

CITY OF KERRVILLE EMPLOYEE BENEFITS TRUST AGENDA

TUESDAY, JULY 23, 2013, 6:05 P.M. (approximately)

CITY HALL COUNCIL CHAMBERS, 701 MAIN STREET

KERRVILLE, TEXAS

1. **CALL TO ORDER**
2. **CONSIDERATION AND POSSIBLE ACTION:**
 - 2A. Authorize the city manager to execute contracts for fiscal year 2014 employee benefits.
3. **ADJOURNMENT**

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: July 19, 2013 at 10:00 a.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Brenda Craig
City Secretary, City of Kerrville, Texas

**TO BE CONSIDERED BY THE TRUSTEES OF THE EMPLOYEE BENEFIT TRUST
CITY OF KERRVILLE, TEXAS**

SUBJECT: Authorize City Manager to accept and sign contracts for FY 2014 employee benefits.

FOR AGENDA OF: July 23, 2013

DATE SUBMITTED: July 12, 2013

SUBMITTED BY: Kimberly Meisner
Director of General Operations

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Benefit Spreadsheets & Contracts

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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(Fees are a part of the Group Insurance line item and are spread among all divisions.)

PAYMENT TO BE MADE TO: Blue Cross Blue Shield, MetLife, and Lincoln
REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The City of Kerrville Employee Benefits Trust shall consider awarding the FY 2014 employee benefits. The City sent out an Invitation to Bid on May 22, 2013. We advertised in the Kerrville Daily Times on May 22, 2013 and May 29, 2013. Below shows a seven (7) year history of our benefits budget representing the total annual cost of benefits minus the employee contribution amount:

Fiscal Year	\$ Per Employee Per Year
FY 2008	\$8,920
FY 2009	\$8,950
FY 2010	\$8,950
FY 2011	\$7,800
FY 2012	\$6,800
FY 2013	\$7,100
FY 2014	\$7,500

We continue to provide a comprehensive benefits package for City employees. Claims this year have been extremely high therefore modifications had to be made to the plans being offered and the cost sharing for dependent coverage had to be shifted to bring the cost within our budget.

The City will be contributing 26% less than in FY 2009 for the cost of employee benefits for FY 2014, and our employees still continue to have great plans available to them and their families. Based on Council direction at the budget workshop last week, the \$7,500 will include \$7,100 PEPY + \$125,000 from the Benefit Trust Reserve.

Medical

The chart below shows the initial proposals and best and final offers from the carriers who responded to our Invitation to Bid:

Provider	Initial Bid	Best & Final Offer
United Healthcare "Renewal"	22% above current	18% above current
BCBSTX	15% above current	7% above current
Humana	18% above current	11% above current
CIGNA	16% above current	Declined
Aetna	23% above current	No bid

The rates for FY 2014 will be increasing this year due in part to the impact of the Patient Protection and Affordable Care Act (PPACA) regulations imposed upon employers beginning January 1, 2014. The fees combine for a 4% annual load to employer premium rates. We factored in 3% as our plan year begins October 2013. The other part of the increase is directly related to higher claims, as stated earlier.

Our number one goal for our benefits is to take care of our employees. We will continue to offer the employee coverage at no cost to the employee. However, we have no choice but to increase the cost for dependent coverage.

The City is currently contributing 59% to 61% of the cost for dependent coverage. According to the benefits component of our formal Compensation and Classification Study that was conducted last month, only four (4) of the participants contribute to dependent health coverage. The contribution amounts for those entities are: Ennis 90%, Georgetown 69%, Waxahachie 45%, and Seguin 25%. The other six (6) cities (Boerne, Cleburne, New Braunfels, San Marcos, Schertz, and Watauga) do not contribute to the cost of dependent health coverage. Decreasing the City contribution to dependent health coverage places the City closer to being "at market" for this type of benefit while softening the impact to our employees.

BCBSTX was very aggressive in their best and final offer. They were able to help us get within our budget number with minimal plan design changes. The most significant plan changes are as follows:

1. Increase the deductible from \$2,000 to \$2,500 but hold the total annual out of pocket costs to the current \$6,000 level.
2. Increase the RX copays from \$15/\$30/\$65 to \$15/\$40/\$70 and change the mail order RX copay from 2.5X to 3X. Employees fill their RX's at the \$15/\$40 level 90% of the time. This will have a minimal impact.
3. Adjust the City contribution to dependent health coverage to 55% across both plans and all tiers. That means employees will contribute 45% of the cost to cover their dependents.

Staff recommendation is to award the FY 2014 group medical contract to Blue Cross/Blue Shield of Texas (BCBSTX).

Dental

We received seven (7) proposals for the FY 2014 dental plan. The proposals were from United Healthcare, Aetna, Guardian, MetLife, Humana, Delta Dental, and BCBSTX.

Best and final offers confirmed that MetLife and Aetna were the lowest rates. MetLife offered a package deal with vision (see Vision section).

