


CITY OF HALLANDALE BEACH, FLORIDA
MEMORANDUM
CM17-192

DATE: September 28, 2017
TO: Honorable Mayor and City Commission
FROM: Roger M. Carlton, City Manager 
SUBJECT: Health Insurance Cost – HRA Contribution

During the first public hearing for the FY 17/18 Budget, held on September 25, 2017, the City Commission approved \$600,000 for all full-time employees participating in the City's health insurance plan to further mitigate the high deductible health insurance transition. This was in addition to the \$679,000 already allocated from the savings achieved by the transition. All in all, the proposed City of Hallandale Beach FY 17/18 Budget includes approximately \$1.3M for mitigating the transition and \$6.1M for the City's cost of the coverage, for a total of \$7.4M.

Staff has analyzed various alternatives on how to utilize the additional allocation, while providing employees with an additional benefit that keeps them financially whole compared to the FY 16/17 Policy. After much consideration, staff has determined that there are sufficient funds to maintain the same employee deductible as in the previous fiscal year. This will be achieved by increasing the Health Reimbursement Account contribution for each employee participating in the health insurance plan. The following chart outlines the employee deductibles from FY 16/17 and FY 17/18, as well as the deductibles prior to the City Commission budget hearing and post budget hearing:

	FY 16/17 Deductible	FY 17/18 Total Deductible	Employee Responsibility Prior to the Hearing	Employee Responsibility After Hearing
Single Coverage	\$1,000	\$3,000	\$2,000	\$1,000
Double Coverage	\$2,000	\$6,000	\$4,500	\$2,000
Family Coverage	\$3,000	\$6,000	\$4,500	\$3,000

The Human Resources Department has committed to providing employees with the education and assistance necessary to ensure a smooth transition. A flyer has been distributed to all employees on how to obtain direct assistance from Cigna, how to access their Cigna account information, as well as information on how to review an Explanation of Benefits (EOB) summary. Employee trainings have been ongoing throughout the City, covering all shifts and work schedules, for the last two months and will continue being offered on a monthly basis. The Cigna representative will also be available for employees to discuss any personal challenges they are facing, and to seek personal guidance on their concerns. Staff will also continue with the services of Diverse Insurance Solutions, consulting experts in health insurance, who will be available to help employees with any insurance problems.

As a reminder, when an employee goes to the Doctor, the claim will be submitted to Cigna for review and contract rate adjustment, and the employee will receive an EOB from Cigna outlining the Doctor's fee, the Cigna discount, amount billed, amount paid to doctor, the amount that was saved and any amount that is owed. It will also list the HRA balance. Initially, any amount owed will be deducted from the employee's HRA account; however, as time goes on, and the HRA funds are exhausted, employees will be responsible for paying the amount that is owed up to the maximum deductible. Once the maximum deductible is reached, employees will continue receiving EOB's from Cigna for any doctor visit with no financial responsibility by the employee. Employees will be responsible for paying the co-insurance for prescription medication beyond the deductible at the negotiated Tier rates up to the out-of-pocket maximum.

Inevitably, when over 1,000 lives are insured in a dynamic situation where employees come and go, doctors and other medical services change policies, and drugs are added to or deleted from the formulary, there will be anecdotal difficulties. If one of our employees calls you, please advise them to call Radu Dodea, Human Resources Director directly (954.608-0909) so that the situation can be remedied. During the early transition, Radu will be available for emergency matters as needed.

Staff will continue monitoring the claims loss ratio and will also review all high claims submitted to determine whether any intervention is needed, either by Cigna or the City.

Cc: Jennifer Merino, City Attorney
Senior Management Team