



**TEMPLE CITY COUNCIL
&
CITY OF TEMPLE EMPLOYEE BENEFITS TRUST**

**MUNICIPAL BUILDING
2 NORTH MAIN STREET
TEMPLE, TX**

**NOTICE OF SPECIAL CALLED JOINT MEETING
THURSDAY, JULY 24, 2008**

**3:00 P.M.
3RD FLOOR CONFERENCE ROOM**

AGENDA

I. AGENDA – CITY OF TEMLE EMPLOYEE BENEFITS TRUST

1. Conduct a meeting of the City of Temple Employee Benefits Trust to purchase [insurance policies](#) from:
 - (A) Scott & White Health Plan for medical and prescription insurance for FY2008-2009; and
 - (B) MetLife for dental insurance for FY2008-2009.

**ADJOURN THE MEETING OF THE CITY OF TEMPLE EMPLOYEE BENEFITS TRUST MEETING
& CONVENE MEETING OF TEMPLE CITY COUNCIL.**

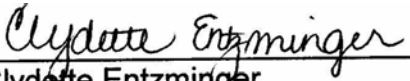
Agenda Items in section II will be considered by the Temple City Council only

II. AGENDA – TEMPLE CITY COUNCIL

2. Discuss FY 2009 budget issues, to include:
 - (A) Comprehensive Plan
 - (B) Capital Improvement Projects

***The City Council reserves the right to discuss any items in executive (closed) session
whenever permitted by the Texas Open Meetings Act.***

I hereby certify that a true and correct copy of this Notice of Meeting was posted in a public place at 2:25 PM, on July 17, 2008.



Clydette Entzminger
City Secretary

I certify that this Notice of Meeting Agenda was removed by me from the outside bulletin board in front of the City Municipal Building on _____ day of _____ 2008.



EMPLOYEE BENEFITS TRUST AGENDA ITEM MEMORANDUM

07/24/08
Item #1
Regular Agenda
Page 1 of 3

DEPT./DIVISION SUBMISSION & REVIEW:

Amy M. House, Director of Human Resources

ITEM DESCRIPTION: Conduct a meeting of the City of Temple Employee Benefits Trust to purchase insurance policies from:

- (A) Scott & White Health Plan for medical and prescription insurance for FY2008-2009; and
- (B) MetLife for dental insurance for FY2008-2009.

STAFF RECOMMENDATION: Purchase insurance policies as presented in item description.

ITEM SUMMARY: (A) The City offers four plans for medical and prescription insurance to its active employees, retirees under age 65 and their dependents. On June 10th, the City received proposals from four (4) companies for the purchase of medical and prescription insurance. The proposals were from Scott & White Health Plan, Blue Cross/Blue Shield, First Care and Texas Municipal League. The proposals were reviewed by the City's employee benefits consultant, Terry Hale, of City-County Benefits Service, as well as the City's Employee Insurance Committee. The proposals from Scott & White and Blue Cross/Blue Shield were very competitive. After the receipt of the best and final offers from the two finalists, the proposal from Scott & White was rated the best overall. A tabulation of the proposals is included. Scott & White offered four proposals. The first proposal matches the current benefits which includes a \$2,000 prescription coverage limit. This prescription coverage is no longer Medicare Part D compliant as the Federal Government has changed the Medicare prescription coverage to a \$3,000 limit. Alternate 1 offers the Medicare Part D compliant \$3,000 limit. Alternate 2 offers the prescription coverage limit at \$4,000, and Alternate 3 provides for an unlimited prescription coverage. Blue Cross/Blue Shield's proposal included an unlimited prescription coverage.

As Council may recall, the Texas Legislature amended the Local Government Code by adding Chapter 175 which became effective September 1, 1995. Chapter 175 requires municipalities with a population of 25,000 or more to make medical benefits available to eligible retirees. However, Chapter 175 does not require the municipality to contribute towards the cost of the retiree's medical benefits. In addition, GASB Rule 45 has been implemented, and its purpose is to have public entities account for benefits that have been promised to retirees, other than pension benefits, to ensure that the entity will have sufficient funds to honor the promise made to retirees. These benefits are known as other post employment benefits or OPEB.

