



Agenda Item:

081

## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 09/13/04  
04-453

Communication No.:

Agenda Item Type: Resolution  
No.:

Roll Call

Submitted by: Tom Turner, Human Resources Director

### SUBJECT—

City of Des Moines Health Insurance Plan

### SYNOPSIS—

A change to the Blue Rx Preferred pharmacy network will result in a reduction of 1% (one percent) of the cost of premiums from October 1, 2004 through June 30, 2005. Additionally, three changes in plan provisions can be implemented without impacting rates. These changes are (1) elimination of the current dollar limit per episode of hospice care (2) changing the maximum retail prescription limit to a thirty-four (34) day supply and (3) provide for direct reimbursement to a licensed social worker for mental health services.

### FISCAL IMPACT—

A total savings of \$132,500 for FY05 with \$95,500 of that attributed to tax-supported activities.

### RECOMMENDATION—

Approval.

### BACKGROUND—

On May 17, 2004 by Roll Call 04-1035, the City Council approved a renewal of the health insurance plan with Wellmark Blue Cross and Blue Shield of Iowa (John Forsyth, CEO) for the period July 1, 2004 through June 30, 2005. Since that time, Staff has continued to consult with Wellmark regarding the plan and means to improve administration and reduce costs. Wellmark

identified four changes that would align with this goal: (1) change the retail prescription network from Blue Rx to Blue Rx Preferred; (2) eliminate the \$10,000 limit on any one episode of hospice care; (3) change the retail prescription limit from the lesser of a 34-day supply of 100-unit dose to a 34-day supply; and (4) provide for direct reimbursement for services of a licensed social worker rather than require such billing be through a medical practitioner. Changes 2, 3 and 4 can be made to enhance the current benefit plan without any cost impact. Change number 1, regarding the retail prescription network will result in a premium reduction of one percent (1%) effective October 1, 2004. This reduction will result in a savings of \$132,500 in FY05 with \$95,500 of that savings derived from tax-supported activities. The FY06 impact will be at least \$180,000 with approximately \$130,000 of that annual savings related to tax supported activities.

Staff has met on several occasions with representatives of the bargaining units, Force 1 and SPM. All have indicated they are not opposed to these changes.

The following chart illustrates the impact on the individual rates.

<b><u>Active and Under Age 65 Retirees</u></b>	<b>Rates effective July 1, 2004</b>		<b>Rates effective October 1, 2004</b>	
	<b>Single</b>	<b>Family</b>	<b>Single</b>	<b>Family</b>
<b>Traditional</b>	\$434.77	\$1,086.93	\$430.42	\$1,076.06
<b>MEA*</b>	\$408.99	\$1,022.51	\$404.90	\$1,012.28
<b>SPM</b>	\$384.13	\$960.33	\$380.29	\$950.73
<b>Library</b>	\$384.13	\$960.33	\$380.29	\$950.73
<b>AFSCME</b>	\$384.13	\$960.33	\$380.29	\$950.73
<b><u>Medicare Retirees</u></b>				
<b>Traditional</b>	\$505.71	\$1,011.41	\$500.65	\$1,001.30
<b>SPM</b>	\$398.95	\$797.00	\$394.96	\$789.03