



Finance Committee Meeting

AGENDA

March 4, 2008

I. CALL TO ORDER

II. MATTERS BEFORE COMMITTEE

1. [Renewal - Health Insurance](#)
2. [Renewal - Property & Casualty Insurance](#)

III. ADJOURN



Finance Committee Meeting

AGENDA

March 4, 2008

Item:

Renewal - Health Insurance

Department:

Additional Information:

A representative from Covenant will be present to review 2007 and make recommendations for renewal.

Financial Impact:

Budgeted Item:

Recommendation / Request:

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Attachments / click to download

[BeniComp Advantage](#)

[Covenant Admin Info](#)

Covenant Administrators

A COVENANT SERVICES GROUP COMPANY



Administrative & Stop Loss Financial Projections

City of Monroe

CAST
Covenant
Applied
Savings
Techniques

City of Monroe

April 1, 2008 Renewal Projections

		Administrative/Service Providers		
Third Party Administrator	Covenant Administrators			
Medical PPO Provider	First Health (Formerly Southcare)			
Case Management/UR Services	MediCor			
Pharmacy Benefit Manager	Walgreens			
Disease Management Provider				
CAST Providers:				
Medical Benefit Program	Current Medical Plan			
Dental Benefit Program	N/A			
Employee Count		Single	Family	Combined
		127	81	208



Covenant Administrative Fees	Administrative Fees		
	Current Administrative Fees	Renewal Administrative Fees	Renewal Annual Fees Projection
A Base Services			
- Medical Management	\$16.15	\$16.15	\$40,310
- Pharmacy Management	\$1.00	\$1.00	\$2,496
- Dental Management			
- Vision Management			
- Disability Management			
- PPO/UR & Stop-Loss Carrier Interface	\$3.45	\$3.45	\$8,611
B Optional Services			
- COBRA Administrative Services	\$1.75	\$1.75	\$4,368
- HIPAA Administrative Services	\$1.75	\$1.75	\$4,368
- CEW Administrative/Enrollment Tool			
- LARS Data Warehouse			
- NYHCRA Administration/Filing			
C Covenant CAST Initiatives			
- CareHere!			
- BeniComp Administration			
- Empowered Benefits			
- Disease Management			
- Data Warehouse Management			
- HealthEOS Care Engine	\$2.30	\$2.30	\$5,741
Total Covenant Administrative Fees	\$26.40	\$26.40	\$65,894
E Additional Administrative Fees			
- Case Management/Utilization Review	\$3.50	\$3.50	\$8,736
- (1) Medical PPO Access - First Health	\$3.10	\$4.00	\$9,984
- (2) Medical PPO Access			
- (3) Medical PPO Access			
- (4) Medical PPO Access			
- Broker Services Fee			
Total Additional Administrative Fees	\$6.60	\$7.50	\$18,720
Total Administrative Services Fees	\$33.00	\$33.90	\$84,614
D Installation Fees - one time charge			
- Administrative Services			\$0
- Disease Management			\$0
- CEW Administration			\$0
Annual Administrative Costs	\$82,368		\$84,614
Percentage Change			3%

City of Monroe
April 1, 2008 Renewal Projections



Stop-Loss Parameters	
- Specific Contract	24/12
- Aggregate Contract	24/12
- Lasers	See Note
- Lasers	
- Specific Coverage	Medical
- Aggregate Coverage	Medical

