



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™

# City of Seguin Group Insurance Renewal

NOVEMBER 17, 2014

The information contained herein is subject to the disclosures and disclaimers on the final page of this report/proposal/review.

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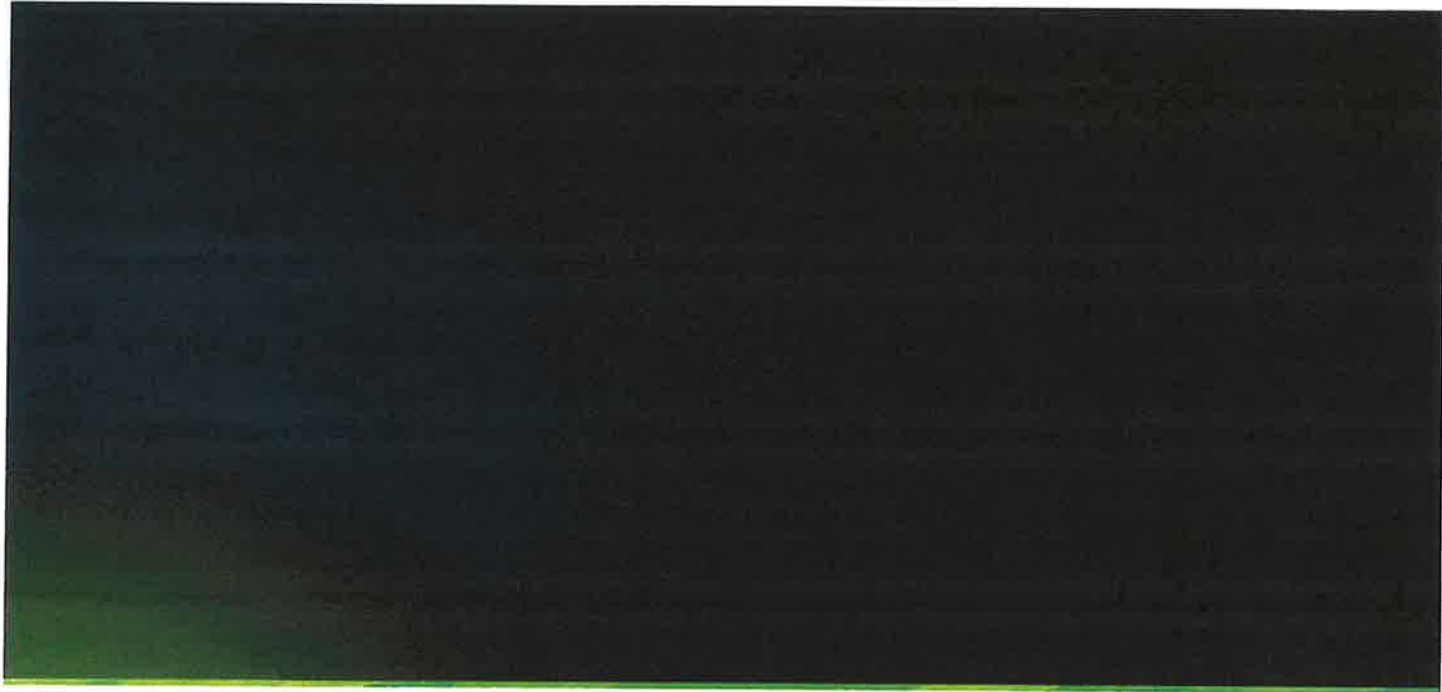
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Section 1

# EXECUTIVE SUMMARY





instead to enter the RFP process to gauge the competitive nature of the initial BCBSTX renewal at 17.7%. Our Consultants, Gallagher Benefit Services felt that the market would deliver flat **(0%) to mid-single digit increase.**

It is the policy of the City to award contracts on the basis of best value bid criteria. In awarding a contract, the City considered, but was not limited to:

- |   |     |
|---|-----|
| 1. Benefits/Cost Value. Minimal number of contingencies | 40% |
| 2. Claims administration; Client/Member Services        | 10% |
| 3. Provider Network/Contractual                         | 25% |
| 4. Care/Disease Management                              | 10% |
| 5. Prescription Benefit Manager (PBM)                   | 10% |

The RFP process proved to be as predicted with multiple proposals between below current **-3.3% to 6.4%.**

Staff decided to proceed with “Best and Final” opportunities with BCBSTX, Aetna, and UHC.

A “best and final” Proposal process was engaged on November 3, 2015 with the following Carriers; Nippon Life Benefits, Aetna, and UHC all being afforded the opportunity to tighten their initial offers. The final offers are as follows;

**BCBSTX (+6.8%)**

**Nippon Life Benefits (-3.3%)**

**Aetna (0%)**

**UHC (+3.7%)**



## GROUP MEDICAL RECOMMENDATION

As noted previously, upon completion of the “best and final” process, Nippon and Aetna rated out as the two (2) best Proposals. Both Proposals came in well **below** the 10% City Budget.

Aetna final proposal is proposed at a higher premium price point than Nippon life benefits. That being said, Aetna is the largest Carrier in the national marketplace and provides proven, proprietary, integrated claim/care management programs with a well-known name recognition; in other words a proven Carrier over a recent startup such as Nippon Life Benefits. Aetna controls an industry leading membership which provides greater cost leveraging for our members. They rated best in class based upon the final overall criteria.

**The recommendation is to award the 2016 Plan Year contract to Aetna Health Plans.**

## ANCILLARY BENEFITS

### DENTAL

The UHC self - funded ASO Dental Plan renewal offer of (\$4.22 PEPM ASO FEE) continues a history of extremely competitive/ consistent marketplace pricing. The City had a fee **(reduction)** from UHC starting Plan Year 2012 to 2014 from \$5.00 PEPM to \$4.10 PEPM. UHC renewed the current Plan Year 2015 at the same level \$4.10 PEPM Fee. UHC is requesting a



Plan Year 2016 increase to **\$4.22 PEPM** with a Budget impact of < \$500 annually; well within the City budget. ASO Fees guaranteed for two (2) years.

### GROUP DENTAL RECOMMENDATION

The recommendation is to award the 2016 Plan year contract to UHC.