There are two (2) different ways to develop an OPEB liability. The first is a direct liability. The direct liability is the amount that the entity has promised to contribute towards the cost of the retiree benefits other than pension benefits. The second liability is the implicit liability. The implicit liability is developed when the active and retiree rates are blended into a single rate. When this occurs the entity is subsidizing the retiree rate by charging the active employees a rate that is higher than necessary. Both the direct and implicit liabilities are further divided into accrued and future liabilities. The accrued liability is the amount that an individual has already earned. The future liability is the amount of liability that an employee will earn as they continue their employment with the entity. Rule 45 requires that an actuary develop the OPEB liability minimally every two (2) years.

The City contracted with Milliman to provide this actuarial analysis. Last year, the City began to take measures to reduce both the direct and implicit liabilities. By adopting actuarially established rates for active employees and under age 65 retirees (unblended), the Implicit OPEB liability will be reduced or eliminated. On November 2, 2006, Council passed a resolution changing the requirements for the City to share in the cost of medical insurance for retirees from 10 years of service with the City to 25 years of service. This measure reduced the direct liability as fewer retirees are eligible. In addition, in August of 2007, the Council adopted unblended rates for actives and under 65 retirees. After a review of these unblended rates by Milliman, it was determined that the adopted "unblended" rates still included a small subsidy and did not eliminate the implicit liability. This information was discussed with Scott and White officials, and after much deliberation, the unblended rates proposed this year should further limit the implicit liability.

The City currently pays the cost of the CC-30 standard plan (Option 1) or contributes that amount toward the cost of one of the other plans selected by the employee. The City also contributes \$15 per month towards dependent coverage for active employees. Even though some rates have decreased, some employee contributions will increase due to the larger decrease in the cost of Option 1 which is funded by the City on the employee's behalf. Staff is proposing to allow this \$15 dependent contribution to also be used by employees selecting the Employee Only Option 3 or Option 4 coverage as we did in FY07-08. This will help alleviate some of the increase associated with the employee contributions for those plans. The City's monthly cost for medical and prescription insurance for active employees for FY08-09 is \$215.46, a decrease of \$9.20 per month. Further unblending of the rates has caused an increase in the cost of premiums for retirees under age 65 for both the City and the retiree but has reduced the OPEB implicit liability. The City's contribution toward certain retirees' medical and prescription insurance is 50% of \$326.41 or \$163.21, an overall monthly increase of \$32.10 (\$16.06 increase for the City). A spreadsheet comparing the current rates to the new, proposed rates has been included with this item.

(B) On August 2, 2007, the Trustees authorized a contract with Met Life for dental insurance for both active employees and retirees. Staff has been pleased with the benefits provided by Met Life, and recommends that the Trustees authorize a renewal to the contract as allowed under the original bid. The rates will remain the same as they were in FY07-08. The City currently pays the cost of the standard plan or contributes that amount toward the cost of the buy up plan for the employee. The City's monthly cost for dental insurance for active employees for FY08-09 is \$8.00 per employee. The City's contribution toward certain retirees' dental insurance is 50% of \$8.00, or \$4.00 per month.

