emp/Child(ren)	\$1,077.30	\$526.20	\$551.10	\$275.55	\$62.01
Family	\$1,755.80	\$526.20	\$1,229.60	\$614.80	\$118.55

<b>Option 1 – 15.26% Increase: 80/50 PPO \$200 In Ded \$450 Out Ded \$2,000 In OOP No OV</b>					
Employee Only	\$640.28	\$513.04	\$127.24	\$63.62	\$21.20
Emp/Spouse	\$1,299.78	\$513.04	\$786.74	\$393.37	\$64.87
Emp/Child(ren)	\$1,034.76	\$513.04	\$521.72	\$260.86	\$47.32
Family	\$1,686.48	\$513.04	\$1,173.44	\$586.72	\$90.47

<b>Option 2 – 14.48% Increase: 80/50 PPO \$450 In Ded \$700 Out Ded \$1,000 In OOP No OV</b>					
Employee Only	\$635.92	\$510.86	\$125.06	\$62.53	\$20.11
Emp/Spouse	\$1,290.90	\$510.86	\$780.04	\$390.02	\$61.52
Emp/Child(ren)	\$1,027.72	\$510.86	\$516.86	\$258.43	\$44.89
Family	\$1,674.98	\$510.86	\$1,164.12	\$582.06	\$85.81

Note: No change in dental, life, or vision coverage or premiums.

## Definitions

- 80/50** – The coinsurance amount. After the patient reaches their deductible, insurance pays 80 percent for in network service providers and 50 percent for out of network providers. The patient pays the balance.
- In Ded** – In network deductible. A deductible is the amount the patient pays before insurance begins to pay. In Ded is the patient's limit when using a healthcare provider in TML's provider network.
- In OOP** – In network, out of pocket. The maximum amount the patient pays using in network providers before insurance begins to cover expenses 100 percent.
- Out Ded** – Out of network deductible. A deductible is the amount the patient pays before insurance begins to pay. Out Ded is the patient's limit when using a healthcare provider not in TML's provider network.
- No OV** – Office visit. A flat fee paid each time a patient sees a doctor regardless of any procedures or services and in addition to any other fees.
- PPO** – Preferred provider organization. Allows patient to choose any provider they want but pays differently for providers in network and out of network.





# TML MultiState Intergovernmental Employee Benefits Pool Rerate Notice and Benefit Verification Form

## Rockport

Original

Plan Year 2017-2018 (12 Months)

Rates are subject to change if there is any legislation passed during the plan year affecting benefits. Supplemental benefits cannot be accessed without accessing the TML MultiState IEBP Medical Benefit Plan

### Medical

#### Employer Group Medical Plan

Plan	Benefit Percent	In Net Ded	Out Net Ded	In Net QOP	Office Visit	XRay & Lab in QV	Rates	Current	New	Employee Subsidy	195% of Employee
P85-20-10-Mac A	80/50	\$200	\$450	\$1000	N/A	No	Employee:	\$555.50	\$666.60	\$704.70	\$1,299.88
							Spouse:	\$572.16	\$686.60	\$686.60	\$1,338.86
							Child(ren):	\$342.24	\$410.70	\$410.70	\$800.84
							Family:	\$907.66	\$1,089.20	\$1,089.20	\$2,123.92

### Dental III

	Current Rate	New Rate
Employee:	\$37.64	\$37.64
Spouse:	\$39.62	\$39.62
Child(ren):	\$43.58	\$43.58
Family:	\$77.90	\$77.90

**RECEIVED**  
**JUN 30 2017**  
**ASST. CITY SECRETARY**

### Vision B

	Current Rate	New Rate
Employee:	\$9.00	\$9.00
Family:	\$18.00	\$18.00

### Calendar Year Pre-65 Retiree Medical

Retirees at 195% of Active Plan

### Calendar Year Pre-65 Dental III 100% Participation

	Current Rate	New Rate
Retiree:	\$67.90	\$67.90
Spouse:	\$71.48	\$71.48
Child(ren):	\$78.62	\$78.62
Family:	\$140.48	\$140.48

**Calendar Year Pre-65 Voluntary Vision B**

	<u>Current Rate</u>	<u>New Rate</u>
Retiree:	\$15.12	\$15.12
Family:	\$30.20	\$30.20