Stop-Loss Details		Projected Renewal Stop-Loss Rates & Factors			
Carrier/MGU A. M. Best Rating Current/Renewal Plan Design Aggregating Specific Deductible Specific Deductible	AIG A++		SLG Benefits A+	Best Re A	
	Current	Renewal	Renewal		
	<i>Current Medical Plan</i>		<i>Current Medical Plan</i>		
	\$80,000		\$80,000	\$80,000	
	\$40,000		\$40,000	\$40,000	
Stop-Loss Rates		AIG	American Fidelity	Standard Life	
- Specific Stop-Loss					
- Single	\$69.26	\$104.41	\$65.72	\$59.27	
- Family	\$193.16	\$284.45	\$155.87	\$165.29	
- Aggregate Stop-Loss (Composite)	\$6.64	\$6.08	\$6.25	\$7.06	
Additional Coverages					
- Monthly Accommodatiion					
- AIG Transplant Coverage					
- Single	\$4.20	\$4.55	\$4.55	\$4.55	
- Family	\$9.65	\$10.45	\$10.45	\$10.45	
Total Stop-Loss Rates					
- Single	\$80.10	\$115.04	\$76.52	\$70.88	
- Family	\$209.45	\$300.98	\$172.57	\$182.80	
Aggregate Factors					
- Single	\$436.26	\$454.80	\$473.77	\$458.60	
- Family	\$1,174.28	\$1,203.19	\$1,153.85	\$1,234.42	
Annual Reinsurance Premium		\$325,658	\$467,874	\$284,355	\$285,703
Maximum Claims Liability		\$1,806,260	\$1,862,616	\$1,843,568	\$1,898,763
- Expected Claims	\$1,445,008	\$1,490,093	\$1,474,854	\$1,519,010	
- Claim Fluctuation Margin	\$361,252	\$372,523	\$368,714	\$379,753	
Financial Summary					
Fixed Costs					
- Total Administrative Fees	\$82,368	\$84,614	\$84,614	\$84,614	
- Total Stop-Loss Premium	\$325,658	\$467,874	\$284,355	\$285,703	
Total Fixed Costs	\$408,026	\$552,488	\$368,969	\$370,317	
Expected Costs					
- Total Fixed Costs	\$408,026	\$552,488	\$368,969	\$370,317	
- Expected Claims Liability	\$1,445,008	\$1,490,093	\$1,474,854	\$1,519,010	
Total Expected Costs	\$1,853,034	\$2,042,581	\$1,843,823	\$1,889,327	
Maximum Costs					
- Total Fixed Costs	\$408,026	\$552,488	\$368,969	\$370,317	
- Maximum Claims Liability	\$1,806,260	\$1,862,616	\$1,843,568	\$1,898,763	
Total Maximum Costs	\$2,214,286	\$2,415,104	\$2,212,537	\$2,269,080	
Percentage Change		9%	0%	2%	

City of Monroe April 1, 2008 Renewal Projections



Stop-Loss Parameters	
- Specific Contract	24/12
- Aggregate Contract	24/12
- Lasers	See Note
- Lasers	
- Specific Coverage	Medical
- Aggregate Coverage	Medical

Stop-Loss Details		Projected Renewal Stop-Loss Rates & Factors			
Carrier/MGU A. M. Best Rating Current/Renewal Plan Design Aggregating Specific Deductible Specific Deductible	AIG A++		SLG Benefits A+		Best Re A
	Current	Renewal	Renewal	Renewal	
	<u>Current Medical Plan</u>		<u>Current Medical Plan</u>		
	\$80,000		\$80,000	\$80,000	\$80,000
	\$40,000		\$50,000	\$40,000	\$40,000
Stop-Loss Rates		AIG	American Fidelity	Standard Life	
- Specific Stop-Loss					
- Single	\$69.26	\$104.41	\$49.16	\$44.14	\$44.14
- Family	\$193.16	\$284.45	\$118.92	\$123.09	\$123.09
- Aggregate Stop-Loss (Composite)	\$6.64	\$6.08	\$6.84	\$7.29	\$7.29
Additional Coverages					
- Monthly Accommodatiion					
- AIG Transplant Coverage					
- Single	\$4.20	\$4.55	\$4.55	\$4.55	\$4.55
- Family	\$9.65	\$10.45	\$10.45	\$10.45	\$10.45
Total Stop-Loss Rates					
- Single	\$80.10	\$115.04	\$60.55	\$55.98	\$55.98
- Family	\$209.45	\$300.98	\$136.21	\$140.83	\$140.83
Aggregate Factors					
- Single	\$436.26	\$454.80	\$478.60	\$476.30	\$476.30
- Family	\$1,174.28	\$1,203.19	\$1,165.60	\$1,282.07	\$1,282.07
Annual Reinsurance Premium		\$325,658	\$467,874	\$224,674	\$222,200
Maxmium Claims Liability		\$1,806,260	\$1,862,616	\$1,862,350	\$1,972,053
- Expected Claims	\$1,445,008	\$1,490,093	\$1,489,880	\$1,577,643	\$1,577,643
- Claim Fluctuation Margin	\$361,252	\$372,523	\$372,470	\$394,411	\$394,411
Financial Summary					
Fixed Costs					
- Total Administrative Fees	\$82,368	\$84,614	\$84,614	\$84,614	\$84,614
- Total Stop-Loss Premium	\$325,658	\$467,874	\$224,674	\$222,200	\$222,200
Total Fixed Costs	\$408,026	\$552,488	\$309,289	\$306,815	\$306,815
Expected Costs					
- Total Fixed Costs	\$408,026	\$552,488	\$309,289	\$306,815	\$306,815
- Expected Claims Liability	\$1,445,008	\$1,490,093	\$1,489,880	\$1,577,643	\$1,577,643
Total Expected Costs	\$1,853,034	\$2,042,581	\$1,799,168	\$1,884,457	\$1,884,457
Maximum Costs					
- Total Fixed Costs	\$408,026	\$552,488	\$309,289	\$306,815	\$306,815
- Maximum Claims Liability	\$1,806,260	\$1,862,616	\$1,862,350	\$1,972,053	\$1,972,053
Total Maximum Costs	\$2,214,286	\$2,415,104	\$2,171,638	\$2,278,868	\$2,278,868
Percentage Change		9%	-2%	3%	3%

