



INTERNAL MEMORANDUM

TO: CPA BOARD OF COMMISSIONERS  
FROM: CINDY KANE *CK*  
SUBJECT: CONSENT AGENDA ITEM E.2.C.(42)  
DATE: OCTOBER 21, 2015

The information contained in Consent Agenda Item E.2.c.(42) is in reference to the employee group medical, dental and vision insurance. Our broker, Arthur J. Gallagher & Co., solicited proposals for the 2016 calendar year for each of these categories. CPA is contracted with Lincoln Financial Group for employee group life insurance, short- and long-term disability and voluntary life insurance plans until January 1, 2017 so they were not included in this solicitation. Staff has no outstanding issues with Lincoln Financial Group.

Our team is available to meet with you to review and discuss the proposals and recommendations presented. If you would like to meet, please let us know and we will coordinate a meeting through Melanie.

**Consent Agenda Item E.2.c.(42)**  
**October 28, 2015 Commission Meeting**

**ITEM:**

Consideration of approving employee health plan benefit program insurance carriers and plan design changes for 2016, as detailed in the attached schedules.

**EXPLANATION:**

CPA has been with Cigna for employee group medical insurance for the last two years and has been satisfied with their service and coverage. Arthur J. Gallagher & Co. solicited proposals for medical insurance from Cigna, Health First Health Plans, United Healthcare, Aetna, Florida Blue (BCBS of FL), Florida Health Care Plans and PRM Health Trust. Florida Blue, Florida Health Care Plans, PRM Health Trust and Aetna responded that they could not be competitive.

Cigna's initial proposal reflected a 39% increase and was negotiated down to 28.28%. This renewal rate was driven by a high medical loss ratio, high pharmacy claims and a high average per-member-per-month (PMPM) claim spend, which rose by 50% during 2015. With minor plan design changes, Cigna's final proposal was negotiated to 21.7%. The other carriers' proposals for plans (equivalent to the current employee plan) were as follows:

Health First Health Plans	40.4%
United Healthcare	30.4%

Staff recommends minor plan design changes to the current Cigna plan in the areas of annual deductible, maximum out-of-pocket expenses, physician co-pays on the high plan, increased ER deductible on the high plan, changing to the Advantage pharmacy drug plan and increase of co-pay for the highest tier in pharmacy plan. Cigna has included \$10,000 toward a Wellness Program for 2016. To further reduce CPA costs, employees will cost share the Cigna insurance premiums at 21.7% over 2015 employee premium rates. Overall CPA will pay between 87-100% of medical premium costs and 30-100% of dental and vision premium costs.

The current employee dental plan is with The Standard, and they proposed no change in rates for 2016. Proposals were also received from Principal, Humana, Guardian, Sun Life, Mutual of Omaha and Met Life. Principal was able to provide a better plan with a provider reimbursement at the 90<sup>th</sup> percentile of usual and customary (UCR) for out-of-network expenses and a two-year rate lock at 8% lower than the Standard.

The current employee vision plan is with The Standard, and they proposed no change in rates for 2016. Proposals were also received from Met Life, Humana, Principal and Guardian. Humana submitted a proposal for a better vision plan at 29% below The Standard.

CPA is contracted with Lincoln Financial Group for employee group life insurance, short- and long-term disability and voluntary life insurance plans until January 1, 2017. Staff has no outstanding issues with Lincoln Financial Group.

Staff recommendations:

<b>Plans</b>	<b>% of Cost Change</b>
Cigna Medical with minor plan design changes	21.7
Principal Dental with minor plan design enhancements	-8.3
Humana Vision with minor plan design changes	-29
Increase to 2015 employee premiums	21.7

This reduction in premium costs will assist in reducing or avoiding the Affordable Care Act Cadillac Tax slated for 2018. Thresholds for high-cost plans are currently \$10,200 (\$850) for individual coverage and \$27,500 (\$2,292) for family coverage.

**Funding Review by Finance (Pat Poston):** The employee health plan benefit program is an operational expense. An estimated increase in coverage was anticipated and included in the FY16 Operating Budget. No changes are required.