## **EMPLOYER PAID LIFE / AD&D**

UHC Dental Plan renewal offer of (PEPM ASO FEE) continues a history of extremely competitive/ consistent marketplace pricing. The City received a premium (**reduction**) for Plan Year 2012 from \$0.20 / \$1000 to \$0.17 / \$1000. UHC is requesting a Plan Year 2016 increase to **\$0.20 / \$1,000** with a Budget impact of < \$3,000 annually; well within the City budget. Premiums guaranteed for two (2) Years.

### GROUP LIFE RECOMMENDATION

The recommendation is to award the 2016 Plan year contract to UHC.



Section 2

# EXHIBITS



## MEDICAL BENEFITS & COST ANALYSIS BEST AND FINAL

(PREMIUM RATES EXCLUDE 1.5% PREMIUM TAX)

	CURRENT BCBSTX	RENEWAL BCBSTX	NIPPON LIFE BENEFITS	AETNA	UHC
Annual Deductible	\$1,000 (3X)		\$1,000 (3X)	\$1,000 (3X)	\$1,000 (3X)
Co-insurance/Out of Pocket (OOP)	20% / \$3,000 (3X)		20% / \$1,500	20% / \$3,000 (3X)	20% / \$3,000 (3X)
Total ACA Annual OOP	\$4,000 (3X)		\$2,500 (3X)	\$4,000 (3X)	\$4,000 (3X)
PCP Visit Copay	\$20		\$15	\$20	\$20
Specialist Visit Copay	\$35		\$30	\$35	\$35
Routine Lab					
• Billed by Physician	\$20 / \$35		\$15 / \$30	\$20 / \$35	\$20 / \$35
• Free Standing	100%		LABCARD / 100%	100%	100%
• Out Patient Hospital Facility	100%		DED - COINS	100%	100%
Routine Imaging					
• Billed by Physician	\$20 / \$35		\$15 / \$30	\$20 / \$35	\$20 / \$35
• Free Standing	100%		DED - COINS	100%	100%
• Out Patient Hospital Facility	100%		DED - COINS	100%	100%
Emergency Room					
• Facility	\$200 COPAY		\$150 COPAY	\$200 COPAY	\$200 COPAY
• Physician	CYD - 100%		INCLUDED	CYD - 100%	INCLUDED
RX Card					
• Copays	\$10 / \$30 / \$60 (3X)		\$15 / \$30 / \$50	\$10 / \$30 / \$60 (3X)	\$10 / \$35 / \$60
• Mail Order	3X		2X	2X	2.5X
• Generic Push/ST/PA	YES		YES	YES	YES
Chiropractor / Physical Therapy	DED - COINS - 35 V		\$30 / DED-COINS - 30V	\$35 - 20 V / \$35 - 20 V	\$20 - 20V / \$20 - 20 V
Biometrics Included	YES		NO	YES	YES



## MEDICAL BENEFITS & COST ANALYSIS BEST AND FINAL

(PREMIUM RATES **EXCLUDE** 1.0% PREMIUM TAX)

		CURRENT BCBSTX		RENEWAL BCBSTX		NIPPON LIFE BENEFITS		AETNA		UHC	
		PREMIUMS	ANNUAL	PREMIUMS	ANNUAL	PREMIUMS	ANNUAL	PREMIUMS	ANNUAL	PREMIUMS	ANNUAL
EE	225	\$453.70	\$1,224,990	\$484.50	\$1,308,150	\$440.55	\$1,189,485	\$453.70	\$1,224,990	\$470.75	\$1,271,025
ES	24	\$1,020.83	\$293,999	\$1,090.14	\$313,960	\$991.21	\$285,468	\$1,020.83	\$293,999	\$1,059.21	\$305,052
EC	58	\$862.04	\$599,980	\$920.57	\$640,717	\$837.03	\$582,573	\$862.04	\$699,980	\$894.44	\$622,530
EF	38	\$1,252.21	\$540,955	\$1,337.22	\$677,679	\$1,216.87	\$526,256	\$1,252.21	\$540,955	\$1,299.29	\$561,293
<b>PREMIUM TOTAL</b>	<b>343</b>		<b>\$2,659,924</b>		<b>\$2,840,506</b>		<b>\$2,592,782</b>		<b>\$2,689,924</b>		<b>\$2,789,901</b>

<b>PREMIUM INCREASE</b>					<b>6.0%</b>		<b>-3%</b>		<b>0.0%</b>		<b>3.7%</b>
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**NOTE ; TML NON-COMPETITIVE AT 9.7% ABOVE CURRENT**

**RED BENEFIT CAPTION ABOVE NOTES BENEFIT DETRIMENTS FROM CURRENT COVERAGE**

Disclaimer: This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.



## HISTORICAL PREMIUM SUMMARY

		2003		2016	
		HUMANA		Aetna	
EE	225	\$304.72	\$822,744	\$453.70	\$1,224,990
ES	24	\$683.15	\$196,747	\$1,020.83	\$293,999
EC	58	\$580.04	\$403,708	\$862.04	\$599,980
EF	36	\$838.23	\$362,115	\$1,299.29	\$561,293
Total Annual	343		\$1,785,314		\$2,680,262

## BENEFIT DETRIMENTS OVER TIME

Office Visit	\$15	\$20/\$35
Deductible	\$500	\$1,000
Coinsurance	20%	20%
Out of Pocket/Ded	\$1,500	\$4,000
RX Card	\$10/\$25/\$45/25%	\$10/\$30/\$60

2. Accumulated Increase **50.00%**
3. The average annual increase over eleven (13) renewal rating periods is **4%**
4. The Plan Year 2014 renewal Plan is rated as an 80% ACV **Gold** standard Plan under PPACA guidelines



Section 3

# AETNA PROPOSAL





## City of Seguin

Proposed Plan Designs - Prospective Funding

Effective Date: January 01, 2016

Plan Features	OAMC	
	In	Out
Coinsurance	80%	60%
Deductible Individual	\$1,000	\$2,000
Deductible Family	3x	3x
Out of Pocket Limit-Ind.	\$4,000	\$8,000
Out of Pocket Limit-Fam.	3x	3x
Office Visit Copay	\$20	Ded. & Coin.
Specialist Copay	\$35	Ded. & Coin.
Hospital Inpatient Ded.	Ded. & Coin.	\$250
Hospital Outpatient	Ded. & Coin.	Ded. & Coin.
Emergency Room	\$100	\$100
Rx Drug Copay	\$10/30/60	Ded. & Coin.
MOD Copay	2x Retail	N/A
Outpt Short-term Rehab	\$35	Ded. & Coin.
Chiro	\$35	Ded. & Coin.
Vision Hardware	N/A	N/A

### \*Aetna Premier Formulary

Offers moderate savings and control. All generics are preferred plus more brands per class. Includes proven pharmacy management techniques like precertification and step therapy. Customers can choose between Transition of Coverage or Transition Fill. Specialty drugs must be filled at our Specialty Pharmacy Network. Coverage includes select over-the-counter drugs and certain formulary exclusions apply. Some programs may not be available based on state regulations.