**City of Temple
08-09 RFP Cost Analysis**

Best and Final Rates Offered

Opt 1	#	Current Rate	Cost	SWHP Rate	Cost	SWHP Alt 1	Cost	SWHP Alt 2	Cost
Part D Compliant				No		Yes		Yes	
EE	103	\$224.66	\$23,140	\$213.43	\$21,983	\$215.46	\$22,193	\$216.34	\$22,283
EESP	9	\$545.70	\$4,911	\$518.42	\$4,666	\$523.36	\$4,710	\$525.49	\$4,729
EECH	21	\$394.59	\$8,286	\$374.86	\$7,872	\$378.44	\$7,947	\$379.97	\$7,979
EEFM	17	\$673.03	\$11,442	\$639.38	\$10,869	\$645.48	\$10,973	\$648.10	\$11,018
<65 Ret	4	\$294.31	\$1,177	\$323.74	\$1,295	\$326.41	\$1,306	\$327.55	\$1,310
<65 RetSP	4	\$714.87	\$2,859	\$786.36	\$3,145	\$792.84	\$3,171	\$795.62	\$3,182
<65 RetCH	0	\$516.90	\$0	\$568.59	\$0	\$573.28	\$0	\$575.29	\$0
<65 RetFM	0	\$881.66	\$0	\$969.83	\$0	\$977.82	\$0	\$981.25	\$0
Total	158		\$51,816		\$49,831		\$50,301		\$50,502
					-3.83%		-2.92%		-2.54%
Opt 2									
EE	38	\$198.68	\$7,550	\$203.65	\$7,739	\$205.68	\$7,816	\$206.56	\$7,849
EESP	6	\$482.60	\$2,896	\$494.67	\$2,968	\$499.61	\$2,998	\$501.74	\$3,010
EECH	18	\$348.96	\$6,281	\$357.68	\$6,438	\$361.26	\$6,503	\$362.80	\$6,530
EEFM	5	\$595.21	\$2,976	\$610.09	\$3,050	\$616.20	\$3,081	\$618.81	\$3,094
<65 Ret	8	\$258.77	\$2,070	\$297.59	\$2,381	\$300.26	\$2,402	\$301.40	\$2,411
<65 RetSP	1	\$628.56	\$629	\$722.84	\$723	\$729.33	\$729	\$732.11	\$732
<65 RetCH	0	\$454.50	\$0	\$522.68	\$0	\$527.36	\$0	\$529.37	\$0
<65 RetFM	0	\$775.23	\$0	\$891.51	\$0	\$899.51	\$0	\$902.94	\$0
Total	76		\$22,401		\$23,299		\$23,529		\$23,627
					4.01%		5.03%		5.47%
Opt 3									
EE	5	\$258.51	\$1,293	\$283.07	\$1,415	\$285.11	\$1,426	\$285.98	\$1,430
EESP	0	\$627.92	\$0	\$687.57	\$0	\$692.52	\$0	\$694.64	\$0
EECH	3	\$454.04	\$1,362	\$497.17	\$1,492	\$500.75	\$1,502	\$502.29	\$1,507
EEFM	0	\$774.44	\$0	\$848.01	\$0	\$854.12	\$0	\$856.73	\$0
<65 Ret	1	\$339.61	\$340	\$390.55	\$391	\$393.22	\$393	\$394.37	\$394
<65 RetSP	0	\$824.92	\$0	\$948.66	\$0	\$955.14	\$0	\$957.92	\$0
<65 RetCH	0	\$596.49	\$0	\$685.96	\$0	\$690.65	\$0	\$692.66	\$0
<65 RetFM	0	\$1,017.40	\$0	\$1,170.01	\$0	\$1,178.01	\$0	\$1,181.43	\$0
Total	9		\$2,994		\$3,297		\$3,321		\$3,331
					10.13%		10.92%		11.26%
Opt 4									
EE	226	\$280.87	\$63,477	\$307.55	\$69,507	\$309.94	\$70,047	\$310.97	\$70,279
EESP	16	\$682.25	\$10,916	\$747.06	\$11,953	\$752.87	\$12,046	\$755.36	\$12,086
EECH	65	\$493.34	\$32,067	\$540.21	\$35,113	\$544.41	\$35,386	\$546.21	\$35,503
EEFM	22	\$841.44	\$18,512	\$921.38	\$20,270	\$928.54	\$20,428	\$931.61	\$20,495
<65 Ret	32	\$368.08	\$11,779	\$423.29	\$13,545	\$426.43	\$13,646	\$427.77	\$13,689
<65 RetSP	8	\$894.10	\$7,153	\$1,028.22	\$8,226	\$1,035.82	\$8,287	\$1,039.09	\$8,313
<65 RetCH	3	\$646.52	\$1,940	\$743.50	\$2,230	\$749.00	\$2,247	\$751.36	\$2,254
<65 RetFM	3	\$1,102.72	\$3,308	\$1,268.13	\$3,804	\$1,277.51	\$3,833	\$1,281.54	\$3,845
	375		\$149,150		\$164,650		\$165,919		\$166,464
					10.39%		11.24%		11.61%
Annual Cost			\$2,716,346		\$2,892,918		\$2,916,839		\$2,927,091
					\$176,572		\$200,493		\$210,745
					6.50%		7.38%		7.76%
City Annual Cost With Current Enrollment			\$1,639,315		\$1,575,939		\$1,590,512		\$1,596,757
					(\$63,376)		(\$48,803)		(\$42,558)
					-3.87%		-2.98%		-2.60%

