

## City Council – Action Request Form

**Date:** October 14, 2019

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**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

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**From:** Carmen Caruth, Human Resources Director  
Ben Rowe, Assistant City Manager

**Council Action Requested:**

Resolution Authorizing the City Manager to Enter into an Agreement with Aetna for the Provision of a Medicare Advantage Plan for Retirees

**Strategic Focus Area:** Service Excellence  
**Strategic Objective:** Maintain the City’s Financial Strength  
**Strategic Plan Action Item:** No  
**Key Work Item:** No



**Summary of Information:**

The City of Winston-Salem offers a Medicare Advantage health insurance plan for retirees (age 65+) who are eligible for Medicare coverage. This coverage supplements retirees’ Medicare Parts A (hospital insurance) and B (medical insurance) coverage and provides a benefit that closely matches the health insurance coverage provided for employees and pre-65 retirees.

The current provider of this plan is Aetna and the plan provides coverage for 747 retirees and 225 retiree spouses. The premium cost for retiree coverage is \$187.69/month/retiree, the cost of which is borne by the City. The current agreement for retiree coverage is \$1,750,000 (not to exceed amount). Retiree spouses may sign up for this plan at the \$187.69 monthly rate, with the cost of the spouse premium borne by the retiree or spouse.

The current agreement with Aetna expires December 31, 2019. Aetna has submitted a proposal for a renewal rate of \$127.67/month/retiree, with no change in coverage, an annual cost of \$1,144,434. This represents an annual savings of \$538,019 over actual plan cost for 2019.

**Committee Action:**

<b>Committee</b>	Finance 10/14/19	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	

**Remarks:**

The accompanying resolution authorizes the City Manager to enter into an agreement with Aetna to provide a Medicare Advantage plan for plan year 2020 at a rate of \$127.67/month/retiree and an annual not to exceed amount of \$1,180,000. This annual rate anticipates a 3% increase in program participation (770 retirees).