Covered drug lists can be found at: [www.aetna.com/formulary](http://www.aetna.com/formulary)

- Out-Of-Pocket Limit: Please see the Member out of Pocket Limit caveat on the Caveats tab in the Healthcare Reform Caveats section.
- PPO-Based Rx Program - Tier 1: Generic Formulary and Non-Formulary, Tier 2: Brand Formulary, Tier 3: Brand Non-Formulary.
- Aetna standard policies and provisions will apply to all benefits not outlined above.



Illustrative  
**City of Seguin**

**Contact Information**

Account Executive:	Matthew Shaner	Email:	ShanerM@aetna.com
Telephone Number:	281-637-3316	Fax:	281-637-3554

**Assumptions**

Contract State:	TX	Lives:	323	Participation:	Acceptable
Medical Pooling Level:	\$200,000	Sic Code:	9111	Contributions:	Min:75% EE, 50% EE & DEP
Commissions:	0.00%	Mem/EE Ratio:	1.69	Large Claims:	\$\$ Amounts/Diagnosis
		<sup>1</sup> Reinsurance Contribution Fee:		<sup>1</sup> Reinsurance Contribution Fee:	
<sup>1</sup> Health Insurance Provider Fee%:	3.00%	(PMPM)	\$2.25	(Estimated%)	0.55%

**Aetna Proposed Rates**      **Effective Date:** January 1, 2016      **End Date:** December 31, 2016

Coverage	Lives	Monthly Rate PEPM	Monthly Amount Due
<b>OAMC</b>			
EE	208	\$475.78	\$98,962
EE + Sp	22	\$1,070.51	\$23,551
EE + Ch(ren)	55	\$903.99	\$49,719
Family	38	\$1,313.15	\$49,900
<b>Total</b>	<b>323</b>		<b>\$222,133</b>

**NOTE: The EPO benefits are the same as the OAMC benefits, without an out-of-network option. The EPO rate credit is 3.7%.**

<b>Total Medical Lives</b>	<b>323</b>	
<b>Total Monthly Amount Due</b>		<b>\$222,133</b>
<b>Annual Total Amount Due</b>		<b>\$2,665,591</b>

<sup>1</sup>The Affordable Care Act imposes two new fees/assessments, the transitional reinsurance contribution and the health insurance provider fee. The fees are effective as of January 1, 2014. However, rate quotes for a policy year starting in 2013 will include, where permitted, the fees assessed on the portion of the premium that is paid in 2014. This rate quote includes, where permitted, an estimated proportionate allocation of expenses associated with these fees.



City of Seguin  
 Proposed Effective Date: 01-01-2016  
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**PLAN DESIGN & BENEFITS  
 PROVIDED BY AETNA LIFE INSURANCE COMPANY**

PLAN FEATURES	IN-NETWORK	OUT-OF-NETWORK
<b>Deductible</b> (per calendar year)	\$1,000 Individual \$3,000 Family	\$2,000 Individual \$6,000 Family
<p>All covered expenses accumulate simultaneously toward both the preferred and non-preferred Deductible. Unless otherwise indicated, the deductible must be met prior to benefits being payable. Member cost sharing for certain services, as indicated in the plan, are excluded from charges to meet the Deductible. Pharmacy expenses do not apply towards the Deductible. The family Deductible is a cumulative Deductible for all family members. The family Deductible can be met by a combination of family members; however no single individual within the family will be subject to more than the individual Deductible amount.</p>		
<b>Member Coinsurance</b>	20%	40%
Applies to all expenses unless otherwise stated.		
<b>Payment Limit</b> (per calendar year)	\$4,000 Individual \$12,000 Family	\$8,000 Individual \$24,000 Family
<p>All covered expenses accumulate simultaneously toward both the preferred and non-preferred Payment Limit. Certain member cost sharing elements may not apply toward the Payment Limit. Pharmacy expenses apply towards the Payment Limit. Only those out-of-pocket expenses resulting from the application of coinsurance percentage, copays, and deductibles (except any penalty amounts) may be used to satisfy the Payment Limit. The family Payment Limit is a cumulative Payment Limit for all family members. The family Payment Limit can be met by a combination of family members; however no single individual within the family will be subject to more than the individual Payment Limit amount.</p>		
<b>Lifetime Maximum</b>		
Unlimited except where otherwise indicated.		
<b>Payment for Non-Preferred</b>	Not Applicable	Professional: 90% of Medicare Facility: 100% of Medicare
<b>Primary Care Physician Selection</b>	Optional	Not Applicable
<b>Certification Requirements -</b>		
<p>Certification for certain types of Non-Preferred care must be obtained to avoid a reduction in benefits paid for that care. Certification for Hospital Admissions, Treatment Facility Admissions, Convalescent Facility Admissions, Home Health Care, Hospice Care and Private Duty Nursing is required - excluded amount applied separately to each type of expense is \$400 per occurrence.</p>		
<b>Referral Requirement</b>	None	None
<b>PREVENTIVE CARE</b>		
<b>Routine Adult Physical Exams/ Immunizations</b>	Covered 100%; deductible waived	40%; after deductible
1 exam every 12 months for members age 22 to age 65; 1 exam every 12 months for adults age 65 and older.		
<b>Routine Well Child Exams/Immunizations</b>	Covered 100%; deductible waived	40%; after deductible
7 exams in the first 12 months of life, 3 exams in the second 12 months of life, 3 exams in the third 12 months of life, 1 exam per year thereafter to age 22.		
The following immunizations will be covered at 100%: diphtheria; haemophilus influenza type b, hepatitis B; measles; mumps; pertussis; polio; rubella; tetanus and varicella and any other immunization that is required by law for the child.		
<b>Routine Gynecological Care Exams</b>	Covered 100%; deductible waived	40%; after deductible
Recommended: One exam per calendar year. Includes routine tests and related lab fees.		
<b>Routine Mammograms</b>	Covered 100%; deductible waived	40%; after deductible
No age or frequency applies.		



