

SIVER

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July 11, 2014

Mr. Tony Barnes
Director of Administrative Services
City of Fort Pierce
100 North U.S. 1
Fort Pierce, FL 34954

Re: Employee Benefits

Dear Mr. Barnes:

This letter is intended to summarize the recommendations of the Health Insurance Committee and Siver Insurance Consultants (Siver) for employee benefits for the City of Fort Pierce (the City). All cost projections are based upon current enrollment as shown in Exhibits.

RECOMMENDATIONS

Health Plan

The committee and Siver recommend that the City continue participating in the Public Risk Management of Florida Health Trust (PRM) for the October 1, 2014 plan year. The City joined PRM in 2010 as a result of a competitive RFP process. PRM is a Trust established for Florida governmental entities to form a risk management and self insurance association.

PRM has offered renewal terms with a 4% premium increase and no changes in benefits.

Medical Plan 3559 (Base Plan)

	2013/2014 Rates	2014/2015 Rates
Employee Only	\$645.78	\$671.61
Employee + One Dependent	\$1,227.32	\$1,276.41
Employee + Family	\$1,590.06	\$1,653.66

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PRM offers employees the option to participate in 4 other plan options, however, the City's costs are based upon this Base Plan shown here. All costs of all options are outlined in the exhibits to this letter.

Annual costs for the health plan, including City paid costs, employee paid costs and retiree paid costs will increase as follows:

	2013/2014 Rates	2014/2015 Rates
Total Annual Cost	\$3,661,889	\$3,808,348

Employee Contributions for Health Plan

We are recommending the employee only coverage continues to cost employees \$25 per pay period, or \$54.17 per month.

Currently, when employees elect to have their dependents covered, employees pay 50% of the additional premium cost for the dependents.

For the upcoming 2014/2015 plan year, we are recommending that the City absorb the cost of the increase on behalf of employees with dependent coverage and leave employee contributions at the 2013/2014 level. This will reduce the 50% contribution to approximately 48%. This recommendation increases annualized costs to the City by approximately \$22,000.

	2013/2014	2014/2015 Current 50% Contributions	2014/2015 Proposed 48% Contributions
Total Annual Cost to City	\$2,759,953	\$2,875,208	\$2,897,013
Total Annual Cost to Employees	\$697,403	\$720,427	\$697,404
Total Annual cost to Retirees	\$204,532	\$212,712	\$212,712
Total Annual Costs	\$3,661,888	\$3,808,348	\$3,808,348

Physicians Immediate Care (PIC) Agreement

Physicians Immediate Care is a local primary care physicians practice with three locations in the Fort Pierce area. FPUA currently has an agreement with PIC for PIC to provide primary level health care services to FPUA employees and their covered dependents for \$160 per visit, including dispensed generic drugs. FPUA employees can access this care for no copayment to encourage preventative care and wellness. PIC has

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offered to provide the same rates and contractual terms to the City on a "piggy-back" basis.

We estimate that the cost to the City for offering the same benefit to employees at the City will be about \$110,000. (This assumes about 570 members each use PIC 1.2 times per year at \$160 per visit.) In our opinion, the costs paid directly to PIC should be offset by reduced claims within the health plan. This will lead to improved future renewal terms for the health plan and will provide a significant benefit enhancement to employees.

We recommend the City enter into this agreement with PIC and offer this benefit to employees.

Dependent Eligibility Audit

A few years ago, FPUA did a dependent eligibility audit for their health plan. This process requires employees to provide documentation for all dependents covered on the health plan.

HMS Employer Solutions performed the service for FPUA. They have provided a proposal to the City to do a similar process. The cost, depending upon options selected, ranges between \$9,500 and \$10,000. In our opinion, this is a worthwhile process because the City is paying 50% of the cost of dependent coverage.

CLOSING

As always, it has been a pleasure to work with the City and please let us know if you would like any additional detail regarding any of these recommendations.

