



## CITY COUNCIL AGENDA ITEM

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Date: March 25, 2015

To: Brian Kischnick, City Manager

From: Thomas Darling, Director of Financial Services  
 Jeanette Menig, Human Resources Director  
 Brooke Insana, Human Resources Coordinator

Subject: Status of City-wide Migration to Community Blue PPO and PA 152

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### History

The direction from City Council has been clear regarding employee health insurance – it is in the best interest of the City to migrate employees to a self-funded Blue Cross Blue Shield Community Blue PPO health insurance plan. With a self-funded plan the City realizes direct cost-savings from successful wellness initiatives. The City also benefits from standardizing and reducing the number of plans allowing for more efficiency in administration.

The efforts to move all employees to the self-funded plan began in July 2013 and have steadily continued; as collective bargaining agreements expire we have worked to negotiate this change in each agreement. The City Council has supported our efforts by ratifying collective bargaining agreements which include provisions to continue the PA 152 opt-out alternative (instead of the hard-cap or 80/20 provisions) for FY 2015/16.

The hard cap limits the amount a public employer can contribute to employee health insurance costs; the employer cannot pay more of the annual costs for health insurance than a total amount equal to:

- \$5,992.30 – times the number of employees with single-person coverage
- \$12,531.75 – times the number of employees with individual and spouse or +1 nonspouse/dependent coverage
- \$16,342.66 – times the number of employees with family coverage.

The 80/20 option states the employer may not pay more than 80% of the total annual costs of all the medical benefit plans it offers or contributes to for its employees and elected officials.

As a result of our most recent negotiations, the Troy Command Officers Association (TCOA), Troy Communication Supervisors Association (TCSA) and Troy Fire Staff Officers Association (TFSOA) joined Classified, Exempt, AFSCME, and MAP groups which have previously migrated to the Community Blue PPO plan. Just one collective bargaining agreement, the Troy Police Officers Association (TPOA), expiring this June, remains for full implementation.



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## Employees Migrated to CB-PPO Plan

Employee Group	July 2013			Current		
	CB-PPO	Other	% CB-PPO	CB-PPO	Other	% CB-PPO
Classified & Exempt	24	44	35%	82	0	100%
AFSCME	0	50	0%	59	0	100%
MAP	13	20	39%	36	0	100%
TCSA	3	5	38%	7	0	100%
TCOA	5	12	29%	16	0	100%
TFSOA	8	0	100%	7	0	100%
TPOA	0	58	0%	0	67	0%
Totals	53	189	22 %	207	67	76%

### Financial

In March 2014 we estimated the savings for the Classified, Exempt, AFSCME and MAP groups to be over \$400,000/year. Additional estimated savings of \$24,000/year can be attributed to the TCOA, TCSA and TFSOA groups. These conservative estimates do not include the potential future savings from successful wellness initiatives.

### Recommendation

We recommend that City Council recognizes the success of the health insurance plan migration and selects the PA 152 opt-out alternative for FY 2015/16.