Again, we will continue to offer the **employee coverage at no cost** to the employee. However, we must increase the cost for dependent coverage. In FY 2013, the City contributed 11% toward the cost of dependent dental coverage. According to the benefits component of our formal Compensation and Classification Study, only one City (Georgetown) contributes to the cost of dependent dental coverage. Moving 100% of the cost to the employee for dependent coverage places the City "at market" for this type of benefit.

Staff recommendation is to award the FY 2014 group dental contract to MetLife.

Vision

Vision coverage is offered on a voluntary basis with no cost impact to the City. We did include this coverage in our proposal process in order to obtain the best possible benefit/cost value for our employees. As stated earlier, MetLife offered a package deal with dental and vision. MetLife has offered similar coverage with the exception of increasing the "materials" copay from \$15 to \$20. They will continue to utilize the same VSP provider network as we currently have as well.

Staff recommendation is to award the FY 2014 group vision contract to MetLife.

Group Life & AD&D, Voluntary Life & AD&D, and Short Term Disability

This coverage is all provided by Lincoln Financial. Their renewal was the most competitive cost/benefit value. They have agreed to renew at the current rates.

Staff recommendation is to award the FY 2014 group ancillary contract to Lincoln Financial.

RECOMMENDATION

Staff recommends Council award the group benefits as presented and authorize the City Manager to accept and sign contracts for FY 2014 employee benefits as presented.

BUDGET ANALYSIS CITY CONTRIBUTION (PEPY)

	Medical	Dental	Life/ADD	LTD	Total	Budgeted
FY 2014	\$7,208	\$232	\$60	N/A	\$7,500	\$7,500
FY 2013	\$6,767	\$271	\$60	N/A	\$7,098	\$7,100
FY 2012	\$6,518	\$207	\$60	N/A	\$6,785	\$6,800
FY 2011	\$7,117	\$385	\$106	\$152	\$7,760	\$7,800
FY 2010	\$7,666	\$504	\$106	\$152	\$8,428	\$8,950
FY 2009	\$7,686	\$408	\$118	N/A	\$8,212	\$8,950
FY 2008	\$7,770	\$408	\$118	N/A	\$8,296	\$8,920

FY 2014 MEDICAL (24 Pay Periods)

BCBS		FY 2014 PPO Plan						
		\$2,500 Deductible, Office Visit \$35/\$50, RX \$100 Ded + \$15/\$40/\$70						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only (77)	226	0.00	0.00	390.92	390.92	100%	\$ 1,060,175	
Spouse	27	115.50	231.00	277.22	508.22	55%	\$ 89,819	
Child(ren)	59	99.25	198.50	239.35	437.85	55%	\$ 169,460	
Family	72	192.00	384.00	472.14	856.14	55%	\$ 407,929	
	226						\$ 1,727,383	

BCBS		FY 2014 HRA Plan						
		\$2,500 Deductible, RX \$100 Ded + \$15/\$40/\$70						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only (31)	64	0.00	0.00	359.65	359.65	100%	\$ 276,211	
Spouse	1	106.25	212.50	255.06	467.56	55%	\$ 3,061	
Child(ren)	14	91.00	182.00	220.83	402.83	55%	\$ 37,099	
Family	9	179.00	358.00	429.97	787.97	55%	\$ 46,437	
	64						\$ 362,808	
	290		PEPY	\$7,208			\$ 2,090,191	

Changes for FY2014 (Based on FY2013 PPO Budget & HRA Plans)
 RX Copays from \$15/\$30/\$65 to \$15/\$40/\$70 (90% of RX's are filled at the \$15/\$40 level).
 City Contribution to Dependent Coverage from 57%-61% to 55%.
 Deductible from \$2,000 to \$2,500.

Total EE + CITY Rates	Total EE + CITY Burden
390.92	\$361,210
899.14	\$291,321
828.77	\$586,769
1247.06	\$1,077,460
	\$2,316,760

Total EE + CITY Rates	Total EE + CITY Burden
359.65	\$133,790
827.21	\$9,927
762.48	\$128,097
1147.62	\$123,943
	\$395,756
	\$2,712,516

