

TO: James L. App, City Manager  
FROM: Meg Williamson, Assistant City Manager  
SUBJECT: Temporary Extension of Employee Group Health Insurance Contract  
DATE: September 20, 2011

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NEEDS: For City Council to consider a three (3) month extension of the City's Group Health Insurance Contract.

- FACTS:
1. The City's annual Health Insurance contract with Anthem Blue Cross will expire October 1, 2011.
  2. Health care renewal rates are based on the City's "loss experience" (claims history) in relation to premiums paid. In general, when loss experience is proportionally lower than annual premium payments, the contract may be offered at a lower premium rate; vice versa, when experience is higher.
  3. This past year's loss experience has resulted in a 23% increase from Anthem to renew the current health plan contract.
  4. The City has identified a number of alternative health plan options that may reduce plan costs to the benefit of both the City and the employee.
  5. A temporary extension of the current health contract can be obtained at the new premium pricing to afford the time necessary to evaluate the identified alternative plan options with employee groups.

ANALYSIS & CONCLUSION: A three month extension of the current Blue Cross PPO Plan will provide the necessary time for employee and employer dialogue of potential cost saving measures. Longer term renewal options will be brought back to City Council before the end of December 2011.

POLICY REFERENCE: Employee Group Labor Contracts.

FISCAL IMPACT: The contract increase of 23% is within the City's projected/budgeted parameters for the health care contract. Annual impacts will be determined at the conclusion of continued discussions with/among employee groups.

- OPTIONS:
- a. Adopt Resolution No. 11-XXX authorizing the City Manager to execute a three (3) month extension of the current contract with Anthem Blue Cross for employee group medical coverage.
  - b. Amend, modify or reject the above option.

Attachments:  
1. Resolution approving three month extension of current contract with Anthem Blue Cross

RESOLUTION NO. 11-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
AUTHORIZING A THREE (3) MONTH EXTENSION OF EMPLOYEE GROUP  
HEALTH INSURANCE PLAN CONTRACT – ANTHEM BLUE CROSS

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WHEREAS, the City's contract for health insurance is with Anthem Blue Cross and that contract will expire after September 30, 2011; and

WHEREAS, the City has obtained renewal rates from Anthem Blue Cross for continuation of the current PPO One plan that will result in a 23% cost increase effective October 1, 2011; and

WHEREAS, the increase in cost of the contract renewal is based on the City's "loss experience" as an organization; and

WHEREAS, all employee labor groups share in the cost of premium increases; and

WHEREAS, the City has identified a number of alternative health plan options that may reduce plan costs to the benefit of both the City and the employee; and

WHEREAS, a three month extension of the current health contract can be obtained from Blue Cross at the new premium pricing, allowing additional time for employee and employer dialogue about alternative plan savings options.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles that the City Manager shall execute a three month time extension with Anthem Blue Cross for Health Insurance through December 31, 2011.

PASSED AND ADOPTED by the City of El Paso de Robles this 20<sup>th</sup> day of September 2011 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk