



January 18, 2012

Dear Council Members,

Please be advised that the City has decided to rebid the insurance broker agent contract. This decision has been made because legal issues have been raised by one of the bidders. While we do not believe they have merit, we have decided to rebid the insurance broker contract in order to prevent the City from any legal exposure with regard to this matter.

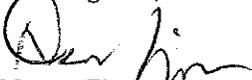
Brown & Brown has agreed to stay on as our agent of record while the new bid process proceeds, however the City has also coordinated directly with Horizon Blue Cross, and asks for the Council's approval of the health insurance contract put forward on an emergency basis on tonight's agenda (Corporation Counsel will be emailing this momentarily). The renewal of the City's health insurance is important so that we can ensure health coverage for our employees this year.

As a result of Fire and Police contract negotiations which included moving from traditional health insurance to Direct 10, the City has realized a \$1.9 million savings in its health care coverage this year.

Finally, the rebidding process will enable my Administration to fully implement the Citizen's Campaign Model. As discussed in my previous memo, we followed the spirit of the legislation with the current bid process, and saw how it can result in lower costs for the City overall. We agree in concept with the legislation being put forward by Councilwoman Mason, and encourage the City Council to make this insurance bid process law to ensure savings for taxpayers for years to come.

Finally, please be advised that the City will be paying an estimated monthly brokerage fee of \$26,700 until the new flat rate system can be implemented through the bid process.

Best regards,


Mayor Zimmer

Introduced by: _____

Seconded by: _____

**CITY OF HOBOKEN
RESOLUTION NO. : _____**

**RESOLUTION AWARDING A ONE (1) YEAR CONTRACT
TO HORIZON BLUE CROSS BLUE SHIELD FOR THE
PROVISION OF EMPLOYEE HEALTH CARE INSURANCE**

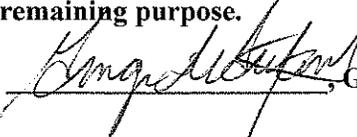
WHEREAS, the City of Hoboken is contractually required to provide health care to its employees; and,

WHEREAS, the City of Hoboken is desirous to continue said coverage in accordance with its current contractual obligations; and,

WHEREAS, the Administration has identified Horizon Blue Cross/Blue Shield as the recommended provider of health care insurance services for 2012-2013 insurance year; and,

WHEREAS, certification of funds is available as follows:

I, George DeStefano, Chief Financial Officer of the City of Hoboken, hereby certify that \$4,207,843.50 is available in the following appropriations Insurance - Health in the temporary CY2012 budget; and I further certify that this commitment together with all previously made commitments does not exceed the appropriation balance available for this purpose for the temporary CY2012 budget; and I further certify that I will review the availability of funds for the remaining \$12,894,531.76 upon adoption of the final CY2012 budget to determine whether certification of funds shall be available for the remaining purpose.

Signed:  George DeStefano, CFO

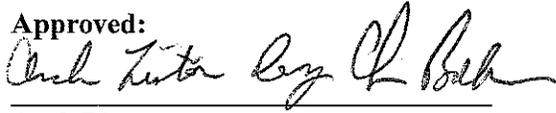
NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Hoboken, that the Administration is hereby authorized to enter into a one (1) year contract with Horizon Blue Cross Blue Shield, to commence February 1, 2012 and expire January 31, 2013, at a cost of \$17,102,375.26 (based upon the current employee census), comprised of \$12,268,218.96 for medical coverage; \$4,264,954.08 for prescription coverage; and, \$569,202.22 for dental coverage; and,

BE IT FURTHER RESOLVED, that a brokerage fee of \$321,181.12 per year is included in the annual premium amount of \$17,102,375.26, from which Horizon Blue Cross Blue Shield shall make monthly payments to the City's Broker of Record (which is currently Brown & Brown) on a monthly basis until such time as there may be a change in carrier or Broker of Record; and,

BE IT FURTHER RESOLVED, that the within award and authorization are in the amount of \$4,207,843.50, unconditionally, which is the amount available within the CY2012 temporary appropriations, and the remaining amount of \$12,894,531.76 shall be subject to the adoption of CY2012 annual municipal budget and the corresponding certification of funds in said amount.