Comparison of Medical Plan Design Offerings				
	FY 2013 PPO Budget	FY 2014 PPO	FY 2013 HRA	FY 2014 HRA
Plan Year Deductible	\$2,000 (2X)	\$2,500 (2X)	\$2,000 (2X)	\$2,500 (2X)
Co-insurance/Out of Pocket	20%/\$4,000 (2X)	20%/\$3,500 (2X)	20%/\$4,000 (2X)	20%/\$3,500 (2X)
Total Ann OOP Ded + Co-Ins	\$6,000	\$6,000	\$6,000	\$6,000
PCP Visit Copay	\$35	\$35	Ded - Co-Ins	Ded - Co-Ins
Specialist Visit Copay	\$50 (PDN=\$35)	\$50	Ded - Co-Ins	Ded - Co-Ins
Routine Lab/Imaging				
*Billed by Physician	\$35/\$50	\$35/\$50	Ded - Co-Ins	Ded - Co-Ins
*Free Standing	100%	100%	Ded - Co-Ins	Ded - Co-Ins
*Outpatient Hospital Facility	100%	100%	Ded - Co-Ins	Ded - Co-Ins
Emergency Room				
*Facility	\$300 Copay + 20%	\$300 Copay + 20%	Ded - Co-Ins	Ded - Co-Ins
*Physician	Included	Ded - Co-Ins	Ded - Co-Ins	Ded - Co-Ins
RX Card	\$100 Deductible	\$100 Deductible	\$100 Deductible	\$100 Deductible
*Copays	\$15/\$30/\$65	\$15/\$40/\$70	\$15/\$30/\$65	\$15/\$40/\$70
*Mail Order	2.5X	3X	2.5X	3X
*Generic Push	No	Yes	No	Yes
*Step Therapy/Prior Auth	Yes	Yes	Yes	Yes
Allergy Testing	Ded - Co-Ins	Ded - Co-Ins	Ded - Co-Ins	Ded - Co-Ins
Depo-Provera Injections	Ded - Co-Ins	100% (PPACA)	Ded - Co-Ins	100% (PPACA)
Routine Injections	Ded - Co-Ins	Ded - Co-Ins	Ded - Co-Ins	Ded - Co-Ins
Physical/Manipulative Therapy	Copay/20 Visits	Ded - Co-Ins/35 Visits	Ded - Co-Ins (20 Visits)	Ded - Co-Ins (35 Visits)
	Monthly Premium	Monthly Premium	Monthly Premium	Monthly Premium
Employee Only	\$369.54	\$390.92	\$322.50	\$359.65
Employee + Spouse	\$849.95	\$899.14	\$741.76	\$827.21
Employee + Child(ren)	\$783.43	\$828.77	\$683.71	\$762.48
Employee + Family	\$1,178.85	\$1,247.06	\$1,028.79	\$1,147.62

FY 2014 DENTAL - 24 Pay Periods

MetLife		FY 2014 Dental - Annual Maximum \$1,500 - Orthodontics Included						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	283	0.00	0.00	19.34	19.34	100%	\$ 65,679	
Spouse	43	9.30	18.60	0.00	18.60	0%	\$ -	
Child(ren)	46	17.81	35.61	0.00	35.61	0%	\$ -	
Family	96	27.76	55.51	0.00	55.51	0%	\$ -	
	283		PEPY	\$232			\$ 65,679	

Total EE + CITY Rates	Total EE + CITY Burden
19.34	\$22,744
37.94	\$19,577
54.95	\$30,332
74.85	\$86,227
	\$158,880

United Healthcare		FY 2013 Dental - Annual Maximum \$1,500 - Orthodontics Included						
Tier of Coverage	Count	Employee Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	283	0.00	0.00	19.48	19.48	100%	\$ 66,154	
Spouse	41	8.29	16.58	2.16	18.74	12%	\$ 1,063	
Child(ren)	44	15.89	31.77	4.11	35.88	11%	\$ 2,170	
Family	96	24.76	49.52	6.41	55.93	11%	\$ 7,384	
	283		PEPY	\$271			\$ 76,771	

Total EE + CITY Rates	Total EE + CITY Burden
19.48	\$24,779
38.22	\$18,804
55.36	\$29,230
75.41	\$86,872
	\$159,685

FY 2014 VISION - 24 Pay Periods

MetLife (VSP)		FY 2014 Vision - 12/12/24, Exam Copay \$10, Materials Copay \$20						
Tier of Coverage	Count	Employee Bi-Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	72	3.09	6.17	0.00	6.17	0%	\$ -	
Spouse	58	6.18	12.36	0.00	12.36	0%	\$ -	
Child(ren)	38	5.80	11.59	0.00	11.59	0%	\$ -	
Family	69	8.88	17.75	0.00	17.75	0%	\$ -	
	237		PEPY	\$0			\$ -	

Total Rates	Total EE Burden
6.17	\$5,331
12.36	\$8,603
11.59	\$5,285
17.75	\$14,697
	\$33,915

VSP		FY 2013 Vision - 12/12/24, Exam Copay \$10, Materials Copay \$15						
Tier of Coverage	Count	Employee Bi-Weekly Cost	Employee Monthly Cost	CITY Cost Per EE/Mo.	Total PEPM	% Paid by CITY	CITY Total Annual Cost	
Emp Only	72	3.03	6.06	0.00	6.06	0%	\$ -	
Spouse	58	6.06	12.12	0.00	12.12	0%	\$ -	
Child(ren)	38	5.76	11.52	0.00	11.52	0%	\$ -	
Family	69	9.04	18.08	0.00	18.08	0%	\$ -	
	237		PEPY	\$0			\$ -	

Total Rates	Total EE Burden
6.06	\$5,236
12.12	\$8,436
11.52	\$5,253
18.08	\$14,970
	\$33,895

PPO Insured Standard – Network Deductible



Prospective Premium Projection
for the period
October 1, 2013 - September 30, 2014
2013 Fully Insured Proposal

RATE DEVELOPMENT

Please refer to the ACA Disclaimer regarding benefits and final pricing.