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<b>Women's Health</b>	Covered 100%; deductible waived	40%; after deductible
Includes: Screening for gestational diabetes, HPV (Human- Papillomavirus) DNA testing, counseling for sexually transmitted infections, counseling and screening for human immunodeficiency virus, screening and counseling for interpersonal and domestic violence, breastfeeding support, supplies and counseling. Contraceptive methods, sterilization procedures, patient education and counseling. Limitations may apply.		
<b>Routine Digital Rectal Exam</b>	Covered 100%; deductible waived	40%; after deductible
No age or frequency applies.		
<b>Prostate-specific Antigen Test</b>	Covered 100%; deductible waived	40%; after deductible
Recommended: For covered males age 40 and over.		
<b>Colorectal Cancer Screening</b>	Covered 100%; deductible waived	Covered under Routine Adult Exams
Recommended: For all members age 50 and over. Coverage includes the following: Annual fecal occult blood test, Digital rectal exam and a flexible sigmoidoscopy every 5 years, Digital rectal exam and a double contrast barium enema every 5 years, and Digital rectal exam and a colonoscopy every 10 years.		
<b>Routine Eye Exams</b>	Covered 100%; deductible waived	40%; after deductible
1 routine exam per 24 months.		
<b>Newborn Hearing Screening</b>	\$35 copay; deductible waived	40%; deductible waived
1 in the first 30 days of life and follow-up diagnostic care until the age of 24 months		
<b>Routine Hearing Screening</b>	Covered 100%; deductible waived	40%; after deductible
<b>PHYSICIAN SERVICES</b>	<b>IN-NETWORK</b>	<b>OUT-OF-NETWORK</b>
<b>Office Visits to PCP</b>	\$20 copay; deductible waived	40%; after deductible
Includes services of an internist, general physician, family practitioner or pediatrician.		
<b>Specialist Office Visits</b>	\$35 copay; deductible waived	40%; after deductible
<b>Audiometric Hearing Exam</b>	Not Covered	Not Covered
<b>Office Based Surgery</b>	Member cost sharing is based on the type of service performed and the place of service where it is rendered	Member cost sharing is based on the type of service performed and the place of service where it is rendered
<b>Pre-Natal Maternity</b>	Covered 100%; deductible waived	Covered according to standard claim practice.
<b>Walk-in Clinics</b>	\$20 copay; deductible waived	40%; after deductible
Walk-in Clinics are network, free-standing health care facilities. They are an alternative to a physician's office visit for treatment of unscheduled, non-emergency illnesses and injuries and the administration of certain immunizations. It is not an alternative for emergency room services or the ongoing care provided by a physician. Neither an emergency room, nor the outpatient department of a hospital, shall be considered a Walk-in Clinic.		
<b>Allergy Testing</b>	Member cost sharing is based on the type of service performed and the place of service where it is rendered	Member cost sharing is based on the type of service performed and the place of service where it is rendered
<b>Allergy Injections</b>	Member cost sharing is based on the type of service performed and the place of service where it is rendered	Member cost sharing is based on the type of service performed and the place of service where it is rendered
<b>DIAGNOSTIC PROCEDURES</b>	<b>IN-NETWORK</b>	<b>OUT-OF-NETWORK</b>
<b>Diagnostic X-ray</b>	Covered 100%; deductible waived	40%; after deductible
If performed as a part of a physician office visit and billed by the physician, expenses are covered subject to the applicable physician's office visit member cost sharing.		
<b>Diagnostic Laboratory</b>	Covered 100%; deductible waived	40%; after deductible
If performed as a part of a physician office visit and billed by the physician, expenses are covered subject to the applicable physician's office visit member cost sharing.		



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<b>Diagnostic Outpatient Complex Imaging</b>	20%; after deductible	40%; after deductible
<b>EMERGENCY MEDICAL CARE</b>	<b>IN-NETWORK</b>	<b>OUT-OF-NETWORK</b>
<b>Urgent Care Provider</b>	\$50 copay; deductible waived	40%; after deductible
<b>Non-Urgent Use of Urgent Care Provider</b>	Not Covered	Not Covered
<b>Emergency Room</b> Copay waived if admitted	\$200 copay; deductible waived	Same as in-network care
<b>Non-Emergency Care in an Emergency Room</b>	Not Covered	Not Covered
<b>Emergency Use of Ambulance</b>	20%; after deductible	Same as in-network care
<b>Non-Emergency Use of Ambulance</b>	Not Covered	Not Covered
<b>HOSPITAL CARE</b>	<b>IN-NETWORK</b>	<b>OUT-OF-NETWORK</b>
<b>Inpatient Coverage</b>	20%; after deductible	40% after \$250 copay; after deductible
The member cost sharing applies to all covered benefits incurred during a member's inpatient stay.		
<b>Inpatient Maternity Coverage</b> (includes delivery and postpartum care)	20%; after deductible	40% after \$250 copay; after deductible
The member cost sharing applies to all covered benefits incurred during a member's inpatient stay.		
<b>Outpatient Hospital Expenses</b>	20%; after deductible	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's outpatient visit.		
<b>Outpatient Surgery</b>	20%; after deductible	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's outpatient visit.		
<b>Outpatient Surgery - Freestanding Facility</b>	20%; after deductible	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's outpatient visit.		
<b>MENTAL HEALTH SERVICES</b>	<b>IN-NETWORK</b>	<b>OUT-OF-NETWORK</b>
<b>Inpatient</b>	20%; after deductible	40% after \$250 copay; after deductible
The member cost sharing applies to all covered benefits incurred during a member's inpatient stay.		
<b>Partial Hospitalization</b> (for day/night care and treatment)	20%; after deductible	40% after \$250 copay; after deductible
<b>Crisis Stabilization Units/ Residential Treatment Centers</b> (for children and adolescents)	20%; after deductible	40% after \$250 copay; after deductible
<b>Outpatient</b>	\$35 copay; deductible waived	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's outpatient visit.		
<b>ALCOHOL/DRUG ABUSE SERVICES</b>	<b>IN-NETWORK</b>	<b>OUT-OF-NETWORK</b>
<b>Inpatient</b>	20%; after deductible	40% after \$250 copay; after deductible
Member cost sharing is based on the type of service performed and the place of service where it is rendered		
<b>Residential Treatment Facility</b>	20%; after deductible	40% after \$250 copay; after deductible
<b>Outpatient</b>	\$35 copay; deductible waived	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's outpatient visit.		