City of Monroe
April 1, 2008 Renewal Projections



Stop-Loss Parameters	
- Specific Contract	24/12
- Aggregate Contract	24/12
- Lasers	See Note
- Lasers	
- Specific Coverage	Medical
- Aggregate Coverage	Medical

Stop-Loss Details		Projected Renewal Stop-Loss Rates & Factors			
Carrier/MGU Specific Deductible Current/Renewal Plan Design Aggregating Specific Deductible		SLG Benefits			
		\$40,000		\$50,000	
		BCA @ 100% Claims	BCA @ 50% Claims	BCA @ 100% Claims	BCA @ 50% Claims
		<u>BeniComp Plan</u>			
Stop-Loss Rates		American Fidelity			
- Specific Stop-Loss					
- Single		\$64.08	\$64.08	\$47.93	\$47.93
- Family		\$151.97	\$151.97	\$115.95	\$115.95
- Aggregate Stop-Loss (Composite)		\$6.25	\$6.25	\$6.84	\$6.84
Additional Coverages					
- Monthly Accommodatiion					
- AIG Transplant Coverage					
- Single		\$4.55	\$4.55	\$4.55	\$4.55
- Family		\$10.45	\$10.45	\$10.45	\$10.45
Total Stop-Loss Rates					
- Single		\$74.88	\$74.88	\$59.32	\$59.32
- Family		\$168.67	\$168.67	\$133.24	\$133.24
Aggregate Factors					
- Single		\$407.44	\$407.44	\$411.60	\$411.60
- Family		\$992.31	\$992.31	\$990.76	\$990.76
Annual Reinsurance Premium		\$173,457	\$173,457	\$137,043	\$137,043
Maxmium Claims Liability		\$1,585,464	\$1,585,464	\$1,590,297	\$1,590,297
- Expected Claims		\$1,268,371	\$1,268,371	\$1,272,238	\$1,272,238
- Claim Fluctuation Margin		\$317,093	\$317,093	\$318,059	\$318,059
		Financial Summary			
Fixed Costs					
- Total Administrative Fees		\$84,614	\$84,614	\$84,614	\$84,614
- Total Stop-Loss Premium		\$173,457	\$173,457	\$137,043	\$137,043
- BeniComp Interface		\$4,992	\$4,992	\$4,992	\$4,992
- BeniComp Advantage Premium		\$30,826	\$30,826	\$30,826	\$30,826
Total Fixed Costs		\$293,889	\$293,889	\$257,475	\$257,475
Expected Costs					
- Total Fixed Costs		\$293,889	\$293,889	\$257,475	\$257,475
- Expected Claims Liability		\$1,268,371	\$1,268,371	\$1,272,238	\$1,272,238
Total Expected Costs		\$1,562,260	\$1,562,260	\$1,529,713	\$1,529,713
Maximum Costs					
- Total Fixed Costs		\$293,889	\$293,889	\$257,475	\$257,475
- Maximum Claims Liability		\$1,585,464	\$1,585,464	\$1,590,297	\$1,590,297
- BeniComp Max. Variable Premium		\$148,273	\$74,137	\$148,273	\$74,137
Total Maximum Costs		\$2,027,626	\$1,953,489	\$1,996,045	\$1,921,909
% Increase to Current		-8%	-12%	-10%	-13%

City of Monroe



BeniComp Advantage - Deductible Reimbursement Policy

Health Screening Criteria	NIH Standard
- Body Mass	< 25.0
- Blood Pressure	< 120/80
- Tobacco/Nicotine	Negative
- Cholesterol (LDL)	< 100

