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Chandler + Arizona
Where Values Make The Difference

MEMORANDUM

DATE: November 08, 2007

TO: Mayor and Council

THRU: W. Mark Pentz, City Manager
Debra Stapleton, Director, Human Resources Division *JAS*

FROM: Glyn Soehner, Benefit Programs Supervisor *GS*

SUBJECT: Recommendation for Approval of 2008 Employee Benefits Program

RECOMMENDATION: Amend Agreements with providers as needed for implementation of 2008 Employee Benefits Program and approve 2008 Employee Benefits Program.

BACKGROUND: City staff reviews the employee benefits package each year with the assistance of an employee benefits consulting firm. No changes in benefit providers or in benefit plan design for 2008 have been made. Pending Council approval, the City's 2008 employee benefits program will consist of the following: health care, dental care, group life and accidental death & dismemberment insurance, voluntary term life insurance, group travel accident insurance, short and long term disability, cancer insurance for fire fighters and police officers, employee assistance program, flexible spending accounts, a legal plan, group auto and homeowners insurance, long term care, deferred compensation, retiree health savings plan, retirement, and vision care.

The City was successful in holding down medical plan rates to 6.8%. Dental plan rates will increase 8%. The rise in rates for both the medical and dental plans are within acceptable trends for each respective benefit.

Amendments to the Agreements with Aetna Healthcare, Anthem Insurance APS Healthcare, Flex America, a TPA, Gerber Life Insurance Company, and Vision Service Plan are required for extensions and/or rate increases. Agreements with other Providers do not require amendments for the calendar year 2008. The Agreements with ICMA for three Retiree Health Savings Accounts require amendments to comply with a ruling by the Internal Revenue Code and are a separate agenda item.

City Staff recommends the benefits carriers/administrators for calendar year 2008 as outlined below:

<u>COVERAGE</u>	<u>PROVIDER</u>	<u>PAID BY</u>
1. Group Life Insurance	Sun life Assurance Company	City
2. Long Term Disability for Public Safety	Anthem Insurance Company	City
3. Flexible Spending Accounts	FlexAmerica, a TPA	City
4. Employee Assistance Program	APS Healthcare	City
5. Business Travel & Commuter Accident Insurance	Gerber Life Insurance Company	City
6. Health Care	Aetna Health Care	City/Employee
7. Dental Care Claims Administration	Delta Dental Plan	City/Employee
8. Retirement Health Saving Plan	ICMA Retirement Corporation	City/Employee
9. Vision Care	Vision Service Plan	Employee
10. Voluntary Term Life Insurance	Sun Life Assurance Company	Employee
11. Deferred Compensation	ICMA Retirement Corporation	Employee
12. Pre-Paid Legal Services	Pre-Paid Legal Services, Inc.,	Employee
13. Home and Auto Insurance	Liberty Mutual	Employee
14. Long Term Care	AFLAC	Employee

The following employee benefit programs are statutorily required or self-administered by the City.

<u>COVERAGE</u>	<u>PROVIDER</u>	<u>PAID BY</u>
• Short Term Disability	City of Chandler Human Resources	City
• Cancer Insurance – Fire Fighters and Police Officers	Public Safety Retirement System	City
• Retirement Plan – Civilian	Arizona State Retirement System	City/Employee
• Retirement Plan – Public Safety	Public Safety Retirement System	City/Employee
• Retirement Plan – Elected Officials	Elected Officials Retirement Plan	City/Employee
• Long Term Disability – Civilian	Arizona Sate Retirement System	City Employee

PROPOSED MOTION: Move to Amend the Agreements set forth below and to approve the 2008 benefits program with providers set forth above.

1. Amend Agreement with Aetna Healthcare, Inc. to extend the contract from January 1, 2008 through December 31, 2008, increase the rates for coverage, and enter into a retrospective rating arrangement.
2. Amend Agreement with Anthem Insurance Company to extend coverage from January 1, 2008 through December 31, 2008, at the same rate.
3. Amend Agreement with APS Healthcare to extend the current rates from January 1, 2008 through December 31, 2008.
4. Amend Agreement with Flex America a TPA, to extend the current rates from January 1, 2008 through December 31, 2008, and authorizing an annual renewal fee of \$925.00.
5. Amend Agreement with Gerber Life Insurance Company, to extend the contract from July 1, 2007 June 30, 2010, for three years for a total of \$69,570.00.
6. Amend Agreement with Vision Services Plan (VSP) to extend the contract from January 1, 2008 through December 31, 2008, and to increase the rates for coverage.

The Amendments are available for review at the City Clerk's Office.