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OTHER SERVICES	IN-NETWORK	OUT-OF-NETWORK
<b>Convalescent Facility</b>	20%; after deductible	40% after \$250 copay; after deductible
Limited to 60 days per calendar year. The member cost sharing applies to all covered benefits incurred during a member's inpatient stay.		
<b>Home Health Care</b>	20%; after deductible	40%; after deductible
Limited to 60 days per calendar year. Each visit by a nurse or therapist is one visit. Each visit up to 4 hours by a home health care aide is one visit.		
<b>Hospice Care - Inpatient</b>	20%; after deductible	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's inpatient stay.		
<b>Hospice Care - Outpatient</b>	20%; after deductible	40%; after deductible
The member cost sharing applies to all covered benefits incurred during a member's outpatient visit.		
<b>Private Duty Nursing - Outpatient</b>	20%; after deductible	40%; after deductible
Limited to 70 eight hour shifts per calendar year. Each period of private duty nursing of up to 8 hours will be deemed to be one private duty nursing shift.		
<b>Outpatient Short-Term Rehabilitation</b>	\$35 copay; deductible waived	40%; after deductible
Includes Speech, Physical, and Occupational Therapy, limited to 20 visits per calendar year.		
<b>Autism Behavioral Therapy</b>	\$35 copay; deductible waived	40%; after deductible
Covered same as any other Outpatient Mental Health benefit		
<b>Autism Applied Behavior Analysis</b>	\$35 copay; deductible waived	40%; after deductible
Covered same as any other Outpatient Mental Health benefit with no age or visit limitations.		
<b>Autism Physical Therapy</b>	\$35 copay; deductible waived	40%; after deductible
<b>Autism Occupational Therapy</b>	\$35 copay; deductible waived	40%; after deductible
<b>Autism Speech Therapy</b>	\$35 copay; deductible waived	40%; after deductible
<b>Spinal Manipulation Therapy</b>	\$35 copay; deductible waived	40%; after deductible
Limited to 20 visits per calendar year.		
<b>Hearing Aids</b>	Not Covered	Not Covered
<b>Durable Medical Equipment</b>	20%; after deductible	40%; after deductible
<b>Diabetic Supplies -- (if not covered under Pharmacy benefit)</b>	Covered same as any other medical expense.	Covered same as any other medical expense.
<b>Contraceptive drugs and devices not obtainable at a pharmacy</b>	Covered 100%; deductible waived	Covered same as any other expense.
<b>Generic FDA-approved Women's Contraceptives</b>	Covered 100%; deductible waived	40%; after deductible
<b>Infusion Therapy</b>	20%; deductible waived	40%; after deductible
Administered in the home or physician's office		
<b>Infusion Therapy</b>	20%; after deductible	40%; after deductible
Administered in an outpatient hospital department or freestanding facility		
<b>Transplants</b>	20%; after deductible	40% after \$250 copay; after deductible
	Preferred coverage is provided at an IOE contracted facility only.	Non-Preferred coverage is provided at a Non-IOE facility.
<b>Bariatric Surgery</b>	Not Covered	Not Covered
<b>Out of Area Dependents</b>	Coverage provided at the non-preferred benefit level of the plan.	



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**PLAN DESIGN & BENEFITS  
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FAMILY PLANNING	IN-NETWORK	OUT-OF-NETWORK
<b>Infertility Treatment</b>	Member cost sharing is based on the type of service performed and the place of service where it is rendered	Member cost sharing is based on the type of service performed and the place of service where it is rendered
Diagnosis and treatment of the underlying medical condition.		
<b>Comprehensive Infertility Services</b>	Not Covered	Not Covered
Coverage includes Artificial Insemination and Ovulation Induction, limited to 4 attempts per lifetime.		
<b>Advanced Reproductive Technology (ART)</b>	Not Covered	Not Covered
<b>Vasectomy</b>	Member cost sharing is based on the type of service performed and the place of service where it is rendered	Member cost sharing is based on the type of service performed and the place of service where it is rendered
<b>Tubal Ligation</b>	Covered 100%; deductible waived	Member cost sharing is based on the type of service performed and the place of service where it is rendered
PHARMACY	IN-NETWORK	OUT-OF-NETWORK
<b>Pharmacy Plan Type</b>	Aetna Premier Open Formulary	
<b>Retail</b>	\$10 copay for generic drugs, \$30 copay for formulary brand-name drugs, and \$60 copay for non-formulary brand-name drugs up to a 30 day supply at participating pharmacies.	20% of submitted cost; after applicable copay
<b>Mail Order</b>	\$20 copay for generic drugs, \$60 copay for formulary brand-name drugs, and \$120 copay for non-formulary brand-name drugs. Up to a 31-90 day supply from Aetna Rx Home Delivery®.	Not Applicable
<b>Aetna Premier Specialty Drugs</b>	\$10 copay for generic drugs, \$30 copay for formulary brand-name drugs, and \$60 copay for non-formulary brand-name drugs up to a 30 day supply at participating pharmacies.	Not Applicable
<b>Premier Specialty Drug List</b>		
<b>Choose Generics</b> - If the member or the physician requests brand when generic is available, the member pays the applicable copay plus the difference between the generic price and the brand price.		
<b>Plan Includes:</b> Diabetic supplies and Contraceptive drugs and devices obtainable from a pharmacy. A limited list of over-the-counter medications are covered when filled with a prescription.		
Oral fertility drugs included.		
Premier Pre-certification included		
Premier Step Therapy included		
One transition fill allowed within 90 days of member's effective date		
Formulary Generic FDA-approved Women's Contraceptives and certain over-the-counter preventive medications covered 100% in network.		
GENERAL PROVISIONS		
<b>Dependents Eligibility</b>	Spouse, children from birth to age 26 regardless of student status.	