**STAFF RECOMMENDS APPROVAL**

**Prepared by Cindy Kane**

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**CANAVERAL PORT AUTHORITY**

Medical Cost Comparison Prepared by Gallagher Benefit Services, Inc.  
 Effective Date of Coverage: January 1, 2016  
**RENEWAL / ALTERNATE OPTION**



CARRIER	Column	Renewal HIGH Q1P1 OAP PPO	Renewal LOW Q1P1 OAPIN HMO	Alternate HIGH Q1P2 OAP PPO	Alternate LOW Q1P2 OAPIN HMO
In Network Benefits	Current Plan, Renewal Plan, Alternate Plan, New Plan Option (High or Low) Plan Name	Renewal HIGH Q1P1 OAP PPO	Renewal LOW Q1P1 OAPIN HMO	Alternate HIGH Q1P2 OAP PPO	Alternate LOW Q1P2 OAPIN HMO
	Plan Type (HMO, POS, PPO, HSA)	Renewal HIGH Q1P1 OAP PPO	Renewal LOW Q1P1 OAPIN HMO	Alternate HIGH Q1P2 OAP PPO	Alternate LOW Q1P2 OAPIN HMO
	Annual Deductible (Single/Family)	\$250/\$500	\$250/\$500	\$400/\$800	\$400/\$800
	Calendar Year or Policy Year Deductible Coinsurance	10%	20%	10%	20%
	Maximum OOP (Single/Family)	\$2,000/\$4,000	\$4,000/\$8,000	\$3,000/\$6,000	\$4,500/\$9,000
	Included in the Maximum OOP	Yes	Yes	Yes	Yes
	Primary Care Physician (PCP)	\$15	\$20	\$20	\$20
	Specialist Office Visit	\$30	\$40	\$40	\$40
	Urgent Care	\$50	\$30	\$50	\$30
	Emergency Room	\$100	\$200	\$200	\$200
Provider Services at Hospital & ER	Deductible +10%	Deductible +20%	Deductible +10%	Deductible +20%	
Inpatient Hospital	\$250 Per Admission	\$200/Day (Days 1-5)	\$250 Per Admission	\$200/Day (Days 1-5)	
Outpatient Surgical	\$250	\$250	\$250	\$250	
Routine Lab & X-ray	\$0	\$0	\$0	\$0	
Imaging (CT, MRI, PET, Nuclear Scans)	\$150	\$100	\$150	\$100	
Prescription Drug/ Retail Pharmacy	\$10/\$30/\$50	\$10/\$30/\$50	\$10/\$30/\$60	\$10/\$30/\$60	
Prescription Drug/ Mail Order (90-Day Supply)	\$25/\$75/\$125	\$25/\$75/\$125	\$30/\$80/\$170	\$30/\$80/\$170	
Annual Deductible (Single/Family)	\$500/\$1,000	N/A	\$1,500/\$3,000	N/A	
Coinsurance	20%	N/A	20%	N/A	
Maximum OOP (Single/Family)	\$4,000/\$8,000	N/A	\$5,000/\$10,000	N/A	
Notes					
Out of Network					
Notes					
Costs					
Employee Only	10	\$872.84	\$774.29	10	\$828.27
Employee + 1	10	\$1,832.95	\$1,626.01	10	\$1,739.37
Employee + Family	5	\$2,705.79	\$2,400.28	5	\$2,567.64
Monthly Plan Cost		\$40,587	\$224,001		\$38,515
Plan Specific % Increase					
Total Annual Cost		\$3,175,058	\$3,012,948		\$3,012,948
Total Annual Difference from Current		\$699,469	\$537,359		\$537,359
Total Annual % Difference from Current		28.3%	21.7%		21.7%



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS

**CANAVERAL PORT AUTHORITY**  
Dental Cost Comparison Prepared by Gallagher Benefit Services, Inc.  
Effective Date of Coverage: January 1, 2016  
**PRINCIPAL RECOMMENDATION**