Fixed BCA Premium	Single	Family	Total	Rate	Monthly Fixed	Annual Fixed
	121	77	198	\$13.00	\$2,569	\$30,826

Variable Premium	Value Per Credit	Total Insured Amount	BCA Co-Ins.	Maximum Variable Premium	
NIH (Avg. 2.5 credits earned)	Single Family	\$500 \$1,500	\$342,500	100%	\$148,273

BCA Rate/Premium Summary
- Fixed Rate - (PE/PM)
- Variable Rate - (PE/PM)
- Total Base Rate/Premium

Rate	Monthly Premium	Annual Premium
\$13.00	\$2,569	\$30,826
\$62.53	\$12,356	\$148,273
\$75.53	\$14,925	\$179,099

BCA Additional Services
- * Health Screenings
- ** HRA/Survey - Paper/Mail
- ** HRA/Survey - Internet Based
- *** BeniComp's E-Learning Center
- Expanded Blood Screening
- Manual Claims Administration
- Claim Payments to Provider
- Total Additional Services

Rate	Monthly Premium	Annual Premium

BCA Premium Totals
\$75.53

Rate	Monthly Premium	Annual Premium
\$75.53	\$14,925	\$179,099

Estimated Savings
- Annual BCA Premium
- Variable Maximum Premium
- Total BCA Premium
- PE/PM Cost

NIH Criteria	NIH Criteria Variable Premium - 50% L/R
\$30,826	\$30,826
\$148,273	\$74,137
\$179,099	\$104,962
\$75.53	\$44.27

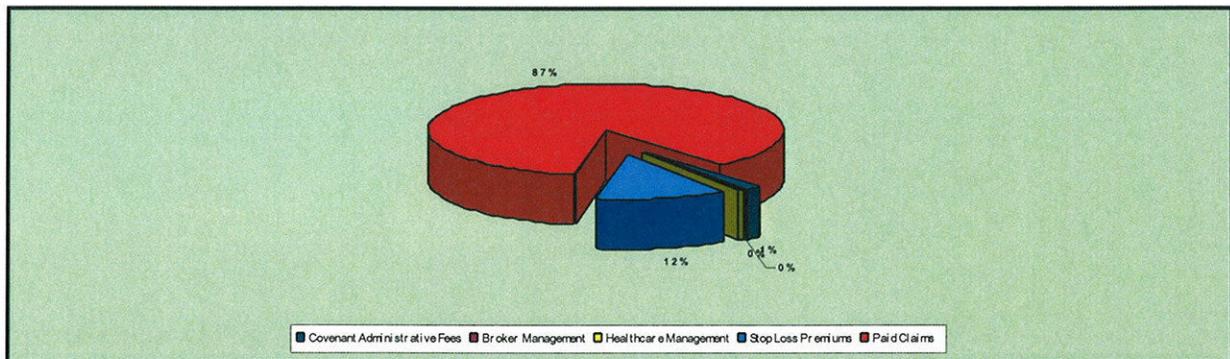
- * Health Screens are based on a one-time charge and an average of \$67.00 per participant. Fees/Rates above are calculated on a monthly & annual basis for illustration purposes only.
- ** Health Risk Appraisal/Surveys (HRA) is a one time fee of \$25.00 per paper/mail appraisal and \$10.00 per internet based appraisal. Fees/Rates calculated on a monthly & annual basis for illustration purposes only.
- *** If BeniComp's E-Learning Center is selected, it will include the internet based appraisal services.
- The final premium factor is assigned when actual screening results are applied.

Item # 1



The Current Challenges in Managing Healthcare Programs

- Health plan costs are increasing at more than five times the rate of corporate profits and five times the rate of inflation!
- 15% of the population in a healthcare plan have acute, chronic conditions that represent 85% of the total claims cost, and 35% of the population in a healthcare plan are “At Risk” and 50% are considered Healthy, which it should be noted that 59% of next year’s high cost population will come from this year’s low cost population.
- Today’s healthcare strategy to reduce costs:
 - * Raise Premiums
 - * Raise Deductibles
 - * Raise Co-Pays
 - * Lower Benefits
- Plan Adverse Selection is a direct result of Cost-Shifting.
- “71 cents of the healthcare dollar is spent on treating conditions that are lifestyle related and potentially reducible by behavioral changes” - Professor Roger Seehafer, Purdue University
- “The CDC researchers estimate that one-third of all US deaths are due to diseases related to diet, physical inactivity and smoking. Experts believe that about 30% of cancers in the US are related in some way to obesity and diet.” - Dr. Michael Thum, American Cancer Society
- Claims costs make up between 80%-90% of total plan costs.



