

BOARD ACTION  
DATE: 7-28 19 97  
ACTION: 3  
INFO: \_\_\_\_\_

JOHN T. FERREIRA  
INSURANCE   
SINCE 1919

NO. 798 P. 2/4

3

July 22, 1997

Walter Gossett  
County Coordinator  
Nassau County Board of County Commissioners  
3163 Bailey Road  
Fernandina Beach, FL 32034

Re: 1997-98 Benefit Plan Renewal

Dear Walt:

The purpose of this letter is to determine the Nassau County Board of County Commissioners interest in revising the current American Medical Health Care renewal date of January 1st, 1998 to October 1, 1997. The reasons for this consideration are as follows:

◆ Budget projections.

The current contract requires a 120 day notification of any renewal action. Based on the January 1, 1998 renewal, this action would occur on September 1, 1997. The prior contract with Principal only required a 45 day notice. To assist Nassau County Board of County Commissioners in early notification for budget purposes, we were able to negotiate with American Medical Health Care as early as June 4th, 1997, a proposed program with no rate change on the HMO and a 6% adjustment on the Point of Service plan for a new contract period 10/1/97 - 9/30/98. This would also maintain the current level of benefits.

Changing the contract to the Board's fiscal year of October 1, would assist in future budget analysis and forecasting. This will also coordinate with the current dental and life insurance program which have an October 1 contract date. We would still require American Medical Health Care to give a 120 day notice under the new contract. This contract, in essence, results in a 24 month savings.

- ◆ The proposed cost for 1997/1998 would only be approximately \$2000 more than current costs. This offer by American Medical Health Care basically doubles the savings that Nassau County and the employees have received versus the prior program with Principal. You will see a two year savings over Principal's 95/96 cost of \$401,618 and \$726,061 versus 96/97 renewal costs.
- ◆ These savings also are based on significant improvement in plan design from the prior Principal plan which will be maintained for 1997/98 including a Point of Service option which was not available prior to the change in benefits in September of 1996.
- ◆ The American Medical Health Plan for 1997/98 also includes a significant increase in the physician network panel.

**APPROVED**

DATE 7/28/97

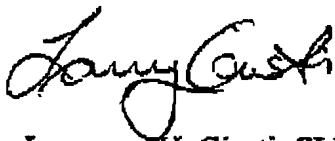
500 CENTRE STREET (32034) • POST OFFICE BOX 777 • FERNANDINA BEACH, FLORIDA 32035 • (904) 261-5571

*Approved less \$2000  
for POS participants*

- ◆ We had requested from American Medical Health Care, the option of maintaining the Point of Service rates until 12/31/97. They had informed us that if they waited to review the Point of Service plan for 1998, they would also wait to review the HMO plan for 1998. We would encourage Nassau County Board of County Commissioners to consider the offer at this time as opposed to waiting until September 1, 1997 which may significantly affect the HMO and POS proposal for 1998 based upon more current experience and trends. The adage "a bird in the hand is worth two in the bush" may have a place here.
- ◆ The County may wish to consider absorbing the \$2,000 increase in cost on behalf of the employees, thereby not having any adjustments in employee contributions for 1997/98. This \$2,000 increase is based on an employer/employee Health Plan total cost of approximately \$1,007,850.

I look forward to discussing this option with you in greater detail.

Sincerely,



Lawrence V. Giusti, CLU, ChFC  
Vice President

cc: Chili Pope, Nassau County Board of County Commissioners

**NASSAU COUNTY  
BOARD OF COUNTY COMMISSIONERS  
BENEFIT RENEWAL  
1997 - 1998**

<b>AMHC - Medical</b>					
<b>HMO</b>	<b>PARTICIPANT</b>	<b>PRINCIPAL 95-96</b>	<b>PRINCIPAL 1996 RENEWAL</b>	<b>AMHC CURRENT RATES</b>	<b>AMHC PROPOSED RATES 10/1/97</b>
Employee	221	\$153.55	\$174.30	\$132.82	\$132.82
Employee & Spouse	37	\$307.10	\$348.60	\$271.61	\$271.81
Employee & Child(ren)	46	\$330.13	\$374.97	\$233.12	\$233.12
Family	81	\$454.19	\$515.56	\$378.66	\$378.66
Total Month	385	\$97,273	\$110,427	\$80,798	\$80,798
Total Year		\$1,167,271	\$1,325,130	\$969,573	\$969,573
<b>12 Mo. Difference Vs. 1996 Principal Renewal</b>				<b>(\$355,557)</b>	<b>(\$355,657)</b>
<b>24 Mo. Difference Vs. 1996 Principal Renewal</b>					<b>(\$711,113)</b>
<b>POS</b>	<b>PARTICIPANT</b>			<b>CURRENT RATES</b>	<b>RATES 10/1/97</b>
Employee	11	\$153.55	\$174.30	\$139.33	\$147.69
Employee & Spouse	1	\$307.10	\$348.60	\$284.93	\$302.03
Employee & Child(ren)	0	\$330.13	\$374.97	\$244.54	\$259.21
Family	3	\$454.19	\$515.56	\$397.21	\$421.04
Total Month	15	\$3,359	\$3,813	\$3,009	\$3,190
Total Year		\$40,305	\$45,751	\$36,110	\$38,277
<b>TOTAL HMO/POS/YR.</b>		<b>\$1,207,576</b>	<b>\$1,370,881</b>	<b>\$1,006,684</b>	<b>\$1,007,850</b>
<b>12 Mo. Difference Vs. 1996 Principal Renewal</b>				<b>(\$365,197)</b>	<b>(\$363,031)</b>
<b>24 Mo. Difference Vs. 1996 Principal Renewal</b>					<b>(\$726,061)</b>
<b>DENTICARE - DENTAL</b>					
No rate change 10/1/97 - 9/30/98					
<b>GUARANTEED LIFE - Life AD &amp; D, and Supplemental Life</b>					
No rate change 10/1/97 - 9/30/98					

NOTE: POS plan was not available under Principal