

Council Meeting of
March 7, 2006

Honorable Mayor and Members
Of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Selection of a vision insurance carrier and implementation of a City-paid one-party vision insurance program for eligible employees.

**Expenditure: \$14,354 for Fiscal Year 2005-06 and
\$86,123 for Fiscal Year 2006-07.**

RECOMMENDATION

The Human Resources Director recommends that the City Council approve the selection of Eye Med Vision Care as the insurance carrier for vision insurance benefits for eligible employees effective May 1, 2006 with premium rates guaranteed for four years, and authorize staff to implement the City-paid one party vision insurance program beginning May 1, 2006.

Funding

Funding is available in the non-departmental general fund insurance reserve.

BACKGROUND

On November 15, 2005, the City Council approved the implementation of a City-paid one party dental insurance program for eligible employees in Fiscal Year 2005-06, and a City-paid two-party dental insurance program for Fiscal Year 2006-07. The actual cost of these programs was below the allocation approved by City Council, thus creating a savings. Therefore, City Council directed staff to explore an enhanced City paid vision plan for employees. To determine the availability and cost of a vision plan, staff worked with ABD Insurance and Financial Services to obtain vision insurance proposals on behalf of the City. The objective was to identify quality vision insurance at competitive rates.

ANALYSIS

The marketing effort attracted nine vision insurance carriers (Attachment A). In the initial review, two of them were identified as not competitive. Proposals from the remaining seven carriers were further analyzed; four were invited to an interview for further discussion. The carriers were evaluated on a range of factors including, competitive pricing (Attachment B), benefit comparison (Attachment C), experience with public sector agencies, customer service, accessibility and size of provider network and administrative capabilities.

Eye Med Vision Care is being recommended over the other carriers in light of the following factors:

- Eye Med offers competitive premium rates with a rate guarantee for four years. This will allow for an extended period of financial stability while utilization experience is developed on this new City-paid benefit.
- Eye Med offers an extensive provider network ensuring that over 98% of employees have access to at least four providers within 5 miles. The network includes private practice optometrists, ophthalmologists, opticians and optical retailers (Attachment D).
- Eye Med offers extended customer service hours to include weekends and evenings.
- Eye Med has on-line administrative capabilities that support accurate enrollment and billing.
- Eye Med has experience with public sector agencies.
- Public agency references reported a high degree of satisfaction with this carrier.

In summary, the Eye Med Vision Plan is recommended because the plan offers competitive pricing with a four-year rate guarantee (the second lowest cost proposed), the largest provider network, and has outstanding references from other California agencies.

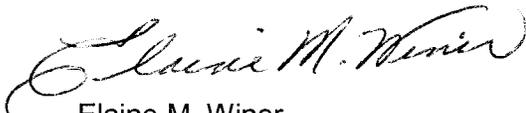
The projected cost of the City-paid one party vision insurance program for FY 2005-06 is \$14,354, and for FY 2006-07 is \$86,123. Both are within the funding allocations available for FY 05-06 and FY 06-07.

Respectfully submitted,

Elaine M. Winer
Human Resources Director

By 
Leyta O. Fuentes
Human Resources Manager

CONCUR:


Elaine M. Winer
Human Resources Director


LeRoy J. Jackson
City Manager

- Attachment A – Vision Marketing Carriers
- Attachment B – Premium Rates Comparison
- Attachment C – Vision Benefit Comparison
- Attachment D – Network Comparison

CITY OF TORRANCE CARRIERS REQUESTED TO QUOTE VISION	
Carriers	Response
AIG	Quoted: Not Competitive
Ameritas	Quoted: Shown in presentation
Blue Cross	Quoted: Shown in presentation
Eye Med	Quoted: Shown in presentation
Guardian	Quoted: Not competitive
Medical Eye Services	Quoted: Shown in presentation
Spectera	Quoted: Shown in presentation
Vision Plan of America	Quoted: Shown in presentation
Vision Service Plan	Quoted: Shown in presentation

Highlighted carriers denotes "shown in presentation"

ATTACHMENT B

CITY OF TORRANCE RATE COMPARISON PROPOSED EFFECTIVE DATE MAY 1, 2006				
	Proposed Blue Cross	Proposed EyeMed Vision Care	Proposed Medical Eye Services	Proposed Vision Service Plan
EMPLOYEE ONLY	\$ 4.53	\$ 5.38	\$ 5.86	\$ 5.98
EMPLOYEE + 1 DEP.	\$ 7.25	\$ 10.15	\$ 11.72	\$ 9.06
EMPLOYEE + FAMILY	\$ 11.78	\$ 14.86	\$ 15.12	\$ 17.02
RATE GUARANTEE	3 years	4 years	2 years	4 years