**PLAN DESIGN & BENEFITS  
PROVIDED BY AETNA LIFE INSURANCE COMPANY**

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\*\*We cover the cost of services based on whether doctors are "in network" or "out of network." We want to help you understand how much we pay for your out-of-network care. At the same time, we want to make it clear how much more you will need to pay for this "out-of-network" care.

- For doctors and other professionals the amount is based on what Medicare pays for these services. The government sets the Medicare rate. Exactly how much we "recognize" depends on the plan you or your employer picks.
- For hospitals and other facilities, the amount is based on what Medicare pays for these services. The government sets the Medicare rate. Exactly how much we "recognize" depends on the plan you or your employer picks.

Your doctor sets his or her own rate to charge you. It may be higher – sometimes much higher -- than what your plan "recognizes." Your doctor may bill you for the dollar amount that we don't "recognize." You must also pay any copayments, coinsurance and deductibles under your plan. No dollar amount above the "recognized charge" counts toward your deductible or out-of-pocket maximums. To learn more about how we pay out-of-network benefits visit our website.

Plans are provided by: Aetna Life Insurance Company. While this material is believed to be accurate as of the production date, it is subject to change.

Health benefits and health insurance plans contain exclusions and limitations. Not all health services are covered.

See plan documents for a complete description of benefits, exclusions, limitations and conditions of coverage. Plan features and availability may vary by location and are subject to change. You may be responsible for the health care provider's full charges for any non-covered services, including circumstances where you have exceeded a benefit limit contained in the plan. Providers are independent contractors and are not our agents. Provider participation may change without notice. We do not provide care or guarantee access to health services.

If you are in a plan that requires the selection of a primary care physician and your primary care physician is part of an integrated delivery system or physician group, your primary care physician will generally refer you to specialists and hospitals that are affiliated with the delivery system or physician group.

The following is a list of services and supplies that are generally *not covered*. However, your plan documents may contain exceptions to this list based on state mandates or the plan design or rider(s) purchased by your employer.



**PLAN DESIGN & BENEFITS  
PROVIDED BY AETNA LIFE INSURANCE COMPANY**

- All medical and hospital services not specifically covered in, or which are limited or excluded by your plan documents.
- Cosmetic surgery, including breast reduction.
- Custodial care.
- Dental care and dental X-rays.
- Donor egg retrieval.
- Durable medical Equipment
- Experimental and investigational procedures, except for coverage for medically necessary routine patient care costs for members participating in a cancer clinical trial.
- Hearing aids
- Home births
- Immunizations for travel or work, except where medically necessary or indicated.
- Implantable drugs and certain injectable drugs including injectable infertility drugs.
- Infertility services, including artificial insemination and advanced reproductive technologies such as IVF, ZIFT, GIFT, ICSI and other related services, unless specifically listed as covered in your plan documents.
- Long-term rehabilitation therapy.
- Non-medically necessary services or supplies.
- Orthotics except diabetic orthotics.
- Outpatient prescription drugs (except for treatment of diabetes), unless covered by a prescription plan rider and over-the-counter medications (except as provided in a hospital) and supplies.
- Radial keratotomy or related procedures.
- Reversal of sterilization.
- Services for the treatment of sexual dysfunction or inadequacies, including therapy, supplies or counseling or prescription drugs.
- Special duty nursing.
- Therapy or rehabilitation other than those listed as covered.
- Treatment of behavioral disorders.
- Weight control services including surgical procedures, medical treatments, weight control/loss programs, dietary regimens and supplements, appetite suppressants and other medications; food or food supplements, exercise programs, exercise or other equipment; and other services and supplies that are primarily intended to control weight or treat obesity, including Morbid Obesity, or for the purpose of weight reduction, regardless of the existence of comorbid conditions.

Aetna receives rebates from drug manufacturers that may be taken into account in determining Aetna's Preferred Drug List. Rebates do not reduce the amount a member pays the pharmacy for covered prescriptions. Aetna Rx Home Delivery refers to Aetna Rx Home Delivery, LLC, a licensed pharmacy subsidiary of Aetna Inc., that operates through mail order. The charges that Aetna negotiates with Aetna Rx Home Delivery may be higher than the cost they pay for the drugs and the cost of the mail order pharmacy services they provide. For these purposes, the pharmacy's cost of purchasing drugs takes into account discounts, credits and other amounts that they may receive from wholesalers, manufacturers, suppliers and distributors.

In case of emergency, call 911 or your local emergency hotline, or go directly to an emergency care facility.

Translation of the material into another language may be available. Please call Member Services at **1-888-982-3862**.

Puede estar disponible la traducción de este material en otro idioma. Por favor llame a Servicios al Miembro al **1-888-982-3862**.

Plan features and availability may vary by location and group size.

For more information about Aetna plans, refer to **www.aetna.com**.

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Section 4

# UHC RENEWAL

**A Renewal for**

**City of Seguin TX  
Policy# 715879**

**Issued on: October 14, 2015**



Employee Basic Life Insurance		Class 1	
Legal Entity		Primary	
Legal Entity	United Healthcare Insurance Company		
Eligibility	All Active Full Time Employees working a minimum of 30 hours per week.		
Basic Annual Earnings (BAE) Definition	Not Applicable		
Benefits Payable			
Benefit	\$25,000		
Benefit Maximum	\$25,000		
New Hire Guarantee Issue Limit	\$25,000		
Limitations and Exclusions			
Evidence of Insurability Requirements	Not Applicable		
Benefit Reduction	65%@65, 50%@70		
Coverage Termination	At Employee's Retirement		
Suicide Limitation	Excluded		
Additional Features			
Accelerated Death Benefit	Included		
Percentage Available	50%		
Maximum	\$12,500		
Life Expectancy	12 months		
Waiver of Premium	Included		
Elimination Period	12 months		
Disabled Prior To Age	Prior to age 60		
Benefits Payable to Age	To Age 65		
Portability	Excluded		
Conversion	Included; Must apply within 30 days of coverage termination		
Assumed Enrollment and Rates			
Number of Employees	301		
Volume of Insurance	\$7,456,250		
Rate Basis	Composite per \$1,000 of coverage		
		Current	Renewal
Monthly Rate		\$0.140	\$0.170
Monthly Premium		\$1,043.88	\$1,267.56
Annual Premium		\$12,526.50	\$15,210.75
Employer Contribution	100%		
Participation Requirements	100%		
Broker Commissions	0%		
Rate Guarantee (in months)	12		