CARRIER	THE STANDARD			PRINCIPAL		
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
(Current Plan, Renewal Plan, Alternate Plan, New Plan Option (High, Low, Mid) Contribution (Voluntary, Employer Paid, Contributory) Plan Type (DHMO, PPO, Passive PPO, Indemnity)	Renewal HIGH PPO \$50/ \$150 Calendar Year Yes	Renewal LOW PPO \$50/ \$150 Calendar Year Yes	New Plan HIGH PPO \$50/ \$150 Calendar Year Yes	Renewal HIGH PPO \$50/ \$150 Calendar Year Yes	Renewal LOW PPO \$50/ \$150 Calendar Year Yes	New Plan LOW PPO \$50/ \$150 Calendar Year Yes
Deductible (single/family)	100%	100%	100%	100%	100%	100%
Policy or Calendar Year Deductible	100%	70%	100%	100%	70%	100%
Deductible Waived for Preventive	60%	40%	60%	60%	40%	40%
Type I - Preventive	50%	No	50%	50%	No	No
Type II - Basic Care	\$1,000	No	\$1,000	\$1,000	No	No
Type III - Major Care	\$1,500	\$1,000	\$1,500	\$1,500	\$1,000	\$1,000
Type IV - Orthodontia Care	\$50/ \$150	\$50/ \$150	\$50/ \$150	\$50/ \$150	\$50/ \$150	\$50/ \$150
Orthodontia Lifetime Maximum Benefit	Yes	Yes	Yes	Yes	Yes	Yes
Annual Maximum Benefit Per Person	100%	100%	100%	100%	100%	100%
Deductible (single/family)	100%	70%	100%	100%	70%	100%
Deductible Waived for Preventive	60%	40%	60%	60%	40%	40%
Type I - Preventive	50%	No	50%	50%	No	No
Type II - Basic Care	\$1,500	\$1,000	\$1,500	\$1,500	\$1,000	\$1,000
Type III - Major Care	Type II	Type II/ III	Type II	Type II	Type II/ III	Type II
Type IV - Orthodontia Care	Type II/ III	Type II/ III	Type II/ III	Type II/ III	Type II/ III	Type II/ III
Annual Maximum Benefit Per Person	MAC	MAC	MAC	MAC	MAC	MAC
Endodontics Benefit	Yes	Yes	Yes	Yes	Yes	Yes
Periodontics Benefit	Yes	Yes	Yes	Yes	Yes	Yes
Percentile of Out of Network Fees	No	No	90th (Improvement)	No	No	Yes (Improvement)
Maximum Rollover Benefit	Yes	Yes	Yes	Yes	Yes	Yes
Annual Open Enrollment	1 Year	1 Year	1 Year	1 Year	1 Year	2 Years
Posterior Composite Fillings	Yes	Yes	Yes	Yes	Yes	Yes
Domestic Partner Coverage	Yes	Yes	Yes	Yes	Yes	Yes
Dental Rate Guarantee	1 Year	1 Year	1 Year	1 Year	1 Year	2 Years
Notes						
Rates	71	55	71	71	55	71
Employee Only	\$32.13	\$22.45	\$29.56	\$29.56	\$29.56	\$19.89
Employee + 1	\$64.89	\$44.74	\$59.70	\$59.70	\$59.70	\$39.64
Employee + 2 or more	\$107.52	\$72.53	\$98.92	\$98.92	\$98.92	\$64.27
Monthly Plan Cost	\$8,753	\$1,005	\$8,053	\$8,053	\$8,053	\$891
Cost						
Total Annual Cost	\$117,103	\$0	\$107,327	\$107,327	\$107,327	\$19,891
Total Annual Difference from Current		\$0	(\$9,776)	(\$9,776)	(\$9,776)	(\$9,776)
Total Annual % Difference from Current		0.0%	-8.3%	-8.3%	-8.3%	-8.3%

Principals of the Plan are not responsible for the accuracy of the information provided in this document. The information is provided for informational purposes only and is not intended to constitute an offer of insurance. The information is provided for informational purposes only and is not intended to constitute an offer of insurance. The information is provided for informational purposes only and is not intended to constitute an offer of insurance. The information is provided for informational purposes only and is not intended to constitute an offer of insurance.



**CANAVERAL PORT AUTHORITY**

Vision Cost Comparison Prepared by Gallagher Benefit Services, Inc.

