

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Yvonne L. Deckard (Cathy Bless)		2. Telephone No. 503-823-5207	3. Bureau/Office/Dept. OMF/Bureau of Human Resources
4a. To be filed (date) June 2, 2011	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: May 25, 2011

1) Legislation Title: * Authorize two health and welfare contracts administered by the Bureau of Human Resources (BHR), Benefits and Wellness office effective July 1, 2011 through June 30, 2016, and amend the City of Portland Health Plan and the City of Portland Cafeteria Plan to reflect necessary plan administrative and design changes as recommended by the Labor Management Benefits Committee (LMBC) and requested by BHR for the City's self-insured plans beginning July 1, 2011. (Ordinance)

2) Purpose of the Proposed Legislation: Establish two new contracts in support of the Benefits program and establish the 2011-12 City of Portland Health Plan. The Plan Document identifies the provisions and plan design of the City's self-insured health plans. The Plan Document outlines the CityCore benefit plan design changes recommended by the Labor Management Benefits Committee (LMBC) and requested by BHR effective July 1, 2011.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source. **NO**

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense?

The Health Fund includes the appropriation in support of the costs associated with the self-insured plans. All expected costs are budgeted as part of existing and newly adopted contracts with program vendors.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.) **NO**

6) Will positions be created or eliminated in future years as a result of this legislation? **NO**

Complete the following section if you are accepting and appropriating a grant via ordinance. This section should only be completed if you are adjusting total appropriations, which currently only applies to grant ordinances.

7) Change in Appropriations (If the accompanying ordinance amends the budget, please reflect the dollar amount to be appropriated by this legislation. If the appropriation includes an interagency agreement with another bureau, please include the partner bureau budget adjustments in the table as well. Include the appropriate cost elements that are to be loaded by the Grants Office and/or Financial Planning. Use additional space if needed.)

Yvonne L. Deckard *Yvonne L. Deckard by AC*

(Director of the Bureau of Human Resources)

9. RECOMMENDATION/ACTION REQUESTED

184655

I recommend that the Mayor and City Council approve this ordinance.



Yvonne L. Deckard, Director
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Portland, Oregon 97204-1912
(503) 823-3572
Fax (503) 823-4156

Office of Management and Finance

Kenneth L. Rust, Chief Administrative Officer

DATE: May 25, 2011

FOR MAYOR'S OFFICE USE ONLY

TO: Mayor Sam Adams

Reviewed by Bureau Liaison _____

FROM: Yvonne L. Deckard, Human Resources Director

Yvonne L. Deckard by Ah

RE: ORDINANCE TITLE: * Authorize two health and welfare contracts administered by the Bureau of Human Resources (BHR), Benefits and Wellness office effective July 1, 2011 through June 30, 2016, and amend the City of Portland Health Plan and the City of Portland Cafeteria Plan to reflect necessary plan administrative and design changes as recommended by the Labor Management Benefits Committee (LMBC) and requested by BHR for the City's self-insured plans beginning July 1, 2011. (Ordinance)

1. INTENDED THURSDAY FILING DATE: June 2, 2011

2. REQUESTED COUNCIL AGENDA DATE: June 8, 2011, 9:45 AM Time Certain

3. CONTACT NAME & NUMBER: Cathy Bless, 503-823-5207

4. PLACE ON: ___ CONSENT ___ REGULAR

5. BUDGET IMPACT STATEMENT ATTACHED: ___ X ___ Y ___ N ___ N/A

6. (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY

ATTACHED: ___ X ___ Yes ___ No ___ N/A

7. BACKGROUND/ANALYSIS

As part of the annual enrollment process the attached Ordinance is being filed to establish the 2011-12 City of Portland Health Plan. The Plan Document identifies the provisions of the Cafeteria plan and plan design of the City's self-insured health plans. The Plan Document outlines the CityCore benefit plan design changes recommended by the Labor Management Benefits Committee (LMBC) effective July 1, 2011 and plan design changes as recommended by the Director of Bureau of Human Resources. A summary of the plan changes is attached. The changes recommended by the LMBC are expected to be cost neutral or save health plan dollars. In addition to the plan changes, applicable language was updated to allow continued coverage of adult dependents to age 26, remove lifetime limits related to total benefits paid and for mental health/chemical dependency treatment as required under the Health Care and Education and Affordability Reconciliation Act of 2010. The plan document has also been updated to reflect administrative changes to the dental plan previously under contract 30000525. The Dental plan for groups other than PPA are now under the self-insured arrangement and funded out of the health fund. Lastly, the Director of the Bureau of Human Resources is seeking the addition of transgender healthcare for participants of the CityCore plan effective July 1, 2011. The expected annual cost to the plan is \$32,302. This addition has not been recommended by the LMBC as the Committee, given the continued uneven economic climate, has been reluctant to add benefits to the plan that are expected to add any additional cost.

8. FINANCIAL IMPACT

The Health Fund includes the appropriation in support of the costs associated with the self-insured plans. All expected costs are budgeted as part of existing contracts with program vendors.

Sam Adams, Mayor

We are an equal opportunity employer

Please notify the City of Portland of the need for ADA accommodations no less than five (5) days prior to any City-sponsored event by contacting the Bureau of Human Resources at 503-823-3572 or the City's TTY at 503-823-6868.



Proposed Plan Design Options

Current Benefit	Change To
<p>CVS Caremark 10% \$5.00 minimum/\$50.00 maximum 20% \$5.00 minimum/\$50.00 maximum 30% \$5.00 minimum/\$50.00 maximum *30-Day retail/90-Day Mail-Order</p>	<p>Kroger Prescription Plan (KPP) 10% \$0.00 minimum/\$25.00 maximum 20% \$5.00 minimum/\$50.00 maximum 30% \$0.00 minimum/\$75.00 maximum *30-Day retail/90-Day Mail-Order Options90 (90-Day at Kroger Retail) Specialty Pharmacy Diabetes Incentive Program</p>
<p>Vision Benefit Vision Service Plan "Base Plan" only</p>	<p>Vision Benefit Addition of Vision Service Plan employee buy-up option</p>
<p>Changes to Limitations and Exclusions</p>	<p>Changes to Limitations and Exclusions</p>
<p>\$2,000,0000 lifetime maximum per participant</p>	<p>No lifetime maximum for claims per participant</p>
<p>45-Day limit for in-patient mental/chemical dependency treatment</p>	<p>No limit for in-patient mental/chemical dependency treatment</p>
<p>Sexual Reassignment Surgery Exclusion: Services to alter a participant's physical characteristics to that of the opposite sex, including Sexual Reassignment Surgery and related therapies</p>	<p>Sexual Reassignment Surgery: Services to alter a participant's physical characteristics to that of the opposite sex (lifetime benefit maximum of \$50,000).</p>
<p>Mental Health Covered Providers: *Psychiatrist, Psychologist and Licensed Clinical Social Worker (LCSW)</p>	<p>Mental Health Covered Providers: *Psychiatrist, Psychologist and Licensed Clinical Social Worker (LCSW), A state-licensed marriage & family therapist (LMFT), A state-licensed professional counselor (LPC)</p>
	<p>Other Proposed Administrative Changes</p>
	<p>Administratively change ODS Dental Plan from a premium only plan to a self-insured dental plan</p>
	<p>Discontinue the Economy High Deductible</p>
	<p>Update language for dependent child (covering to age 26)</p>