ATTACHMENT C

CITY OF TORRANCE									
VISION BENEFIT COMPARISON									
PROPOSED EFFECTIVE DATE MAY 1, 2006									
BENEFITS	Proposed Blue Cross		Proposed EyeMed		Proposed Medical Eye Services		Proposed Vision Service Plan		
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network	
Exam Frequency	Once Every 12 Months		Once Every 12 Months		Once Every 12 Months		Once Every 12 Months		
Lenses Frequency	Once Every 24 Months		Once Every 24 Months		Once Every 24 Months		Once Every 24 Months		
Frames Frequency	Once Every 24 Months		Once Every 24 Months		Once Every 24 Months		Once Every 24 Months		
Copay/Allowance	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network	
	\$10 Exam \$10 Eyeglass Lens	\$0	\$10 Exam \$10 Eyeglass Lens	\$0	\$25	\$25	\$15	\$15	
Exam	\$10 Copay	\$49 Allow.	\$10 Copay	\$49 Allow.	Covered in Full	\$40 Allow.	Covered in Full	\$37 Allow.	
Single Lenses	\$10 Copay	\$35 Allow.	\$10 Copay	\$35 Allow.	Covered in Full	\$30 Allow.	Covered in Full	\$34 Allow.	
Bi-Focal Lenses	\$10 Copay	\$49 Allow.	\$10 Copay	\$49 Allow.	Covered in Full	\$50 Allow.	Covered in Full	\$51 Allow.	
Tri-Focal Lenses	\$10 Copay	\$74 Allow.	\$10 Copay	\$74 Allow.	Covered in Full	\$65 Allow.	Covered in Full	\$68 Allow.	
Frames	\$130 Allow.	\$50 Allow.	\$100 Allow.	\$50 Allow.	\$115 Allow.	\$40 Allow.	\$115 Allow.	\$40 Allow.	
Contact Lenses (Medically Necessary)	Covered in Full	\$250 Allow.	Covered in Full	\$250 Allow.	Covered in Full	\$250 Allow.	75% of allowed amount	\$126 Allow.	
Contact Lenses (Elective)	\$130 Allow.	\$92 Allow.	\$115 Allow.	\$92 Allow.	\$105 Allow.	\$100 Allow.	\$100 Allow.	\$115 Allow.	
Limitations: UV Coating, Solid Tints, Scratch Resistance, Polycarbonate Lens, Antireflective Coating	Offered at discounted member costs in network		Offered at discounted member costs in network		Offered at 20% discount		Discounted In-network (average of 20%)		
Progressive Lens	Progressive lens - additional co-pay of \$65 (\$49 allowance out of network)		Progressive lens - additional co-pay of \$65 (\$0 allowance out of network)		Offered at a 20% discount in-network		Discounted In-network (average of 20%)		
Late Entrant	No late entrant limitations		No late entrant limitations		No late entrant limitations		No late entrant limitations		
Other Features	In-network contracted rate for laser correction of \$895 per eye. Additional eyewear discounts available from participating providers		15% discount for in-network Laser Correction. Additional eyewear discounts offered in-network.		10% to 15% discounts for Laser Eye Correction available in-network. Additional eyewear discounts offered in-network.		Average of 15% discount on in-network Laser Correction. 15% discount on in-network professional services for contacts.		

Note: This is merely a summary of benefits for comparison purposes only. Plan details are determined by individual carriers.

CITY OF TORRANCE LA COUNTY NETWORK COMPARISON PROPOSED EFFECTIVE DATE MAY 1, 2006						
Carrier	Ophthalmologists	Optometrists	Retail Chains	Total Providers	On Line Provider Access	
Ameritas (Eye Med Network)	178	845	230	1253	www.ameritasgroup.com	
Blue Cross	176	810	91	1077	www.bluecrossca.com	
Eye Med	178	845	230	1253	www.eyemedvisioncare.com	
Medical Eye Services	268	751	151	1170	www.mesvision.com	
Spectera	79	269	180	528	www.spectera.com	
Vision Plan of America	13	216	78	307	www.e-nva.com	
Vision Service Plan	212	767	0	979	www.vsp.com	