PPO/HCA

PROJECTED NET PREMIUM TAX

	Live	Proposed
PPO (\$2,500/\$5,000 deductible, \$3,500/\$7,000 OPX - in network; no change on OON) w/ Rx changes and mandatory generic		
Single	\$386.02	\$379.26
Single + Spouse	\$887.86	\$872.32
Single + Child(ren)	\$818.38	\$804.05
Family	\$1,231.43	\$1209.88
HCA (\$2,500/\$5,000 deductible, \$3,500/\$7,500 OPX - in network; \$3,500/\$7,000 OPX - OON) w/ Rx changes and mandatory generic		
Single	\$355.14	\$348.93
Single + Spouse	\$816.83	\$802.54
Single + Child(ren)	\$752.91	\$739.74
Family	\$1,132.92	\$1113.10

NOTICE: AFFORDABLE CARE ACT (ACA) FEES PPACA FEES +4% EFFECTIVE 1/1/2014

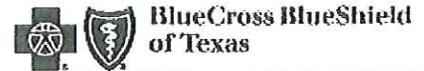
ACA established a number of taxes and fees that will affect our customers and their benefit plans. Two of those fees are: (1) the Annual Fee on Health Insurers or "Health Insurer Fee"; and (2) the Transitional Reinsurance Program Contribution Fee or "Reinsurance Fee." Both the Reinsurance Fee and Health Insurer Fee go into effect in 2014.

Section 9010(a) of ACA requires that "covered entities" providing health insurance ("health insurers") pay an annual fee to the federal government, commonly referred to as the Health Insurer Fee. The amount of this fee for a given calendar year will be determined by the federal government and involves a formula based in part on a health insurer's net premiums written with respect to health insurance on certain health risk during the preceding calendar year. This fee will go to help fund premium tax credits and cost-sharing subsidies offered to certain individuals who purchase coverage on health insurance exchanges.

In addition, ACA Section 1341 provides for the establishment of a temporary reinsurance program(s) for a three (3) year period (2014-2016) which will be funded by Reinsurance Fees collected from health insurance issuers and self-funded group health plans. Federal and state governments will provide information as to how these fees are calculated. Federal regulations establish the fee at \$5.25 per member, per month for 2014. The temporary reinsurance programs funded by these Reinsurance Fees will help stabilize premiums in the individual market.

Beginning with your bill for January 2014 coverage, your premium will be adjusted to reflect the effects of the Health Insurer Fees and Reinsurance Fees, which will be inclusive of any additional applicable federal and state taxes. We estimate this adjustment to 2014 billed premiums to be approximately 4.0%. Should further regulations and guidance regarding these fees becomes available, we will share additional information with you.

PPO Insured Standard – Network Deductible



EMPLOYER INFORMATION

RATES

Plan I – Four Rate Structure

Employee Only	\$
Employee + Child(ren)	\$
Employee + Spouse	\$
Employee + Family	\$

The above proposed rates are projected to be effective for the 12-month period beginning on the effective date of group coverage and are contingent upon the provisions shown below. Final rates may vary based on actual enrollment results.

- An effective date of _____
- A minimum enrollment of _____ or _____ % of the eligible employees, but in any event not less than _____
- The employer contributing _____ of the Employee Only cost plus _____ of the Dependent cost.
- Rates do not include any future mandated benefit changes.
- All employees must enroll in BCBSTX coverages; no other carrier allowed.
- Standard BCBSTX Managed Care programs with standard membership, eligibility, administration, claims processing, and standard network. Standard Master Contract provisions and definitions apply. Any costs associated with special services or custom materials provided by BCBSTX will be supplemental billed separate and apart from the rates outlined on this confirmation page.
- Annual open enrollment.

This proposal assumes the group contract will be issued in Texas. In addition to the benefits stated herein, benefits for covered persons who reside outside of Texas will conform to all Extraterritorial requirements of those states.

This proposal is made on the condition you are not a Small Employer as defined in the Texas Insurance Code. A proposal to a Small Employer would have to contain specific contractual elements and mandated insurance plans not contained in this proposal. Should it be determined you were a Small Employer, this proposal and any health insurance contract issued to you, shall be null and void.

Todd Parton, City Manager

Group Executive Name and Title
(Please type or print)

Signature

Date

Agent of Record Name
(Please print or type)

Signature

Date

BCBSTX Representative Name
(Please print or type)

Signature

Date



City of Kerrville

Employer Sponsored Dental

Proposal produced on June 27, 2013
This quote is valid for 90 days from date of proposal

Summary of Benefits

Dental Insurance - Dental Option#2

Employer Sponsored Dental		
Class Description	All Active Full Time Employees (30 Hours)	
	In-Network	Out-of-Network
Reimbursement	Negotiated Fee Schedule	R&C 80th Percentile
Type A – Preventive	100%	100%
Type B – Basic	80%	80%
Type C – Major	50%	50%
Calendar Year Deductible applies to:	B & C	B & C
▪ Individual	\$50	\$50
▪ Family	\$150	\$150
	Aggregate	Aggregate
Calendar Year Maximum <i>(applies to A,B,C services)</i>	\$1,500	\$1,500
Orthodontia	50%	50%
Orthodontia Lifetime Maximum	\$1,500	\$1,500
<small>* Out of Network benefits are payable for services rendered by a dentist who is not a participating provider. The Reasonable and Customary charge is based on the lowest of (1) the dentist's actual charge (the 'Actual Charge'), (2) the dentist's usual charge for the same or similar services (the 'Usual Charge') or (3) the charge of most dentists in the same geographic area for the same or similar services as determined by MetLife (the 'Customary Charge'). Services must be necessary in terms of generally accepted dental standards.</small>		

