Chandler · Arizona
Where Values Make The Difference

PURCHASING ITEM FOR COUNCIL AGENDA

1. Agenda Item Number: 18

2. Council Meeting Date: September 24, 2015

TO: MAYOR & COUNCIL

THROUGH: CITY MANAGER

3. Date Prepared: August 31, 2015

4. Requesting Department: Human Resources

5. SUBJECT: Amendment to Agreement for Vision Service Plan.

6. RECOMMENDATION: Staff recommends City Council approve the Amendment to the Agreement with Vision Service Plan Insurance Company for the vision insurance benefit in an amount not to exceed $410,000 for one year.

7. BACKGROUND/DISCUSSION: The City provides a vision insurance plan as a piece of the employee benefits package. The benefit is paid by the employee.

8. EVALUATION PROCESS: City staff reviews the employee benefits package each year with the assistance of an employee benefits consulting firm. Vision Services Plan Insurance Company provides affordable vision services to include eye exams, frames, lenses and contact lenses.

Staff recommends extension of this agreement for the term of January 1, 2016 through December 31, 2016.

The following schedule provides the premiums and cost share effective for plan year 2016. The 2016 rates represent a monthly increase of $1.68 for employee only coverage and $3.89 for family coverage. City staff was able to negotiate an increase in the allowance for contact lenses and/or eyeglass frames from $150 to $160 per year.

VSP	FULL RATE MONTHLY PREMIUM	CITY PAYS	EMPLOYEE PAYS
Employee Only	$ 9.80	$ 0.00	$ 9.80
Family	$ 21.26	$ 0.00	$ 21.26

9. FINANCIAL IMPLICATIONS:

Cost: Not to Exceed $410,000

The benefit is paid from the employees earnings that opt for this coverage. The funds are collected in the Payroll Clearing liability account to pay the total amount due to the Insurance Company.

Acct. No.:	Fund Name:	Program Name:	Amount:
901.0000.2455.0.0.0	Payroll Clearing	Employee Benefits	$410,000

10. PROPOSED MOTION: Move City Council approve the Amendment to the Agreement with Vision Service Plan Insurance Company for the vision insurance benefit in an amount not to exceed $410,000 for one year.

Attachments: Amendment

APPROVALS

11. Requesting Department

Lynn Soller

Lynn Soller, Benefit Program Manager

13. Department Head

Debra Stapleton

Debra Stapleton, Human Resources Director

12. Purchasing Manager	14. Acting City Manager
Christina Pryor	Marsha Reed

CALENDAR YEAR 2016
AMENDMENT TO
THE VISION SERVICES PLAN CONTRACT
BETWEEN THE CITY OF CHANDLER AND
VISION SERVICE PLAN INSURANCE COMPANY
FOR GROUP VISION CARE POLICY

This Amendment ("Calendar Year 2016 Amendment"), is made and entered this 15 day of September, 2015 to the *Vision Service Plan Contract Between the City of Chandler and the Vision Service Plan Insurance Company*, with an effective date of January 1, 2004 ("Contract").

WHEREAS, the City of Chandler and Vision Service Plan Insurance Company ("Company") entered into a Contract effective January 1, 2004, and have subsequently extended that Contract, annually since 2004 through calendar year 2014, subject to the same terms and conditions except as amended by the parties in 2007, 2008, 2009, 2010, 2011, 2012, 2013 and most recently through the *Calendar Year 2015 Amendment to the Vision Service Plan Contract Between the City of Chandler and Vision Service Plan Insurance Company for Group Vision Care Policy;* and

WHEREAS, the City and Company want to: 1) amend this Contract beginning January 1, 2016 to extend the term of the Agreement to include the period beginning January 1, 2016 through December 31, 2016; 2) amend the benefit allowances for glass frames from a VSP Participating Provider to be increased from $150 to $160 and for Costco frames to be increased from $80 to $90 while continuing to allow an additional 20% off any amount over the frame allowance; 3) amend the benefit allowances for contacts to be increased from $150 to $160 while continuing an allowance of 15% off of contact lens exam services; and 4) agree Company will extend the terms of this policy at these same rates for forty-eight months (January 1, 2016 through December 31, 2019), if the City chooses to renew the Contract annually.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the parties do agree as follows:

1. Exhibit B of the Contract, referred in § 4.02 of the Contract and titled "Schedule of Premiums, Enhanced Plan B," is amended to read as follows:

> VSP shall be entitled to receive premiums for each month on behalf of each Enrollee and his/her Eligible Dependents, if any, in the amounts specified below:
>
> $9.79 per month for each eligible Enrollee without Eligible Dependents.
>
> $21.25 per month for each eligible Enrollee (includes coverage for Eligible Dependents).

NOTICE: The premium under this Policy is subject to change, upon renewal (after the end of the Initial Policy Term or any subsequent Policy Term) or upon change of the Schedule of Benefits or a material change in any other terms or conditions of the Policy.

2. The Plan Allowance for frames from a VSP Participating Provider is hereby amended to be $160 (for frames other than Costco frames), and $90 for Costco frames, with an additional 20% off any amount over the frame allowance.

3. The Plan Allowance for Elective Contact Lens (in lieu of glasses) from a VSP Participating Provider is hereby amended to be $160, with member to receive 15% off of contact lens exam services.

4. The Parties agree that Company shall continue to provide these services at the rates set forth in item number 1 above for 48 months beginning January 1, 2016, so long as City continues to renew this Contract each year.

5. The Policy Term of the Vision Services Plan Contract is extended to include **January 1, 2016 through 11:59 p.m., December 31, 2016**, which shall be the last day of the Policy Term referred to in Section 2.01 of the Amended Contract.

6. Except for the provisions amended by Items 1 through 5 above, the Contract, as amended by the *Calendar Year 2015 Amendment to the Vision Services Plan Contract Between the City of Chandler and Vision Service Plan Insurance Company for Group Vision Care Policy* shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this *Calendar Year 2016 Amendment to the Vision Services Plan Contract Between the City of Chandler and Vision Service Plan Insurance Company* to be duly executed this ____ day of _____, 2015.

CITY OF CHANDLER,
an Arizona municipal corporation

By: _____
Mayor

APPROVED AS TO FORM:

_____
City Attorney

ATTEST:

_____
City Clerk

VISION SERVICE PLAN
INSURANCE COMPANY

By: _____
Title: Market Director

ATTEST: (If corporation)

_____
Secretary