True Fundamental Approach to Reducing Healthcare Costs

- A strategy that focuses on Risk-Shifting and not Cost-Shifting.
- Address the root cause of escalating healthcare costs—Lifestyle-related claims.
- Plan participants will be held accountable for their health/lifestyle choices they select.

The Proper Tool to Reducing Healthcare Costs BeniComp Advantage

- A unique, fully insured, completely legal, state-approved health plan supplement.
- BeniComp Advantage is a product that works in conjunction with the self funded plan to reward healthy lifestyle choices.
- Not a wellness program, a *life-changing* program that rewards healthy habits with real dollars.
- Self funded health plan will increase the plan deductible to stated amount such as \$2,000.
- BeniComp will serve as a deductible reimbursement policy. The plan deductible can be reduced by employees receiving credits for healthy lifestyles. The credits are based on employees reaching the proper targets for the following:
 - * Controlled Cholesterol
 - * Controlled Blood Pressure
 - * Non-Tobacco/Nicotine Use
 - * Proper Body Mass Index (BMI)

Results

- Immediate plan cost reduction of 5%-15% including the costs of implementing BeniComp.
- Claims costs will reduce.
- Will reduce the impact of healthcare trend



Finance Committee Meeting

AGENDA

March 4, 2008

Item:

Renewal - Property & Casualty Insurance

Department:

Additional Information:

Bob Saville will explain in detail renewal for 2008. The rates decreased this year while the exposures increased in the covered payroll, budget, number of employees, number of covered vehicles and contractors equipment. Even with these increases, the lower rates offset them to yield a lower overall premium.

Financial Impact:

Budgeted Item:

Recommendation / Request:

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Attachments / click to download

[Summary Sheet](#)