Employer Sponsored Dental	Rate per Employee	Lives	Est Monthly Premium	Est Annual Premium
▪ Employee Only	\$19.34	98	\$13,240	\$158,880
▪ Employee + Spouse	\$37.94	43		
▪ Employee + Child(ren)	\$54.95	46		
▪ Employee + Family	\$74.85	96		
▪ Total		283		
Rates are guaranteed from October 1, 2013 - September 30, 2014 (12 months)				

AUTHORIZED BY CITY OF KERRVILLE

DATED



Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

May 29, 2013

The Lincoln National Life
Insurance Company
8801 Indian Hills Drive
Omaha, NE 68114-4066
toll free (800) 423-2765
www.LFG.com

City of Kerrville
701 Main Street
Kerrville, TX 78028

RE: Renewal for Policy Number(s): 01-0145199, 01-0145200

We are proud to provide your company with quality group products and services at a cost that delivers sound value.

Each renewal period, we analyze current benefit and rate structures to determine the appropriate rates for continued group insurance protection for your valued employees. This process includes recalculation of the premium rates to reflect factors like:

- plan features
- demographics
- nature of business
- experience
- any adjustments to our underlying rate structure

Based upon our review, your renewal rates, effective 10/1/2013, are as follows:

Coverage	Rate Basis	Current Rate	Current Monthly Premium	Renewal Rate	Renewal Monthly Premium	Renewal Monthly Premium Change	Rate Guarantee Until
Life	per \$1,000	0.110	\$1,271.97	0.110	\$1,271.97	\$0.00	10/1/2014
AD&D	per \$1,000	0.020	\$229.31	0.020	\$229.31	\$0.00	10/1/2014
Short Term Disability	\$10 of weekly benefit	0.390	\$1,288.95	0.390	\$1,288.95	\$0.00	10/1/2014
Premium Totals:			\$2,790.23		\$2,790.23	\$0.00	



Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

May 29, 2013

The Lincoln National Life Insurance Company
8801 Indian Hills Drive
Omaha, NE 68114-4066
toll free (800) 423-2765
www.LFG.com

City of Kerrville
701 Main Street
Kerrville, TX 78028

Unismoker Rates For Coverage VLI and VSLI For Policy 000400145201

Age	Effective Date	Term Date	Rate
0 - 24	10/1/2011		\$.070 per \$1000 of covered benefit
25 - 29	10/1/2011		\$.070 per \$1000 of covered benefit
30 - 34	10/1/2011		\$.080 per \$1000 of covered benefit
35 - 39	10/1/2011		\$.100 per \$1000 of covered benefit
40 - 44	10/1/2011		\$.160 per \$1000 of covered benefit
45 - 49	10/1/2011		\$.250 per \$1000 of covered benefit
50 - 54	10/1/2011		\$.390 per \$1000 of covered benefit
55 - 59	10/1/2011		\$.680 per \$1000 of covered benefit
60 - 64	10/1/2011		\$1.050 per \$1000 of covered benefit
65 - 69	10/1/2011		\$1.710 per \$1000 of covered benefit
70 - 74	10/1/2011		\$2.810 per \$1000 of covered benefit
75 - 79	10/1/2011		\$4.690 per \$1000 of covered benefit
80 - 99	10/1/2011		\$10.750 per \$1000 of covered benefit

VOL CHILD LIFE \$1.50

VOL AD&D (STANDALONE)

VOL AD&D - \$.04 per \$1000 (Employee plan)

\$.07 per \$1000 (Family plan)

Rebekah Glynn O'Sullivan
Renewal Sales Consultant
Lincoln Financial Group
1155 Dairy Ashford Ste. 209
Houston, TX 77079
(281) 506-1186
rebekah.osullivan@lfg.com

You're In Charge®

AUTHORIZED BY CITY OF KERRVILLE

DATED



City of Kerrville

Vision

Proposal produced on 7/11/2013

This quote is valid for 90 days from date of proposal and is offered only with another MetLife product