Effective Date of Coverage: January 1, 2016

**HUMANA VISION PLAN RECOMMENDATION**

CARRIER	STANDARD	HUMANA
Column	1	2
<b>(Current Plan, Renewal Plan, Alternate Plan, New) Contribution (Voluntary, Employer Paid, Contributory)</b>	<b>Renewal Contributory</b>	<b>New Plan Contributory</b>
Eye Exam	\$10	\$10
Materials Co-pay:	\$25	\$15
Single Vision	\$25	\$15
Bi-Focal	\$25	\$15
Tri-Focal	\$25	\$15
Lenticular	\$25	\$15
Frequency of Services:	Every 12 months	Every 12 months
Exams	Every 12 months	Every 12 months
Lenses	Every 24 months	Every 24 months
Frames	Every 24 months	Every 24 months
Frame Allowance	Up to \$150	Up to \$50*
Elective Contact Lens Allowance	Up to \$150	Up to \$150
Eye Exam Allowance	Up to \$45	Up to \$35
Materials Allowance:	Up to \$30	Up to \$25
Single Vision	Up to \$50	Up to \$40
Bi-Focal	Up to \$65	Up to \$60
Tri-Focal	Up to \$100	Included
Lenticular	Up to \$70	Up to \$45
Frame Allowance	Up to \$105	Up to \$150
Elective Contact Lens Allowance		
Notes		2-Year Rate Guarantees *In-Network Allowances are at Wholesale cost
Out of Network Benefits		
Rates	#FTEs	
Employee Only	75	\$4.89
Employee + Sp	52	\$10.16
Employee + Ch	20	\$8.50
Employee + Sp and Ch	10	\$12.79
Monthly Plan Cost		\$1,193
Total Annual Cost		\$28,177
Total Annual Difference from Current		\$0
Total Annual % Difference from Current		0%
		(\$5,861) -29%

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Comparison of 2015/2016 Health Insurance Rates									
	Carrier 2015 Monthly Premium	CPA Monthly	EE Monthly	CPA Current %	Carrier 2016 Monthly Premium	CPA Monthly	Recommended EE Monthly Premium	CPA 2016 %	Employee 2016 %
<b>Cigna</b>									
OAPIN Low Plan									
Employee Only	\$603.71	\$603.71	\$0.00	100	\$734.75	\$734.75	\$0.00	100	0
Employee + 1	\$1,267.80	\$1,208.69	\$59.11	95.34	\$1,542.99	\$1,471.05	\$71.94	95	5
Employee + Family	\$1,871.50	\$1,766.81	\$104.69	94.41	\$2,277.74	\$2,150.32	\$127.42	94	6
OAPIN High Plan									
Employee Only	\$680.55	\$619.58	\$60.97	91	\$828.27	\$754.07	\$74.20	91	9
Employee + 1	\$1,429.15	\$1,262.71	\$166.44	88	\$1,739.37	\$1,536.80	\$202.57	88	12
Employee + Family	\$2,109.70	\$1,845.09	\$264.62	87	\$2,567.64	\$2,245.59	\$322.05	87	13
<b>Principal</b>									
Dental Low PPO									
Employee Only	\$22.45	\$22.45	\$0.00	100	\$19.89	\$19.89	\$0.00	100	0
Employee + 1	\$44.74	\$21.54	\$23.21	48.13	\$39.64	\$19.03	\$20.61	48	52
Employee + Family	\$72.53	\$20.40	\$52.13	28.13	\$64.27	\$19.28	\$44.99	30	70
Dental High PPO									
Employee Only	\$32.13	\$32.13	\$0.00	100	\$29.56	\$23.35	\$6.21	79	21
Employee + 1	\$64.89	\$30.79	\$34.10	44.74	\$59.70	\$26.87	\$32.84	45	55
Employee + Family	\$107.52	\$29.04	\$78.48	27.01	\$98.92	\$29.68	\$69.24	30	70
<b>Humana</b>									
Vision									
Employee Only	\$6.84	\$6.84	\$0.00	100	\$4.89	\$4.89	\$0.00	100	0
Employee + Spouse	\$14.20	\$7.37	\$6.83	52.87	\$10.16	\$5.28	\$4.88	52	48
Employee + Child	\$11.88	\$7.20	\$4.68	61.26	\$8.50	\$5.10	\$3.40	60	40
Employee + Family	\$19.24	\$7.26	\$11.98	38.87	\$12.79	\$5.12	\$7.67	40	60

10/21/2015