Sincerely,

SIVER INSURANCE CONSULTANTS



Senior Consultant and Vice President

KG/tmc

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Increase 4% - Current Contribution Strategy (\$25 per employee/check, 50% dependent)

PRM 2014-2015

104.00% Monthly Premiums 10/1/14 - 15	Employee Monthly	City Contributions Monthly	Enrollment Assumptions Employees	Enrollment Assumptions Retirees
Base Plan (3559)				
Employee \$671.61	Employee \$54.17	Employee \$617.44	Employee 136	Retiree 15
Emp + Sp \$1,276.41	Emp + Sp \$302.40	Emp + Sp \$974.01	Emp + Sp 37	Ret + Sp 1
Emp + Ch \$1,276.41	Emp + Ch \$302.40	Emp + Ch \$974.01	Emp + Ch 12	
Family \$1,653.66	Family \$491.03	Family \$1,162.64	Family 42	
Buy-up Plan (0727)				
Employee \$735.64	Employee \$118.20	Employee \$617.44	Employee 26	Retiree 3
Emp + Sp \$1,405.48	Emp + Sp \$431.47	Emp + Sp \$974.01	Emp + Sp 8	Ret + Sp 2
Emp + Ch \$1,405.48	Emp + Ch \$431.47	Emp + Ch \$974.01	Emp + Ch 2	
Family \$1,823.32	Family \$660.68	Family \$1,162.64	Family 8	
Plan 03359				
Employee \$653.94	Employee \$54.17	Employee \$599.77	Employee 24	Retiree 1
Emp + Sp \$1,242.80	Emp + Sp \$294.43	Emp + Sp \$948.37	Emp + Sp 3	Ret + Sp
Emp + Ch \$1,242.80	Emp + Ch \$294.43	Emp + Ch \$948.37	Emp + Ch 3	
Family \$1,610.12	Family \$478.09	Family \$1,132.03	Family 3	
Plan 5168/69				
Employee \$703.62	Employee \$86.18	Employee \$617.44	Employee	Retiree 1
Emp + Sp	Emp + Sp	Emp + Sp	Emp + Sp	Ret + Sp
Emp + Ch	Emp + Ch	Emp + Ch	Emp + Ch	
Family	Family	Family	Family	
Plan 5901				
Employee \$549.40	Employee \$54.17	Employee \$495.23	Employee 1	Retiree
Emp + Sp	Emp + Sp	Emp + Sp	Emp + Sp	Ret + Sp
Emp + Ch	Emp + Ch	Emp + Ch	Emp + Ch	
Family	Family	Family	Family	

Total Monthly Premium:	\$317,362.31
Total Annual Premium;	\$3,808,347.74

<u>Contributions</u>	<u>Monthly</u>	<u>Annual</u>
City:	\$239,600.67	\$2,875,207.99
Employee:	\$60,035.63	\$720,427.51
Retiree:	\$17,726.02	\$212,712.25
Total:	\$317,362.31	\$3,808,347.74

Increase 4% - keep 2013/2014 contributions

PRM 2014-2015

104.00% Monthly Premiums 10/1/14 - 15	Employee Monthly	City Contributions Monthly	Enrollment Assumptions Employees	Enrollment Assumptions Retirees
Base Plan (3559)				
Employee \$671.61	Employee \$54.17	Employee \$617.44	Employee 136	Retiree 15
Emp + Sp \$1,276.41	Emp + Sp \$290.77	Emp + Sp \$985.64	Emp + Sp 37	Ret + Sp 1
Emp + Ch \$1,276.41	Emp + Ch \$290.77	Emp + Ch \$985.64	Emp + Ch 12	
Family \$1,653.66	Family \$472.14	Family \$1,181.52	Family 42	
	48.08%			
Buy-up Plan (0727)				
Employee \$735.64	Employee \$115.75	Employee \$619.89	Employee 26	Retiree 3
Emp + Sp \$1,405.48	Emp + Sp \$414.89	Emp + Sp \$985.64	Emp + Sp 8	Ret + Sp 2
Emp + Ch \$1,405.48	Emp + Ch \$414.89	Emp + Ch \$985.64	Emp + Ch 2	
Family \$1,823.32	Family \$635.30	Family \$1,181.52	Family 8	
Plan 03359				
Employee \$653.94	Employee \$54.17	Employee \$599.77	Employee 24	Retiree 1
Emp + Sp \$1,242.80	Emp + Sp \$283.11	Emp + Sp \$959.69	Emp + Sp 3	Ret + Sp
Emp + Ch \$1,242.80	Emp + Ch \$283.11	Emp + Ch \$959.69	Emp + Ch 3	
Family \$1,610.12	Family \$459.71	Family \$1,150.41	Family 3	
Plan 5168/69				
Employee \$703.62	Employee \$84.95	Employee \$618.67	Employee	Retiree 1
Emp + Sp	Emp + Sp	Emp + Sp	Emp + Sp	Ret + Sp
Emp + Ch	Emp + Ch	Emp + Ch	Emp + Ch	
Family	Family	Family	Family	
Plan 5901				
Employee \$549.40	Employee \$54.17	Employee \$495.23	Employee 1	Retiree
Emp + Sp	Emp + Sp	Emp + Sp	Emp + Sp	Ret + Sp
Emp + Ch	Emp + Ch	Emp + Ch	Emp + Ch	
Family	Family	Family	Family	