**City of Temple
08-09 RFP Cost Analysis**

Best and Final Rates Offered

Opt 1	#	SWHP Alt 3	Cost	BC/BS	Cost	FirstCare Rate	Cost	TMLIEBP Rate	Cost
Part D Compliant		Yes		Yes		Yes		Yes	
EE	103	\$218.00	\$22,454	\$219.83	\$22,642	\$247.35	\$25,477	\$400.66	\$41,268
EESP	9	\$529.51	\$4,766	\$538.75	\$4,849	\$630.75	\$5,677	\$1,043.38	\$9,390
EECH	21	\$382.88	\$8,041	\$389.56	\$8,181	\$435.35	\$9,142	\$746.22	\$15,671
EEFM	17	\$653.06	\$11,102	\$664.45	\$11,296	\$742.06	\$12,615	\$1,277.20	\$21,712
<65 Ret	4	\$329.73	\$1,319	\$323.94	\$1,296	\$324.03	\$1,296	\$741.22	\$2,965
<65 RetSP	4	\$800.89	\$3,204	\$792.18	\$3,169	\$826.28	\$3,305	\$1,930.25	\$7,721
<65 RetCH	0	\$579.10	\$0	\$572.80	\$0	\$570.31	\$0	\$1,380.51	\$0
<65 RetFM	0	\$987.75	\$0	\$959.67	\$0	\$972.10	\$0	\$2,362.82	\$0
Total	158		\$50,884		\$51,432		\$57,512		\$98,727
			-1.80%		-0.74%		10.99%		90.53%
Opt 2									
EE	38	\$208.22	\$7,912	\$213.39	\$8,109	\$231.48	\$8,796	\$317.76	\$12,075
EESP	6	\$505.76	\$3,035	\$523.17	\$3,139	\$590.26	\$3,542	\$825.34	\$4,952
EECH	18	\$365.71	\$6,583	\$378.29	\$6,809	\$407.40	\$7,333	\$590.66	\$10,632
EEFM	5	\$623.78	\$3,119	\$645.23	\$3,226	\$694.43	\$3,472	\$1,010.00	\$5,050
<65 Ret	8	\$303.57	\$2,429	\$309.49	\$2,476	\$303.24	\$2,426	\$587.86	\$4,703
<65 RetSP	1	\$737.38	\$737	\$757.10	\$757	\$773.24	\$773	\$1,526.88	\$1,527
<65 RetCH	0	\$533.19	\$0	\$547.45	\$0	\$533.69	\$0	\$1,092.73	\$0
<65 RetFM	0	\$909.44	\$0	\$933.77	\$0	\$909.70	\$0	\$1,868.50	\$0
Total	76		\$23,814		\$24,516		\$26,342		\$38,939
			6.31%		9.44%		17.59%		73.83%
Opt 3									
EE	5	\$287.64	\$1,438	\$278.26	\$1,391	\$302.93	\$1,515	\$400.66	\$2,003
EESP	0	\$698.67	\$0	\$680.69	\$0	\$772.48	\$0	\$1,043.38	\$0
EECH	3	\$505.20	\$1,516	\$492.20	\$1,477	\$533.16	\$1,599	\$746.22	\$2,239
EEFM	0	\$861.70	\$0	\$839.53	\$0	\$908.80	\$0	\$1,277.20	\$0
<65 Ret	1	\$396.54	\$397	\$406.86	\$407	\$396.84	\$397	\$741.22	\$741
<65 RetSP	0	\$963.19	\$0	\$993.62	\$0	\$1,011.95	\$0	\$1,930.25	\$0
<65 RetCH	0	\$696.47	\$0	\$718.48	\$0	\$698.44	\$0	\$1,380.51	\$0
<65 RetFM	0	\$1,187.94	\$0	\$1,225.46	\$0	\$1,190.53	\$0	\$2,362.82	\$0
Total	9		\$3,350		\$3,275		\$3,511		\$4,983
			11.90%		9.38%		17.27%		66.44%
Opt 4									
EE	226	\$312.91	\$70,719	\$302.49	\$68,363	\$282.76	\$63,904	\$336.32	\$76,008
EESP	16	\$760.09	\$12,161	\$739.60	\$11,834	\$721.03	\$11,536	\$874.16	\$13,987
EECH	65	\$549.62	\$35,725	\$534.81	\$34,763	\$497.65	\$32,347	\$625.50	\$40,658
EEFM	22	\$937.44	\$20,624	\$912.17	\$20,068	\$848.27	\$18,662	\$1,069.84	\$23,536
<65 Ret	32	\$430.32	\$13,770	\$441.16	\$14,117	\$370.42	\$11,853	\$622.19	\$19,910
<65 RetSP	8	\$1,045.27	\$8,362	\$1,076.94	\$8,616	\$944.55	\$7,556	\$1,617.19	\$12,938
<65 RetCH	3	\$755.83	\$2,267	\$778.73	\$2,336	\$651.92	\$1,956	\$1,157.17	\$3,472
<65 RetFM	3	\$1,289.17	\$3,868	\$1,328.23	\$3,985	\$1,111.23	\$3,334	\$1,979.20	\$5,938
Total	375		\$167,496		\$164,080		\$151,149		\$196,446
			12.30%		10.01%		1.34%		31.71%
Annual Cost			\$2,946,543		\$2,919,640		\$2,862,173		\$4,069,135
			\$230,197		\$203,294		\$145,827		\$1,352,789
			8.47%		7.48%		5.37%		49.80%
City Annual Cost W Current Enrollment			\$1,608,608		\$1,618,583		\$1,801,570		\$2,980,976
			(\$30,707)		(\$20,732)		\$162,255		\$1,341,661
			-1.87%		-1.26%		9.90%		81.84%