**LTD**

No LTD Coverage

**STD**

No STD Coverage

**Basic Life and AD&D: Plan 9 (\$15,000)**

	<u>Current Rate</u>	<u>New Rate</u>
Life:	\$0.220	\$0.220
AD&D:	\$0.035	\$0.035

**Dependent Life: Plan 1 (\$2,000/\$1,000)**

<u>Current Rate</u>	<u>New Rate</u>
\$0.70 per dependent unit	\$0.70 per dependent unit

**Voluntary AD&D**

No Voluntary AD&D Coverage

**Additional Employee Life and AD&D**

<u>Age of Employee</u>	<u>Current Rate per \$1000</u>	<u>New Rate per \$1000</u>
Under 30	0.061	0.061
30 - 34	0.069	0.069
35 - 39	0.100	0.100
40 - 44	0.130	0.130
45 - 49	0.198	0.198
50 - 54	0.332	0.332
55 - 59	0.595	0.595
60 - 64	0.913	0.913
65 - 69	1.513	1.513
70 and over	2.431	2.431

### Basic & Additional Retiree Life

Age of Employee	Current Rate per \$1000	New Rate per \$1000
Under 45	0.228	0.228
45 - 49	0.329	0.329
50 - 54	0.519	0.519
55 - 59	0.873	0.873
60 - 64	1.240	1.240
65 - 69	1.961	1.961
70 - 74	3.226	3.226
75 - 79	5.376	5.376
80 - 84	8.223	8.223
85 - 89	12.587	12.587
90 - 94	18.342	18.342
95 and over	37.823	37.823

### Continuation of Coverage (COC)

Yes

### Benefit Waiting Period

Medical: None

Life: None

### Medical Network

Choice Plus

### Flex, HRA, HSA & RRA

Flex AdminHRA AdminHSA AdminRRA Admin

Yes

No

No

No

#### Select one of the following options for Flex:

- Debit Card Flex (\$3.70 per participant per month)
- Paper Flex (\$5 per participant per month)

#### Select one or all of the following options for HRA, HSA & RRA:

- HRA (\$3.70 per participant per month - debit card only)
- Qualified HSA (\$3.70 per participant per month - debit card only)
- RRA (\$3.70 per participant per month - debit card only)

If employer accesses Debit Card Flex and/or HRA, HSA or RRA, only one charge of \$3.70 per participant per month will be incurred.

### Medication Therapy Management Program

**MAC A Plan:** If a brand name drug is dispensed and a generic alternate drug exists, the Covered Individual pays the difference between the brand name and generic price in addition to the appropriate copayment for the brand name. The cost difference between the brand name and generic price does not apply to any individual deductibles or out of pocket amounts. The MAC differential applies to all prescriptions purchased through this program when a generic alternate is available.

**MAC C Plan:** If a brand name drug is dispensed and a generic alternate drug exists, the Covered Individual pays the appropriate brand copay.

**Lessor of Benefit:** Through the OptumRx network contract, the covered individual's out of pocket expense is managed by the pharmacy network agreement that the covered individual will receive the most advantageous pricing. This would be determined by the lessor of pharmacy contracts, Usual & Customary cost (U&C), copayments or the discounted cost the covered individual would be charged. Due to the lessor of Benefit the OptumRx Reportal will be an important price transparency resource to ensure covered individual is purchasing the prescription from the most cost effective pharmacy.

**Prescribed Over the Counter No Cost Share Prescriptions**

Covered Individual Out of Pocket (OOP)			
Prescribed (Doctor Ordered) Over the Counter Alternates and Prescription Networks	Retail: (up to 34 day supply max unless noted otherwise)	Mail/Maintenance: (up to 90 day dispensement)	SpecialtyRx/Biotech/Biosimilar: (up to 34 day dispensement)
<ul style="list-style-type: none"> <li>Smoking Cessation (Nicorette Gum, Nicotine Replacement Lozenge, Nicotine Replacement Patch, Nicotrol Inhaler, Nicotrol Nasal Spray), Quantity Limit - six (6) months per plan year</li> <li>Aspirin, Folic Acid, Fluoride Chemoprevention Supplements, Fluoride chew tablets, drop (not toothpaste, rinses) children age zero to five (0-5) years, Iron Deficiency Supplements, Vitamin D supplementation to prevent falls in community-dwelling adults age sixty-five (65) years and older who are at an increased risk for falls (per prescription), and Bisacodyl EC Tab/Magnesium Citrate Sol/PEG 3350 (generic Miralax) adults age fifty to seventy-five (50-75) (bowel preparation for colonoscopy)</li> </ul>	\$0.00	N/A	N/A