Summary of Benefits Vision Insurance – VISION PLAN PROPOSED 1

Vision		
Class Description	<Class Description e.g., All Active Full Time Employees (30 Hours)>	
Plan Name	M130D-10/20	
	In-Network (Using a Network Provider)	Out-of-Network (Using a Non-Network Provider)
Eye Examination		
Comprehensive exam of visual functions and prescription of corrective eyewear.	Covered after a \$10 copay	Covered up to a \$45 allowance
Materials / Eyewear		
Either Glasses or Contacts	\$20 copay	Not Applicable
Standard Corrective Lenses <ul style="list-style-type: none"> • Single Vision • Lined Bifocal • Lined Trifoca • Lenticular 	Covered after eyewear copay	Covered up to: \$30 allowance \$50 allowance \$65 allowance \$100 allowance
Standard Lens Options <ul style="list-style-type: none"> • Ultraviolet Coating • Polycarbonate (Child up to age 18) • Polycarbonate (adult) • Progressive Standard • Progressive Premium • Scratch Resistant Coating • Anti-Reflective Coating • Photochromic • Tints 	Covered after eyewear copay Covered after eyewear copay Available with "not to exceed" pricing/maximum copay	Applied to the allowance for the applicable corrective lens Applied to the allowance for the applicable corrective lens Applied to the allowance for the applicable corrective lens \$50 allowance \$50 allowance Applied to the allowance for the applicable corrective lens Applied to the allowance for the applicable corrective lens Applied to the allowance for the applicable corrective lens Applied to the allowance for the applicable corrective lens

Frame Allowance	Covered up to \$130 allowance after eyewear copay	Covered up to \$70 allowance
• Costco	\$70 allowance after eyewear copay	
Contact Lenses		
Contact Fitting and Evaluation	Standard or Premium fit: covered in full with a copay not to exceed \$60	Applied to the allowance for the applicable corrective lens
Elective	Covered up to \$130 allowance	Covered up to \$105 allowance
Necessary	Covered after eyewear copay	Covered up to \$210 allowance
Value Added Features		
Additional Lens Options	Average 20-25% savings on all other lens options	
Additional Discounts on Glasses and Sunglasses	20% discount off the cost for additional pairs of prescription glasses and non-prescription sunglasses, including lens options.	
Laser Vision correction	Discounts averaging 15% off the regular price or 5% off a promotional offer for laser surgery including PRK, LASIK, and Customer LASIK. Discounts only available from MetLife participating facilities.	

Frequencies / Exclusions

Class Description: <Class Description e.g., All Active Full Time Employees>	
▪ Examinations	▪ 1 per 12 Months
▪ Base Lenses	▪ 1 per 12 Months
▪ Frames	▪ 1 per 24 Months
▪ Contact Lenses	▪ 1 per 12 Months
Either glasses or contacts allowed per frequency	

Coverage	Participating Lives	Covered Volume	Rates*	Annual Premium
VISION PLAN PROPOSED 1				
Vision (per Employee Per Month)	235			\$34009
▪ Single	72		\$6.17	
▪ Employee + Spouse	58		\$12.36	
▪ Employee & Child(ren)	38		\$11.59	
▪ Family	67		\$17.75	
Rates are guaranteed from 10/1/2013 to 9/30/2014				
Please note: Vision coverage may only be sold with another MetLife product				

AUTHORIZED BY CITY OF KERRVILLE

DATED

PPO Insured Standard – Network Deductible



Prospective Premium Projection
for the period
October 1, 2013 - September 30, 2014
2013 Fully Insured Proposal

RATE DEVELOPMENT

Please refer to the ACA Disclaimer regarding benefits and final pricing.

PPO/HCA

PROJECTED NET PREMIUM TAX

	Live	Proposed
PPO (\$2,500/\$5,000 deductible, \$3,500/\$7,000 OPX - in network; no change on OON) w/ Rx changes and mandatory generic		
Single	\$386.02	\$379.26
Single + Spouse	\$887.86	\$872.32
Single + Child(ren)	\$818.38	\$804.05
Family	\$1,231.43	\$1,209.88
HCA (\$2,500/\$5,000 deductible, \$3,500/\$7,500 OPX - in network; \$3,500/\$7,000 OPX - OON) w/ Rx changes and mandatory generic		
Single	\$355.14	\$348.93
Single + Spouse	\$816.83	\$802.54
Single + Child(ren)	\$752.91	\$739.74
Family	\$1,132.92	\$1,113.10

NOTICE: AFFORDABLE CARE ACT (ACA) FEES PPACA FEES +4% EFFECTIVE 1/1/2014

ACA established a number of taxes and fees that will affect our customers and their benefit plans. Two of those fees are: (1) the Annual Fee on Health Insurers or "Health Insurer Fee"; and (2) the Transitional Reinsurance Program Contribution Fee or "Reinsurance Fee." Both the Reinsurance Fee and Health Insurer Fee go into effect in 2014.

Section 9010(a) of ACA requires that "covered entities" providing health insurance ("health insurers") pay an annual fee to the federal government, commonly referred to as the Health Insurer Fee. The amount of this fee for a given calendar year will be determined by the federal government and involves a formula based in part on a health insurer's net premiums written with respect to health insurance on certain health risk during the preceding calendar year. This fee will go to help fund premium tax credits and cost-sharing subsidies offered to certain individuals who purchase coverage on health insurance exchanges.

In addition, ACA Section 1341 provides for the establishment of a temporary reinsurance program(s) for a three (3) year period (2014-2016) which will be funded by Reinsurance Fees collected from health insurance issuers and self-funded group health plans. Federal and state governments will provide information as to how these fees are calculated. Federal regulations establish the fee at \$5.25 per member, per month for 2014. The temporary reinsurance programs funded by these Reinsurance Fees will help stabilize premiums in the individual market.

