

Memorandum

City of Taylor

To: Mayor and Members of the City Council
CC: Frank Salvato, City Manager
From: Starla Hall, Human Resources Manager
Date: July 2, 2004
Re: Renewal of Medical and Dental Insurance

You will find attached a copy of the City's medical insurance carrier, Scott & White Health Plan, Monthly Premium Rate Proposal (**Attachment A**) to be effective 10-1-04 through 9-30-05. The City of Taylor initially received a 3% increase with dependent coverage receiving a 8% to 16% increase. Since there was not a cost of living increase adopted for city employees this year, it was felt a fairer deal would be to minimize the amount that would be deducted from the employee's paycheck for their dependent coverage. We requested that the "employee only" rate be raised to 7%, which reduced the dependent coverage to 2.50%. It is recommended that the City Council authorize the City Manager to execute the Renewal Proposal as presented in **Attachment A**.

Attachment B is our current dental carrier's, Met Life, renewal contract to be effective 10-1-04 through 9-30-05. Met Life has proposed an increase of 9% which is considerably lower than last year's renewal rate of 27%. Met Life takes into consideration a variety of elements that include overall industry trends in claims incidence and shifts in employee composition. The City's claims experience remains high. Even with a 9% increase Met Life's premiums still remain lower than Guardian's proposal last year. Therefore we are recommending that the City Council accept the Renewal Agreement with Met Life as shown in **Attachment B**.

SCOTT & WHITE HEALTH PLAN**MONTHLY PREMIUM RATE PROPOSAL****City of Taylor #2917****DATES 10/01/2004 THROUGH 09/30/2005**

4-Tier Option	Modified Medical Rates	Pharmacy Rates \$5/\$20/\$50	Total
Employee	\$212.00	\$40.54	\$252.54
Employee + Spouse	\$479.25	\$91.64	\$570.89
Employee + Child(ren)	\$348.78	\$66.70	\$415.48
Full Family	\$599.51	\$114.64	\$714.15

- COBRA/COC participants will have the same rate as active employees. The spouse rate and the per child rate will be the single active rate.
- Medical rates include coverage for durable medical equipment, diabetic supplies and mandated serious mental health.

***Description of benefits:**

The rates shown above are the per member per month cost for the Modified Large Group Plan.

Outpatient Office Visit Copay	\$20 per Visit
Inpatient Hospital Copay	\$100 per Day - \$ 500 maximum copayment per confinement
Outpatient Surgery Copay	\$100 Copay
Emergency Room Copay	\$ 75 per Visit
Urgent Care Copay	\$40 per Visit
Inpatient Mental Health Copay	Days 1-5: \$100 per Day , Days 6-20: 50% per Day
Outpatient Mental Health Copay	Visits 1-5: \$20 per Visit, Visits 6-20: 50% per Visit
Durable Medical Equipment	80% coverage, 20% copay, \$1000 annual maximum
Out of Pocket Maximum	\$1000 per person, \$2000 per family
Prescription Drug Plan	\$ 5 List A copay, \$20 List B copay, \$50 or 50% List C copay, 50% List D coinsurance with Unlimited annual maximum and \$ 0 deductible

Please review your Summary of Benefits for a complete description of benefits.

I hereby accept these rates with all riders presented.

Signed: _____ Date: _____

Title: _____

June 3, 2004

BENEFITS ADMINISTRATOR
CITY OF TAYLOR
400 PORTER ST.
TAYLOR, TX 76574



Re: Customer # 5564092

Dear Benefits Administrator:

We have completed our annual renewal evaluation of your group coverage with MetLife. Our analysis takes into consideration a variety of elements that include overall industry trends in claims incidence, shifts in employee composition as well as other financial or premium related issues that have a bearing on our cost structure.

After careful consideration of the above factors, we have established our pricing for the upcoming policy year. Following are both your current and renewal rates, which will be effective on October 1, 2004.

<u>Coverage</u>	<u>Current Rates</u>	<u>Renewal Rates</u>	<u>Rate Basis</u>
DENTAL	15.46	16.85	Employee
	37.17	40.52	Employee + Spouse
	38.91	42.41	Employee + Child(ren)
	60.31	65.74	Family

Billing statements on and after October 1, 2004 will reflect the renewal rates. Rates are guaranteed for 12 months subject to the terms, conditions and provisions of your group insurance policy. Any additional coverages not specifically mentioned in this letter that are active at the time of the renewal will have their rates continued through the coming year.

It is our expressed intent to provide the best possible relationship of benefit costs to the products we provide to your group. Please be assured that our analysis has been completed with this in mind. We appreciate the opportunity to provide your employee benefits and look forward to continuing our relationship. If you have any questions regarding our assessment, please do not hesitate to contact us at 1-877-870-3834.

Sincerely,

MetLife Renewal Underwriting

cc: JEFF KLOC
DALLAS SBC REGIONAL SALES OFFICE