**Retail and Mail Order Covered Individual Copayments**

Covered Individual Out of Pocket (OOP)			
Prescribed Over the Counter Alternates and Prescription Networks	Retail: (up to 34 day supply max unless noted otherwise)	Mail/Maintenance: (up to 90 day dispensement)	SpecialtyRx/Biotech/Biosimilar: (up to 34 day dispensement)
Network Retail: 34 day <u>Non-Cost Share most Generic</u> Dispensment	\$5.00 (up to 34 day supply)	N/A	N/A
Network Retail: 90 day <u>Non-Cost Share most Generic</u> Dispensment	\$14.00 (35 up to 90 day supply)	\$42.00	
OptumRx Network <u>Non-Cost Share</u> Best Brand/Formulary List	\$43.00	\$129.00	
OptumRx Network <u>Non-Cost Share</u> Non-Best Brand/Non-Formulary List	\$65.00	\$195.00	
OptumRx Network Cost Share	\$120.00	\$360.00	
BriovaRx, The OptumRx Specialty/Biotech Pharmacy	N/A	N/A	\$100.00 (up to 34 day supply)
BriovaRx, The OptumRx Biosimilar Generic Pharmacy	N/A	N/A	\$75.00 (up to 34 day supply)
Prescription Refill Control Standards	75%	70%	

**Monthly Employer Subsidy or Defined Contribution Amounts**

Due to the employer customization regarding defined contribution amount for employees, part-time employees that meet the definition of an active employee (an Employee who works at least twenty (20) hours per week or is accessing vacation, sick or paid/unpaid Family Medical Leave Act of 1993 (FMLA) and is receiving the same benefits as all other employees) and/or dependents, TML MultiState Intergovernmental Employee Benefits Pool requests the below information to ensure accurate information is maintained in the enrollment, eligibility and billing adjudication system.

**Employer Funded Defined Contribution**

**Dependent Additional Employer Subsidy or Defined Contribution**

	Employee		Spouse		Child		Family	
	Amount	% of Rate	Amount	% of Rate	Amount	% of Rate	Amount	% of Rate
Active Employees								
Employer Subsidy	\$ _____ or _____ %		\$ _____ or _____ %		\$ _____ or _____ %		\$ _____ or _____ %	
Employer Defined Contribution	\$ _____		\$ _____		\$ _____		\$ _____	
Retirees	\$ _____ or _____ %		\$ _____ or _____ %		\$ _____ or _____ %		\$ _____ or _____ %	

**Additional Employer Funding for HRA, FSA or HSA (Example criteria: 100% participation in Employer Fair; Receipt of Healthy Initiative Payment)**

HRA \$ \_\_\_\_\_ Criteria: \_\_\_\_\_

Employer Contribution to FSA \$ \_\_\_\_\_ Criteria: \_\_\_\_\_

Employer Contribution to HSA \$ \_\_\_\_\_ Criteria: \_\_\_\_\_

NOTE: If you have funding requirements that cannot be specified in the above form, please contact your Billing & Eligibility Representative.

**Signature Section**

The undersigned employer hereby acknowledges that for an employee to receive coverage, TML MultiState Intergovernmental Employee Benefits Pool (IEBP) must receive enrollment information within thirty-one (31) days of the commencement of employment regardless of whether the Employer has a waiting or a waiting and orientation period. If an employee is not enrolled within thirty-one (31) days of hire, the employee cannot be added to the Plan until the next Open Enrollment period or a qualifying event occurs.

Employer	Authorized Signature	Date
	Printed Name	Title

The entity named on this Rerate and Benefit Verification Form desires large claim information as specified in Article 21.49-15 of the Insurance Code in Section 2 (2), to be for individual claims that reach or exceed \$35,000 during the plan year. This information is considered confidential for purposes of Chapter 552 of the Local Government Code.

The rates are based on census information five months prior to plan year. If the census changes by more than 10%, TML MultiState IEBP reserves the right to revise rates due to census change and underwriting impact.

Tax ID Number	Authorized Signature	Date
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