Class 1	
Primary	
United Healthcare Insurance Company	
<b>Employee Basic AD&amp;D Insurance</b>	
<b>Legal Entity</b>	
Eligibility	All Active Full Time Employees working a minimum of 30 hours per week.
Basic Annual Earnings Definition	Not Applicable
<del>Benefit - Payable</del>	
Benefit	\$25,000
Benefit Maximum	\$25,000
Loss Occurrence Period	90 days
Seat Belt Benefit	10.0% to \$10,000
Air Bag Benefit	10.0% to \$10,000
Loss of Life	100%
Quadriplegia	100%
Paraplegia	50%
Hemiplegia	50%
Loss of one hand	50%
Loss of one foot	50%
Loss of sight of one eye	50%
Loss of both hands or both feet	100%
Loss of sight of both eyes	100%
Loss of one hand and sight of one eye	100%
Loss of one foot and sight of one eye	100%
Loss of speech	25%
Loss of hearing	25%
<del>Limitations and Exclusions</del>	
Benefit Reduction	65%@65, 50%@70
Coverage Termination	At Employee's Retirement
Exclusions	Standard
<b>Assumed Enrollment and Rates</b>	
Number of Employees	301
Volume of Insurance	\$7,456,250
Rate Basis	Composite per \$1,000 of coverage
<b>Monthly Rate</b>	
	Current                      Renewal
Monthly Premium	\$0.030                      \$0.030
Annual Premium	\$223.69                      \$223.69
Employer Contribution	\$2,684.25                      \$2,684.25
Employer Contribution	100%
Participation Requirements	100%
Broker Commissions	0%
Rate Guarantee (in months)	12
<del>Optional Benefits</del>	
Child Care Expense Benefit	Amount equal to the lesser of actual expense incurred, 2.5% of the AD&D benefit, \$3,000 per year per child, or \$6,000 per year for all child care expenses combined.
Spouse Training Benefit	Amount equal to the lesser of actual training expenses, 10.0% of the AD&D benefit or \$3,000. Training for spouse must be for the purpose of obtaining an independent source of support, and occur within 3 months of covered person's death.
Repatriation Benefit	Amount equal to the lesser of actual expense incurred, 5.0% of the AD&D benefit, or \$5,000
Insurance for Exposure and Disappearance	Included Amount equal to 100% of the AD&D benefit, one year after covered accident.
Education Benefit for Qualified Children	Amount equal to 3.0% of the AD&D benefit, not to exceed \$3,000 per year per child. Overall maximum benefit of \$6,000 per year.

**City of Seguin TX** Life Assumptions  
Effective Date: January 1, 2016

**General Assumptions**

UnitedHealthcare reserves the right to change rates and/or plan provisions if the number of lives or volume of insurance change by more than 10% before, on, or after the effective date listed above or if factors used to generate this quote such as group demographics or effective date are changed, found to be incomplete or incorrect.

Rates assume no changes in legislation or regulation that affects the benefits payable, eligibility or contract.

Rates assume standard administrative services including Claims & Data processing, Enrollment & Billing, Customer Service, Case Management, Provider Relations, and Reporting.

Assumed contract situs is Texas

Employees must be U.S. citizens or residents regularly working and living in the U.S. Coverage for U.S. citizens working outside of the U.S. must be approved in writing by us. Approval depends on locale and length of assignment.

Employers assumed primary business is classified as 9199 SIC Code.

Rates may change on next renewal in accordance with the terms of the policy.

**Life and AD&D Assumptions**

Limitations for AD&D: Disease, bodily or mental infirmity, suicide or intentionally self-inflicted injury, commission of an assault or felony, war, use of any drug unless prescribed by a physician, driving while intoxicated, engaging in any hazardous activities, or travel in a private aircraft. Additional exclusions may apply depending upon the plan design of the employer.

**Additional features included: Beneficiary Services, Will and Trust Preparation Service, Travel Assistance and Wealth Management Account.**



**A Renewal for**  
**CITY OF SEGUIN**

**Issued on: September 11, 2015**



**CITY OF SEGUIN Dental Renewal**  
**Effective Date: January 1, 2016**

Dental Services	Passive PPO P5826 CS0	
Legal Entity	United HealthCare Services, Inc. Primary Plan	
	In Network	Out of Network
<b>Diagnostic Service</b>		
Periodic Oral Evaluation	100%	100%
Radiographs	100%	100%
Lab and Other Diagnostic Tests	100%	100%
<b>Preventive Services</b>		
Dental Prophylaxis (Cleaning)	100%	100%
Fluoride Treatment	100%	100%
Sealants	100%	100%
Space Maintainers	100%	100%
<b>Basic Services</b>		
Restorations (Amalgams or Composite)*	80%	80%
Emergency Treatment/General Services	80%	80%
Simple Extractions	80%	80%
Oral Surgery (incl. surgical extractions)	80%	80%
Periodontics	80%	80%
Endodontics	80%	80%
<b>Major Services</b>		
Inlays/Onlays/Crowns	50%	50%
Dentures and Removable Prosthetics	50%	50%
Fixed Partial Dentures (Bridges)	50%	50%
Implants	50%	50%
<b>Orthodontic Services</b>		
Orthodontia	50%	60%
Orthodontia Eligibility	Child Only (Up to Age 18)	
<b>Deductible</b>	\$50/\$150	\$50/\$150
Deductible applies to Prev. & Diag.	No	No
Annual Max	\$1,500	\$1,500
Lifetime Ortho Max	\$1,500	\$1,500
Waiting Period applies	No	No
Out of Network Basis	UCR 90th	
PPO Network	Options PPO 30	
CMM--Annual Roll-Over	Yes	
<b>ASO Fees</b>	Current	Renewal
ASO Fee PEPM	331 \$4.10	\$4.22
Broker Commissions	\$0.00	\$0.00
Total ASO Fee PEPM	\$4.10	\$4.22
<b>ASO Annual Premium</b>	\$16,285.20	\$16,761.84
Renewal Action	2.9%	
12 month Claims Projection PEPM	\$49.47	
Daily Imprest Balance (1 Day)	\$785.92	
<b>Employer Contribution</b>	Contributory	
Participation Requirements	75% of Eligible Employees	
Dependent Children Coverage	To Age 26	
Contract Basis	ASO	
Benefit Period Basis	Calendar Year	
Exclusions and Limitations	Custom	
Broker Commissions	\$0.00 PEPM	
Rate Guarantee	12 Months	