Does Not Inc. S&W

Medical and Prescription Insurance

Plan	Current FY07-08				Proposed FY08-09			Inc/Dec For City	Inc/Dec For Emp/Retiree
	Enrolled	Total	City	Employee	Total	City	Employee		
Option 1 (CC30)									
Emp Only	103	\$ 224.66	\$ 224.66	\$ -	\$ 215.46	\$ 215.46	\$ -	\$ (9.20)	\$ -
Emp + Spouse	9	\$ 545.70	\$ 239.66	\$ 306.04	\$ 523.36	\$ 230.46	\$ 292.90	\$ (9.20)	\$ (13.14)
Emp + Children	21	\$ 394.59	\$ 239.66	\$ 154.93	\$ 378.44	\$ 230.46	\$ 147.98	\$ (9.20)	\$ (6.95)
Emp + Family	17	\$ 673.03	\$ 239.66	\$ 433.37	\$ 645.48	\$ 230.46	\$ 415.02	\$ (9.20)	\$ (18.35)
Retiree Only	4	\$ 294.31	\$ 147.15	\$ 147.16	\$ 326.41	\$ 163.21	\$ 163.20	\$ 16.06	\$ 16.04
Retiree + Spouse	4	\$ 714.87	\$ 147.15	\$ 567.72	\$ 792.84	\$ 163.21	\$ 629.63	\$ 16.06	\$ 61.91
Retiree + Children	0	\$ 516.90	\$ 147.15	\$ 369.75	\$ 573.28	\$ 163.21	\$ 410.07	\$ 16.06	\$ 40.32
Retiree + Family	0	\$ 881.66	\$ 147.15	\$ 734.51	\$ 977.82	\$ 163.21	\$ 814.61	\$ 16.06	\$ 80.10
Retiree Spouse Only	1	\$ 294.31	\$ -	\$ 294.31	\$ 326.41	\$ -	\$ 326.41	\$ -	\$ 32.10
Option 2 (CC40)									
Emp Only	38	\$ 198.68	\$ 224.66	\$ (25.98)	\$ 205.68	\$ 215.46	\$ (9.78)	\$ (9.20)	\$ 16.20
Emp + Spouse	6	\$ 482.60	\$ 239.66	\$ 242.94	\$ 499.61	\$ 230.46	\$ 269.15	\$ (9.20)	\$ 26.21
Emp + Children	18	\$ 348.96	\$ 239.66	\$ 109.30	\$ 361.26	\$ 230.46	\$ 130.80	\$ (9.20)	\$ 21.50
Emp + Family	5	\$ 595.21	\$ 239.66	\$ 355.55	\$ 616.20	\$ 230.46	\$ 385.74	\$ (9.20)	\$ 30.19
Retiree Only	8	\$ 258.77	\$ 147.15	\$ 111.62	\$ 300.26	\$ 163.21	\$ 137.05	\$ 16.06	\$ 25.43
Retiree + Spouse	1	\$ 628.56	\$ 147.15	\$ 481.41	\$ 729.33	\$ 163.21	\$ 566.12	\$ 16.06	\$ 84.71
Retiree + Children	0	\$ 454.50	\$ 147.15	\$ 307.35	\$ 527.36	\$ 163.21	\$ 364.15	\$ 16.06	\$ 56.80
Retiree + Family	0	\$ 775.23	\$ 147.15	\$ 628.08	\$ 899.51	\$ 163.21	\$ 736.30	\$ 16.06	\$ 108.22
