



## Legislation Text

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**File #:** 17-122, **Version:** 1

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**TO:** Mayor Collins and Town Council Members

**FROM:** Kevin Burke, Town Manager  
Jinnett Hancock, Human Resources Manager

**DATE:** April 13, 2017

**DEPARTMENT:** Town Manager

**AGENDA TITLE:**

Adoption of Resolution Number 2017-07 Authorizing Membership in the Arizona Metropolitan Trust (AzMT) for Employee Medical, Dental, Vision, Life, Accidental Death and Short Term Disability Insurance

**Council Goals or Other Policies / Statutory Requirements:**

**RECOMMENDATION:**

Adopt Resolution Number 2017-07.

The Town of Paradise Valley has been a member of Arizona Public Employers Health Pool (APEHP) since July 1, 2013. Several factors lead us to examine the Town's employee health insurance program to determine if current services could be improved upon. The following concerns were found.

- The cost for both the Town and the employees.
- Concerns regarding last year's premium increase. Initially the Pool advised the Town that the increase would be 3%. Later staff was advised that the increase would be 5% instead.
- Dozens of prescription drugs were removed from the plan's Formulary List and are no longer covered.
- The large gap between the deductibles employees are required to pay and the Out of Pocket Maximums of the plans.
- Questions regarding the competitiveness of the Town's insurance plans in relation to what other municipalities offer.

The Town identified the Arizona Metropolitan Trust (AzMT) as a better alternative to the Town's current health insurance. AzMT is a self-insured employee benefits pool that provides health benefits and services to public entities. It is made up of nine members, which include: City of Avondale, City of Apache Junction, City of El Mirage, Town of Fountain Hills, City of Maricopa, Pinal County, Town of Youngtown, Buckeye Valley Fire District and Sun City Fire District.

The insurance plans offered by AzMT come at a lower cost and provide better, more comprehensive

coverage. Additionally the Trust offers an enhanced Wellness Program and free phone access to a physician 24/7. Attached are a comparison of the Town's current insurance plans versus AzMT's plans and a schedule of the Town/Employee cost sharing of premiums for FY 18. AzMT offers employee's the choice of four different insurance plans, while the Town currently offers only two insurance plans. This allows employees to select the right plan and level of coverage for them and their family's specific medical needs. Enhanced benefits at a lower cost, adds a valuable recruitment and retention tool allowing the Town of Paradise Valley to be more competitive in the market. The estimated annual cost savings for medical insurance is \$59,816.16 and \$7,517.28 for dental insurance, totaling \$67,333.44.

The current contracts with Arizona Public Employers Health Pool (APEHP), Delta Dental of Arizona, VSP Vision and Standard Life, Accidental Death and Dismemberment and Disability expire June 30, 2017. A new contract with the Arizona Metropolitan Trust (AzMT) is included in the Town Manager's FY 2017-2018 Recommended Budget.

### **BUDGETARY IMPACT:**

#### **Current vs. AzMt 2017-18 Health Premiums**

Coverage Level	# Covered	Current	New AzMt
Employee Only	34	\$286,338.08	\$263,024.24
Employee and Spo	10	\$146,161.60	\$135,680.80
Employee and Chil	11	\$154,600.16	\$142,403.36
Employee and Fam	26	\$439,400.00	\$425,575.28

Current Annual Tot\$1,026,499.84

**AzMt Annual Total\$966,683.68**

**Cost Savings: \$59,816.16**

#### **Current vs. AzMt 2017-18 Dental Premiums**

Coverage Level	# Covered	Current	New AzMt
Employee Only	34	\$15,508.08	\$14,488.08
Employee and Spo	10		\$7,210.80
Employee and Chil	11		\$8,735.76
Employee and Fam	26	\$51,572.16	\$29,128.32

Current Annual Tot\$67,080.24

**AzMt Annual Total\$59,562.96**

**Cost Savings: \$7,517.28**

### **ATTACHMENT(S):**

- 1. AzMt vs Current Insurance Comparison 2017-18**
- 2. Schedule of Town/Employee Cost Sharing Premiums**
- 3. Resolution #**
- 4. Trust Document Approval**