### General Assumptions

- We reserve the right to change rates and/or plan provisions if the number of lives or volume of insurance change by more than 10% before, on, or after the effective date listed above or if factors used to generate this quote such as group demographics or effective date are changed, found to be incomplete or incorrect.
- Rates assume no changes in legislation or regulation that affects the benefits payable, eligibility or contract.
- Rates assume standard administrative services including Claims & Data processing, Enrollment & Billing, Customer Service, Case Management, Provider Relations, and Reporting.
- Assumed contract situs is Texas.
- Employees must be U.S. citizens or residents regularly working and living in the U.S. Coverage for U.S. citizens working outside of the U.S. must be approved in writing by us. Approval depends on locale and length of assignment.
- Employer's assumed primary business is classified as 9211.
- Rates may increase on renewal in accordance with the terms of the policy.

### Dental Assumptions

Rates listed above assume the plan designs quoted. Rates may change, if plan design changes.

Our contract covers only those procedures performed in the United States.

One or more of these plan design offerings include the MaxMultiplier benefit.

Some of the unused portion of your annual maximum may be available in future periods.

Please contact your sales representative for more details on the network quoted in your proposal.

Run-In Claims are not Paid.

Fees include 12 months of run out claims. Additional months are available at an additional cost.

The In- and Out-of-Network Plan Deductibles, Maximums and Lifetime Ortho Maximums are combined.

Participation in qualifying dental and vision plans must be 75 percent or greater of eligible medical employees for Packaged Savings to be activated.

\* Please contact your sales representative to confirm specific plan Restorations (Amalgams or Composite) coverage.

Quote is based on Average Contract Size (ACS) of 1.99

Quote is based on 331 Employees and 658 Members.

United Healthcare reserves the right to adjust the above rates should enrollment or ACS fluctuate by +/- 10%.

This quote assumes CITY OF SEGUIN will retain claim fiduciary responsibility.

**Please note that the summary of benefits in this document provides a brief description of coverage. State mandates may preclude certain benefit plan design features. This is not a policy, certificate of insurance or coverage document. For complete details on coverage, exclusions, limitations and the terms under which coverage may continue, please contact your sales representative.**

This proposal is valid for 90 days from the issued date, unless otherwise noted within this document.

Brokers and agents may receive commissions, bonuses and other compensation for selling the products presented in this proposal. The cost of this compensation may be directly or indirectly reflected in the premium or fees for those products. Contact your broker and/or agent if you have questions regarding their compensation relating to products in this proposal.

This proposal is subject to negotiation and execution of a written agreement, which will supersede the proposal contents. This proposal does not constitute an agreement, and is based on assumptions made from the written information in our possession and provided by you. We retain the right to modify our proposal if the information upon which this proposal is based is changed or is supplemented.

We consider much of the information contained in the proposal to be proprietary or otherwise confidential, and are releasing this proposal to you on the understanding that you and your representatives will only use it, and any data included in the proposal, for the specific purpose of evaluating its content. If this is not consistent with your understanding, please notify us before reviewing the proposal.

In addition, by accepting and reviewing the contents of this proposal, you and your agents or other designees agree, to the extent permitted by law, that certain information contained herein, or other information provided to you in connection with this proposal response or associated request for proposal (RFP), is proprietary and/or confidential to UnitedHealthcare and its related entities, and may not be copied, used, distributed or disclosed without prior written consent from an authorized representative of UnitedHealthcare, other than is necessary to evaluate this proposal.

# Disclaimers

- The intent of this analysis is to provide you with general information regarding the status of, and/or potential concerns related to your current employee benefits environment. It does not necessarily fully address all of your specific issues. It should not be construed as, nor is it intended to provide legal advice. Questions regarding specific issues should be addressed by your general counsel or an attorney who specializes in this practice area.
- This analysis is for illustrative purposes and is not a guarantee of future expenses, claims, costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information for further details in this regard.
- Network discount analysis is based on a representative basket of 'goods and services' an employer's health plan(s) could expect to see over the course of a year. It is in no way intended to imply a direct correlation to an employer's actual claim experience. This analysis is designed to approximate a differential in reimbursement rates among various networks in order to assess efficiency and does not in any way represent a guarantee of savings.
- Gallagher Benefit Services, Inc., has provided this timeline as a resource to help identify and clarify submission requirements and dates for this project. Although the timeline was created to be as comprehensive as possible, it should not be assumed that the information is all-inclusive and error-free, nor is the sequence of events outlined in exact chronological order. All information is provided for informational and educational purposes only and is not intended to provide legal, investment, tax or accounting advice and should not be relied upon in that regard. Your financial and tax situation may be unique and therefore you should independently consult your attorney and accountant regarding any legal and tax implications.
- This proposal is an outline of the coverage proposed by the carrier(s), based on information provided by your company. It does not include all of the terms, coverages, exclusions, limitations, and conditions of the actual contract language. The policies and contracts themselves must be read for those details. Policy forms for your reference will be made available upon request.
- This analysis contains a financial cost summary and an outline of key policy provisions. Although cost is an important factor in placing coverage with a stop loss carrier, key policy provisions are also critical to the selection process and they may represent additional financial liability. For example, a stop loss policy that supersedes a client's plan document language could have a negative financial impact on the Plan. Although most stop loss carriers will agree to cover medically necessary and generally accepted practices and procedures, there may be other limitations which should be considered prior to policy acceptance.
- GBS and certain of its insurance carrier markets from time to time enter into arrangements providing for additional compensations to be paid to GBS by such carrier generally with respect to the total volume of premium or insurance coverages written through GBS with that carrier (i.e.: all insurance policies with that carrier where GBS is the broker). It is not clear at this time what these fees and/or commissions retained by GBS, GBS affiliates, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, and similar parties, may earn and retain commissions and/or fees in the course of providing insurance products.



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™

Thank You

**Bob Treacy LHIC**  
GBS Consultant