City of Monroe
2008-2009 Insurance Summary

COVERAGE (Effective 4/6/08-09)	EXPIRING PREMIUM	RENEWAL PREMIUM	CARRIER	EXPIRING LIMITS	RENEWAL LIMITS OCC / AGG	EXPIRING DEDUCTIBLE	RENEWAL DEDUCTIBLE
GENERAL LIABILITY	\$52,451.00	\$53,428.00	St. Paul (A:15)	\$1,000,000/2,000,000	\$1,000,000/2,000,000	\$10,000	\$10,000
Electric Utility	Included Above	Included Above	St. Paul (A:15)	\$1,000,000/2,000,000	\$1,000,000/2,000,000	\$10,000	\$10,000
CATV/Fiberoptics Utility	Included Above	Included Above	St. Paul (A:15)	\$1,000,000/2,000,000	\$1,000,000/2,000,000	\$10,000	\$10,000
Water and Sewer Utility	Included Above	Included Above	St. Paul (A:15)	\$1,000,000/2,000,000	\$1,000,000/2,000,000	\$10,000	\$10,000
Natural Gas Utility	Included Above	Included Above	St. Paul (A:15)	\$1,000,000/2,000,000	\$1,000,000/2,000,000	\$10,000	\$10,000
Sewer Backup	Included Above	Included Above	St. Paul (A:15)	\$500,000/500,000	\$500,000/500,000	\$10,000	\$10,000
Employee Benefits Liability	\$381.00	\$381.00	St. Paul (A:15)	\$1,000,000/3,000,000	\$1,000,000/3,000,000	\$1,000	\$1,000
Cyber Tech Liability	No Prior Coverage	\$1,000.00	St. Paul (A:15)	No Prior Coverage	\$1,000,000/1,000,000	No Prior Coverage	\$5,000
LAW ENFORCEMENT LIABILITY	\$33,532.00	\$32,728.00	St. Paul (A:15)	\$1,000,000/2,000,000	\$1,000,000/2,000,000	\$25,000	\$25,000
PROPERTY	\$61,000.00	\$47,166.00	St. Paul (A:15)	\$42,244,791	\$38,361,080	\$5,000	\$5,000
PROPERTY - Functional Replacement Cc	Included Above	Included Above	St. Paul (A:15)	\$4,060,077	\$2,890,077	\$5,000	\$5,000
Boiler & Machinery	Included Above	Included Above	St. Paul (A:15)	Included	Included	\$5,000	\$5,000
Contractors Equipment	\$6,635.00	\$11,444.00	St. Paul (A:15)	\$1,502,784	\$2,565,808	\$5,000	\$5,000
Computer & EDP Equipment	Included Above	Included Above	St. Paul (A:15)	\$161,151	\$161,151	\$5,000	\$5,000
Contractors Equipment	Included Above	Included Above	St. Paul (A:15)	\$75,083	\$75,083	\$1,000	\$1,000
Earthquake & Flood	Included Above	Included Above	St. Paul (A:15)	\$1,000,000	\$1,000,000	\$25,000	\$25,000
TERRORISM	\$987.00	\$1,043.00	St. Paul (A:15)	(Flood excludes zone A,B/Shaded X, V or D)			
AUTOMOBILE	\$72,421.00	\$63,989.00	St. Paul (A:15)	\$1,000,000	\$1,000,000	\$10,000	\$10,000
Comprehensive/Collision	\$32,040.00	\$30,198.00	St. Paul (A:15)	ACV	ACV	\$2500 / 2500	\$2500 / 2500
Uninsured Motorist	Included Above	Included Above	St. Paul (A:15)	\$75,000	\$75,000	\$10,000	\$10,000
Medical Payments	Included Above	Included Above	St. Paul (A:15)	\$5,000	\$5,000	\$10,000	\$10,000
Rating Basis - # of Liability Vehicles	155Units / 33 Trailers	166Units / 36 Trailers					
Rating Basis - # of Physical Damage Veh	125 Vehicles	143 Vehicles					
PUBLIC OFFICIALS LIABILITY	\$39,569.00	\$46,346.00	St. Paul (A:15)	\$1,000,000/1,000,000	\$1,000,000/1,000,000	\$25,000	\$25,000
Loss Control Fee							
Surplus Lines Tax							
EMPLOYMENT PRACTICES LIABILITY	Included	Included	St. Paul (A:15)	\$2,000,000/2,000,000	\$2,000,000/2,000,000	\$25,000	\$25,000
AIRPORT LIABILITY	\$5,950.00	\$5,950.00	XL Specialty Ins. Co. (A+15)	\$5,000,000 per Occurrence	\$5,000,000 per Occurrence	None	None
Personal Injury (sub-limit)		(Estimated)		\$1,000,000 Personal Injury	1,000,000 Personal Injury	None	None
				\$10,000,000 Aggregate	\$10,000,000 Aggregate	None	None
FIDELITY BOND	\$1,494.00	\$1,494.00	Travelers (A:15)	\$200,000	\$200,000	\$2,500	\$2,500
Theft	Included Above	Included Above	Travelers (A:15)	\$50,000	\$50,000	\$2,500	\$2,500
Computer Fraud	Included Above	Included Above	Travelers (A:15)	\$200,000	\$200,000	\$2,500	\$2,500
Forgery Alterations	Included Above	Included Above	Travelers (A:15)	\$200,000	\$200,000	\$2,500	\$2,500
Identity Theft	\$600.00	\$600.00	Travelers (A:15)	\$5,000	\$5,000	None	None
Julian Jackson Bond	\$175.00	\$175.00	Travelers (A:15)	\$50,000	\$50,000	None	None
Debbie Kirk Bond	\$175.00	\$175.00	Travelers (A:15)	\$50,000	\$50,000	None	None
General Liability Umbrella (Occurrence)	\$21,765.00	\$24,902.00	St. Paul (A:15)	\$1,000,000/1,000,000	\$1,000,000/1,000,000	\$10,000	\$10,000
General Liability Umbrella (Claims-Made)	Included Above	Included Above	St. Paul (A:15)	\$1,000,000/1,000,000	\$1,000,000/1,000,000	\$10,000	\$10,000
				Excess of All Casualty Except Employment Practices (Occurrence)		Public Official Liability (Claims-Made)	
SUB-TOTAL PREMIUM	\$329,175.00	\$321,019.00					
EXCESS WORKERS COMPENSATION*	\$58,647.00	\$63,496.00	Safety National (A:8)	Statutory	Statutory	\$350,000	\$350,000
P/R \$8,714,337		P/R \$9,344,047					
Loss Control Fee	\$10,000.00	\$10,000.00					
TOTAL PREMIUM	\$397,822.00	\$394,515.00					

This summary is for presentation purposes only. Please refer to the St. Paul Policy and Proposal for more detailed information and the terms and conditions.