Total Monthly Premium:	\$317,362.31
Total Annual Premium;	\$3,808,347.74

Contributions	Monthly	Annual
City:	\$241,417.81	\$2,897,013.66
Employee:	\$58,117.03	\$697,404.40
Retiree:	\$17,726.02	\$212,712.25
Total:	\$317,260.86	\$3,807,130.31

PRM 2013 - 2014

Monthly Premiums 10/1/13 - 14	Employee Monthly	City Contributions Monthly	Enrollment Assumptions Employees	Enrollment Assumptions Retirees
Base Plan (3559)				
Employee \$645.78	Employee \$54.17	Employee \$591.61	Employee 136	Retiree 15
Emp + Sp \$1,227.32	Emp + Sp \$290.77	Emp + Sp \$936.55	Emp + Sp 37	Ret + Sp 1
Emp + Ch \$1,227.32	Emp + Ch \$290.77	Emp + Ch \$936.55	Emp + Ch 12	
Family \$1,590.06	Family \$472.14	Family \$1,117.92	Family 42	
Buy-up Plan (0727)				
Employee \$707.36	Employee \$115.75	Employee \$591.61	Employee 26	Retiree 3
Emp + Sp \$1,351.44	Emp + Sp \$414.89	Emp + Sp \$936.55	Emp + Sp 8	Ret + Sp 2
Emp + Ch \$1,351.44	Emp + Ch \$414.89	Emp + Ch \$936.55	Emp + Ch 2	
Family \$1,753.22	Family \$635.30	Family \$1,117.92	Family 8	
Plan 03359				
Employee \$628.80	Employee \$54.17	Employee \$574.63	Employee 24	Retiree 1
Emp + Sp \$1,195.02	Emp + Sp \$283.11	Emp + Sp \$911.91	Emp + Sp 3	Ret + Sp
Emp + Ch \$1,195.02	Emp + Ch \$283.11	Emp + Ch \$911.91	Emp + Ch 3	
Family \$1,548.22	Family \$459.71	Family \$1,088.51	Family 3	
Plan 5168/69				
Employee \$676.56	Employee \$84.95	Employee \$591.61	Employee	Retiree 1
Emp + Sp	Emp + Sp	Emp + Sp	Emp + Sp	Ret + Sp
Emp + Ch	Emp + Ch	Emp + Ch	Emp + Ch	
Family	Family	Family	Family	
Plan 5901				
Employee \$528.28	Employee \$54.17	Employee \$474.11	Employee 1	Retiree
Emp + Sp	Emp + Sp	Emp + Sp	Emp + Sp	Ret + Sp
Emp + Ch	Emp + Ch	Emp + Ch	Emp + Ch	
Family	Family	Family	Family	

Total Monthly Premium:	\$305,157.40
Total Annual Premium;	\$3,661,888.80

<u>Contributions</u>	<u>Monthly</u>	<u>Annual</u>
City:	\$229,996.11	\$2,759,953.36
Employee:	\$58,116.95	\$697,403.36
Retiree:	\$17,044.34	\$204,532.08
Total:	\$305,157.40	\$3,661,888.80