

Commission Letter #60-10
Commission Meeting: 3/1/2010
RE: Master Plan Documents Approval
A. Group Health Plan
B. Amendment #1 to Group Health Plan
C. Cafeteria Plan

February 25, 2010

The Honorable Mayor
and
Members of City Commission

A. Attached is the Master Plan Document for the City of Royal Oak Group Health Plan which establishes a self-funded plan. Description summaries referred to as Exhibit in Sec. 4.9.1 and benefit summaries referred to as Exhibit in Sec. 4.9.2 are not attached due to their length, but are available for review in the Human Resource Department.

The benefits of changing from an experience-rated contract to the administrative services only, self-insured contract with Blue Cross Blue Shield are:

- The rate increase for Plan year for all will be \$650,000 or 6.8%, as opposed to \$1.52 million or 19%. This is an approximate savings of \$870,000.
- The City can exempt its Plan from compliance with Mental Health Parity, which if not exempted, is estimated to increase Plan costs an additional 1% to 3% per year. (See attached memo from Cornerstone Group).

B. Attached is Amendment #1 - Exemption from Mental Health Parity. This is an amendment to the Master Plan Document for the City of Royal Oak Group Health Plan described above. (See attached memo from Cornerstone Group).

C. Also attached is the Master Plan Document for the City of Royal Oak Cafeteria Plan. It allows employees to have flexible spending accounts and for payments to those accounts to be made on a pre-tax basis. It also allows employee contributions for health care premiums to be made on a pre-tax basis.

We recommend the following resolutions be approved by the Commission:

Be It Resolved that the City Commission hereby approves the Master Plan Document for the City of Royal Oak Group Health Plan.

Be It Resolved that the City Commission hereby approves Amendment #1 to the Master Plan Document for the Group Health Plan.

Be It Resolved that the City Commission hereby approves the Master Plan Document for the City of Royal Oak Cafeteria Plan.

Be It Further Resolved that the Mayor and City Clerk are authorized to execute the Master Plan Documents and Amendment #1 on behalf of the City.

Respectfully submitted,



Mary Jo DiPaolo
Human Resource Director



Julie Rudd
Director of Finance

Attachments

Approved,



Donald E. Johnson
City Manager