Beginning with your bill for January 2014 coverage, your premium will be adjusted to reflect the effects of the Health Insurer Fees and Reinsurance Fees, which will be inclusive of any additional applicable federal and state taxes. We estimate this adjustment to 2014 billed premiums to be approximately 4.0%. Should further regulations and guidance regarding these fees becomes available, we will share additional information with you.

PPO Insured Standard – Network Deductible



EMPLOYER INFORMATION

RATES

Plan I – Four Rate Structure

Employee Only	\$
Employee + Child(ren)	\$
Employee + Spouse	\$
Employee + Family	\$

The above proposed rates are projected to be effective for the 12-month period beginning on the effective date of group coverage and are contingent upon the provisions shown below. Final rates may vary based on actual enrollment results.

- An effective date of _____
- A minimum enrollment of _____ or _____ % of the eligible employees, but in any event not less than _____
- The employer contributing _____ of the Employee Only cost plus _____ of the Dependent cost.
- Rates do not include any future mandated benefit changes.
- All employees must enroll in BCBSTX coverages; no other carrier allowed.
- Standard BCBSTX Managed Care programs with standard membership, eligibility, administration, claims processing, and standard network. Standard Master Contract provisions and definitions apply. Any costs associated with special services or custom materials provided by BCBSTX will be supplemental billed separate and apart from the rates outlined on this confirmation page.
- Annual open enrollment.

This proposal assumes the group contract will be issued in Texas. In addition to the benefits stated herein, benefits for covered persons who reside outside of Texas will conform to all Extraterritorial requirements of those states.

This proposal is made on the condition you are not a Small Employer as defined in the Texas Insurance Code. A proposal to a Small Employer would have to contain specific contractual elements and mandated insurance plans not contained in this proposal. Should it be determined you were a Small Employer, this proposal and any health insurance contract issued to you, shall be null and void.

Todd Parton, City Manager

Group Executive Name and Title
(Please type or print)

Signature

Date

Agent of Record Name
(Please print or type)

Signature

Date

BCBSTX Representative Name
(Please print or type)

Signature

Date



City of Kerrville

Employer Sponsored Dental

Proposal produced on June 27, 2013
This quote is valid for 90 days from date of proposal

**Summary of Benefits
Dental Insurance - Dental Option#2**

Employer Sponsored Dental		
Class Description	All Active Full Time Employees (30 Hours)	
	In-Network	Out-of-Network
Reimbursement	Negotiated Fee Schedule	R&C 80th Percentile
Type A – Preventive	100%	100%
Type B – Basic	80%	80%
Type C – Major	50%	50%
Calendar Year Deductible applies to:	B & C	B & C
▪ Individual	\$50	\$50
▪ Family	\$150 Aggregate	\$150 Aggregate
Calendar Year Maximum (applies to A,B,C services)	\$1,500	\$1,500
Orthodontia	50%	50%
Orthodontia Lifetime Maximum	\$1,500	\$1,500

* Out of Network benefits are payable for services rendered by a dentist who is not a participating provider. The Reasonable and Customary charge is based on the lowest of (1) the dentist's actual charge (the 'Actual Charge'), (2) the dentist's usual charge for the same or similar services (the 'Usual Charge') or (3) the charge of most dentists in the same geographic area for the same or similar services as determined by MetLife (the 'Customary Charge'). Services must be necessary in terms of generally accepted dental standards.

Employer Sponsored Dental	Rate per Employee	Lives	Est Monthly Premium	Est Annual Premium
▪ Employee Only	\$19.34	98	\$13,240	\$158,880
▪ Employee + Spouse	\$37.94	43		
▪ Employee + Child(ren)	\$54.95	46		
▪ Employee + Family	\$74.85	96		
▪ Total		283		

Rates are guaranteed from October 1, 2013 - September 30, 2014 (12 months)

AUTHORIZED BY CITY OF KERRVILLE

DATED



Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

May 29, 2013

The Lincoln National Life
Insurance Company
8801 Indian Hills Drive
Omaha, NE 68114-4066
toll free (800) 423-2765
www.LFG.com

City of Kerrville
701 Main Street
Kerrville, TX 78028

RE: Renewal for Policy Number(s): 01-0145199, 01-0145200

We are proud to provide your company with quality group products and services at a cost that delivers sound value.

Each renewal period, we analyze current benefit and rate structures to determine the appropriate rates for continued group insurance protection for your valued employees. This process includes recalculation of the premium rates to reflect factors like:

- plan features
- demographics
- nature of business
- experience
- any adjustments to our underlying rate structure

Based upon our review, your renewal rates, effective 10/1/2013, are as follows:

Coverage	Rate Basis	Current Rate	Current Monthly Premium	Renewal Rate	Renewal Monthly Premium	Renewal Monthly Premium Change	Rate Guarantee Until
Life	per \$1,000	0.110	\$1,271.97	0.110	\$1,271.97	\$0.00	10/1/2014
AD&D	per \$1,000	0.020	\$229.31	0.020	\$229.31	\$0.00	10/1/2014
Short Term Disability	\$10 of weekly benefit	0.390	\$1,288.95	0.390	\$1,288.95	\$0.00	10/1/2014
Premium Totals:			\$2,790.23		\$2,790.23	\$0.00	



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701 Main Street
Kerrville, TX 78028

Unismoker Rates For Coverage **VLI and VSLI** For Policy 000400145201

Age	Effective Date	Term Date	Rate
0 - 24	10/1/2011		\$.070 per \$1000 of covered benefit
25 - 29	10/1/2011		\$.070 per \$1000 of covered benefit
30 - 34	10/1/2011		\$.080 per \$1000 of covered benefit
35 - 39	10/1/2011		\$.100 per \$1000 of covered benefit
40 - 44	10/1/2011		\$.160 per \$1000 of covered benefit
45 - 49	10/1/2011		\$.250 per \$1000 of covered benefit
50 - 54	10/1/2011		\$.390 per \$1000 of covered benefit
55 - 59	10/1/2011		\$.680 per \$1000 of covered benefit
60 - 64	10/1/2011		\$1.050 per \$1000 of covered benefit
65 - 69	10/1/2011		\$1.710 per \$1000 of covered benefit
70 - 74	10/1/2011		\$2.810 per \$1000 of covered benefit
75 - 79	10/1/2011		\$4.690 per \$1000 of covered benefit
80 - 99	10/1/2011		\$10.750 per \$1000 of covered benefit

VOL CHILD LIFE \$1.50

VOL AD&D (STANDALONE)

VOL AD&D - \$.04 per \$1000 (Employee plan)

\$.07 per \$1000 (Family plan)

Rebekah Glynn O'Sullivan
Renewal Sales Consultant
Lincoln Financial Group
1155 Dairy Ashford Ste. 209
Houston, TX 77079
(281) 506-1186
rebekah.osullivan@lfg.com

You're In Charge®

AUTHORIZED BY CITY OF KERRVILLE

DATED



City of Kerrville

Vision

Proposal produced on 7/11/2013

This quote is valid for 90 days from date of proposal and is offered only with another MetLife product

Summary of Benefits Vision Insurance – VISION PLAN PROPOSED 1

Vision		
Class Description	<Class Description e.g., All Active Full Time Employees (30 Hours)>	
Plan Name	M130D-10/20	
	In-Network (Using a Network Provider)	Out-of-Network (Using a Non-Network Provider)
Eye Examination		
Comprehensive exam of visual functions and prescription of corrective eyewear.	Covered after a \$10 copay	Covered up to a \$45 allowance
Materials / Eyewear		
Either Glasses or Contacts	\$20 copay	Not Applicable
Standard Corrective Lenses		
<ul style="list-style-type: none"> • Single Vision • Lined Bifocal • Lined Trifoca • Lenticular 	Covered after eyewear copay	Covered up to: \$30 allowance \$50 allowance \$65 allowance \$100 allowance
Standard Lens Options		
<ul style="list-style-type: none"> • Ultraviolet Coating • Polycarbonate (Child up to age 18) • Polycarbonate (adult) • Progressive Standard • Progressive Premium • Scratch Resistant Coating • Anti-Reflective Coating • Photochromic • Tints 	<ul style="list-style-type: none"> • Covered after eyewear copay • Covered after eyewear copay • Available with "not to exceed" pricing/maximum copay 	<ul style="list-style-type: none"> • Applied to the allowance for the applicable corrective lens • Applied to the allowance for the applicable corrective lens • Applied to the allowance for the applicable corrective lens • \$50 allowance • \$50 allowance • Applied to the allowance for the applicable corrective lens • Applied to the allowance for the applicable corrective lens • Applied to the allowance for the applicable corrective lens • Applied to the allowance for the applicable corrective lens

Frame Allowance	Covered up to \$130 allowance after eyewear copay	Covered up to \$70 allowance
• Costco	\$70 allowance after eyewear copay	
Contact Lenses		
Contact Fitting and Evaluation	Standard or Premium fit: covered in full with a copay not to exceed \$60	Applied to the allowance for the applicable corrective lens
Elective	Covered up to \$130 allowance	Covered up to \$105 allowance
Necessary	Covered after eyewear copay	Covered up to \$210 allowance
Value Added Features		
Additional Lens Options	Average 20-25% savings on all other lens options	
Additional Discounts on Glasses and Sunglasses	20% discount off the cost for additional pairs of prescription glasses and non-prescription sunglasses, including lens options.	
Laser Vision correction	Discounts averaging 15% off the regular price or 5% off a promotional offer for laser surgery including PRK, LASIK, and Customer LASIK. Discounts only available from MetLife participating facilities.	

Frequencies / Exclusions

Class Description: <Class Description e.g., All Active Full Time Employees>	
▪ Examinations	▪ 1 per 12 Months
▪ Base Lenses	▪ 1 per 12 Months
▪ Frames	▪ 1 per 24 Months
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