Retiree Spouse Only	0	\$ 258.77	\$ -	\$ 258.77	\$ 300.26	\$ -	\$ 300.26	\$ -	\$ 41.49
Option 3 (CC30 w/ POS)									
Emp Only	5	\$ 258.51	\$ 239.66	\$ 18.85	\$ 285.11	\$ 230.46	\$ 54.65	\$ (9.20)	\$ 35.80
Emp + Spouse	0	\$ 627.92	\$ 239.66	\$ 388.26	\$ 692.52	\$ 230.46	\$ 462.06	\$ (9.20)	\$ 73.80
Emp + Children	3	\$ 454.04	\$ 239.66	\$ 214.38	\$ 500.75	\$ 230.46	\$ 270.29	\$ (9.20)	\$ 55.91
Emp + Family	0	\$ 774.44	\$ 239.66	\$ 534.78	\$ 854.12	\$ 230.46	\$ 623.66	\$ (9.20)	\$ 88.88
Retiree Only	1	\$ 339.61	\$ 147.15	\$ 192.46	\$ 393.22	\$ 163.21	\$ 230.01	\$ 16.06	\$ 37.55
Retiree + Spouse	0	\$ 824.92	\$ 147.15	\$ 677.77	\$ 955.14	\$ 163.21	\$ 791.93	\$ 16.06	\$ 114.16
Retiree + Children	0	\$ 596.49	\$ 147.15	\$ 449.34	\$ 690.65	\$ 163.21	\$ 527.44	\$ 16.06	\$ 78.10
Retiree + Family	0	\$ 1,017.40	\$ 147.15	\$ 870.25	\$ 1,178.01	\$ 163.21	\$ 1,014.80	\$ 16.06	\$ 144.55
Retiree Spouse Only	0	\$ 339.61	\$ -	\$ 339.61	\$ 393.22	\$ -	\$ 393.22	\$ -	\$ 53.61
Option 4 (HMO25)									
Emp Only	226	\$ 280.87	\$ 239.66	\$ 41.21	\$ 309.94	\$ 230.46	\$ 79.48	\$ (9.20)	\$ 38.27
Emp + Spouse	16	\$ 682.25	\$ 239.66	\$ 442.59	\$ 752.87	\$ 230.46	\$ 522.41	\$ (9.20)	\$ 79.82
Emp + Children	65	\$ 493.34	\$ 239.66	\$ 253.68	\$ 544.41	\$ 230.46	\$ 313.95	\$ (9.20)	\$ 60.27
Emp + Family	22	\$ 841.44	\$ 239.66	\$ 601.78	\$ 928.54	\$ 230.46	\$ 698.08	\$ (9.20)	\$ 96.30
Retiree Only	32	\$ 368.08	\$ 147.15	\$ 220.93	\$ 426.43	\$ 163.21	\$ 263.22	\$ 16.06	\$ 42.29
Retiree + Spouse	8	\$ 894.10	\$ 147.15	\$ 746.95	\$ 1,035.82	\$ 163.21	\$ 872.61	\$ 16.06	\$ 125.66
Retiree + Children	3	\$ 646.52	\$ 147.15	\$ 499.37	\$ 749.00	\$ 163.21	\$ 585.79	\$ 16.06	\$ 86.42
Retiree + Family	3	\$ 1,102.72	\$ 147.15	\$ 955.57	\$ 1,277.51	\$ 163.21	\$ 1,114.30	\$ 16.06	\$ 158.73
Retiree Spouse Only	4	\$ 368.08	\$ -	\$ 368.08	\$ 426.43	\$ -	\$ 426.43	\$ -	\$ 58.35