Legislation Details (With Text)

File #:	21-469	**Version:**	1	**Name:**	
Type:	Contract			**Status:**	Multi-Year Contract
File created:	6/24/2021			**In control:**	City Council
On agenda:	7/27/2021			**Final action:**	
Title:	Approve a multi-year renewal of United Healthcare Medicare Advantage Plan for eligible retirees 65 and over from January 1, 2022 to December 31, 2022 and payments to eligible retirees for Medicare Part B reimbursement. (Administrative Services Director)				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	1. 2009-150(Amending resolution 2008-133 to include a 100_ health ins. premium (3).pdf, 2. 2021 Medicare Part B Rates.pdf, 3. 070921 - Cocoa - Medicare Retiree UHC 2022 Renewal Evaluation.pdf, 4. 070921 - Cocoa - UHC 2022 Medicare Advantage Plan Summary Rate Page.pdf				

Date	Ver.	Action By	Action	Result

CITY COUNCIL AGENDA ITEM

Memo Date: July 12, 2021
Agenda Date: July 27, 2021
Prepared By: Tammy B. Gemmati, Administrative Services Director
Through: Stockton Whitten, City Manager
Requested Action:
Approve a multi-year renewal of United Healthcare Medicare Advantage Plan for eligible retirees 65 and over from January 1, 2022 to December 31, 2022 and payments to eligible retirees for Medicare Part B reimbursement.

BACKGROUND:

On November 24, 2009, the Cocoa City Council created Resolution 2009-150, amending Resolution 2008-133 which requires Medicare eligible retirees to elect the City's selected Medicare Insurance Plan for health insurance coverage. The resolution also requires Medicare eligible retirees to elect both Medicare Parts A & B. Although, Medicare Part A is at no cost to the retiree, the City reimburses eligible retirees on a quarterly basis for the cost of Medicare Part B. The City also pays the Medicare Advantage United Healthcare (UHC) premium for eligible retirees.

Due to hospital limitations in the local area, on June 23, 2015 Council approved a multi-year contract from September 1, 2015 to December 31, 2015, to replace the previous provider of Aetna for Medicare Advantage Plans with United Healthcare (UHC). Since that time the City has had six calendar plan renewals with UHC covering the 2016 - 2021 plan years.

The Medicare Advantage Plan with UHC for the 2021 calendar plan year is $369.60 per covered member. The ACA Insurer Fee is one of many fees implemented by Congress and intended to help

fund implementation of the Affordable Care Act (ACA). The fee has not been charged to our plan since the 2020 calendar year and for the 2022 plan renewal, Congress has continued to waive the ACA Insurer Fee. There was a slight decrease to the base premium bringing it to $362.21. Below is a summary of the 2022 renewal for your reference:

Premium/Fee	**2021**	**2022**
Base Premium	$369.60	$362.21
Insurer Fee	N/A	N/A
Total Monthly Premium	$369.60	$362.21

This equates to a total annual premium of $408,573 based on the current enrollment of 94 retirees and/or spouses. A portion of the Plan premiums are paid by retirees and/or retiree survivor spouses to cover any non-City paid premiums, which accounts for approximately $56,504 of the annual premium. The City's portion of the premiums total to $352,069.

The annual premium costs do not include the quarterly reimbursements of Medicare Part B to eligible retirees. The current 2021 standard Medicare Part B premium amount is $148.50 per month. Medicare sets the Part B rates on a calendar year basis and the 2022 calendar year rates have not been set and Staff has estimated a premium increase in the proposed budget. The total annual costs for Part B reimbursements in FY 2022 will be approximately $151,564 and have been included in the proposed FY 2022 budget.

This brings the estimated budgetary impact for the Medicare Advantage Plan with UHC and the Part B Reimbursements to $503,633.

With this renewal, there are no changes to the schedule of benefits or plan design. Beginning January 1, 2022, UHC is introducing a Healthy at Home benefit which is designed to help retirees safely transition back home after being discharged from a hospital or skilled nursing facility (post-discharge meal, transportation) at no additional cost.

City Staff and the Gehring Group considered the renewal projections, the overall satisfaction with the plan on the part of the retirees and recommends to accept the renewal offer from United Healthcare for the Medicare Advantage Plans for the 2021-2022 plan year.

STRATEGIC PLAN CONNECTION:

Containing the City's health insurance costs for current and retired employees helps maintain financial sustainability for the City. Additionally, this aids in improving employee retention to help retain employees at the City of Cocoa for a long tenure.

BUDGETARY IMPACT:

Budgeted Yes

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In the proposed budget for FY 2022 estimated, however, the amount may change throughout the year based on enrollments.

Amount Requested	$366,844
Account Number	001-1600-513.23-02
Account Name	Life/Health Insurance Retirees

Amount Requested	$136,789
Account Number	421-4010-536.23-02
Account Name	Life/Health Insurance Retirees

This renewal is a multi-year expenditure that will include three months of Fiscal Year 2023. The Medicare Advantage Plan is for the plan members at age 65 or older. Retirees under age 65 are under the City's group Cigna plan. The budget in these account lines also includes the retiree coverage for dental and vision plans.

PREVIOUS ACTION:

Council approved, at the regular Council meeting held on July 28, 2020, the multi-year renewal with United Healthcare for Medicare Advantage Health Insurance Plans for eligible retirees 65 and over from January 1, 2021 to December 31, 2021.

RECOMMENDED MOTION:

Approve a multi-year renewal of United Healthcare Medicare Advantage Plan for eligible retirees 65 and over from January 1, 2022 to December 31, 2022 and payments to eligible retirees for Medicare Part B reimbursement.