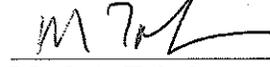
Meeting Date: January 18, 2012

Approved:



Arch Liston
Business Administrator

Approved as to Form:



Mark A. Tabakin
Corporation Counsel

Councilperson	Yea	Nay	Abstain	No Vote
Theresa Castellano				
Peter Cunningham				
Jen Giattino				
Carol Marsh				
Elizabeth Mason				
David Mello				
Tim Occhipinti				
Michael Russo				
President Ravi Bhalla				



Horizon Blue Cross Blue Shield
of New Jersey

Negotiated Renewal

Benefit Levels

In-Network

- Deductible
- Waived for Preventative
- Calendar Year Maximum
- Preventative Services
- Basic Services
- Major Services
- Orthodontia (Child only)

Out-of-Network

- Deductible
- Waived for Preventative
- Calendar Year Maximum
- Preventative Services
- Basic Services
- Major Services
- Orthodontia

	Horizon DOP	Horizon Dental Choice
	None	None
	N/A	
	\$1,100	
	100%	
	70%	<i>Fee Schedule</i>
	70%/50%	
	50% to \$800 max	
	None	
	N/A	
	\$1,100	
	100%	No benefits
	70%	
	70%/50%	
	50% to \$800 max	
	*Fee schedule	
Single	281 \$27.91	0 \$16.84
2 Adults	217 \$49.54	0 \$29.90
Parent/Child	89 \$62.68	0 \$37.83
Family	276 \$84.28	1 \$50.88
Total Monthly Premium	\$47,433.52	\$50.88
Total Annual Premium	\$569,202.22	\$610.56

Proposed Rates

- Single
- 2 Adults
- Parent/Child
- Family

Total Monthly Premium
Total Annual Premium

Total Monthly Premium
Total Annual Premium

	\$47,484.40
	\$569,812.78

- % Increase in Premium*
- Monthly Difference In Premium*
- Annual Difference In Premium*

HORIZON MEDICAL

Benefits	TRADITIONAL		PPO		POS		POS		DIRECT ACCESS	
	In-Network	Out-Network	In-Network	Out-Network	In-Network	Out-Network	In-Network	Out-Network	In-Network	Out-Network
Deductible	\$100/\$200		None	\$200/\$400	100%	\$1,000/\$2,000	100%	\$250/\$500	None	\$150/\$250
Coinsurance	80%		100%	80%	None	60%	80%	80%	100%	80%
Catastrophic Limit	\$2,000/\$4,000		\$5,000/\$10,000		100%	60% after ded.	80% after ded.	\$5,000/\$10,000	\$400/\$800	\$2,500/\$5,000
Inpatient Hospital	100%		100%	80% after ded.	100%	60% after ded.	80% after ded.	100%	100%	\$200 Copay
Outpatient Hospital	100%		100%	80% after ded.	100%	60% after ded.	80% after ded.	100%	100%	80% after ded.
Office Visit	80% after deductible		\$10 Copay	80% after ded.	\$5 Copay	60% after ded.	80% after ded.	\$10 Copay	\$10 Copay	80% after ded.
Rates	Current	Renewal	Current	Renewal	Current	Renewal	Current	Renewal	Current	Renewal
Single	\$589.18	\$556.60	\$565.62	\$534.34	\$483.15	\$456.43	\$522.29	\$493.41	\$483.15	\$456.43
Family	\$1,623.98	\$1,534.17	\$1,559.02	\$1,472.81	\$1,331.64	\$1,258.00	\$1,439.49	\$1,359.89	\$1,331.64	\$1,258.00
Parent/Child(ren)	\$1,188.85	\$1,123.11	\$1,141.35	\$1,078.23	\$974.87	\$920.96	\$1,053.85	\$995.57	\$974.87	\$920.96
Avg Monthly Premium	\$816,719.72	\$657,779.76	\$58,359.37	\$38,997.46	\$18,233.19	\$10,669.05	\$37,469.34	\$14,470.83	\$178,974.00	\$300,434.48
Annual Premium	\$9,800,636.66	\$7,893,357.12	\$700,312.48	\$467,969.52	\$218,798.30	\$128,028.60	\$449,632.10	\$173,649.96	\$2,147,687.96	\$3,605,213.76

	Current	Renewal
Retail	\$3/\$5	
Mail-Order	\$1	
Rates		
Single	\$235.98	\$224.53
Family	\$625.94	\$595.58
Parent/Child(ren)	\$316.84	\$301.47
Monthly Premium	\$428,952.88	\$311,653.60
Annual Premium	\$5,147,434.56	\$3,739,843.20

	Retail	Mail-Order
Rates		
Single	\$203.65	
Family	\$540.19	
Parent/Child(ren)	\$273.43	
Monthly Premium	\$43,759.24	
Annual Premium	\$525,110.88	