

To: **Mayor and City Council**
 Through: **Nate Burkett, City Manager**
 From: **Debra Gieseke, Human Resources Director**
 Date: **2021**

2022 Employee Benefit Renewal and City Contribution Changes for General Services Employee Groups

BACKGROUND INFORMATION:

Employers are required to have an annual open enrollment period that allows employees to make changes to their benefit insurance coverages. To begin this annual process, our insurance brokerage presents the proposed medical rates they were provided by the current benefit carrier. Upon review, we may request the broker to go out for bid based on proposed rate increases. We then review these rates with the Labor Management Committee.

INSURANCE RENEWAL PROCESS FOR 2022

This past July, the City received information from NFP [insurance broker] of a proposed 20% rate increase for our medical coverage. The decision was made to go out to market to secure alternative bids. We received bids from multiple carriers. The City presented the options to the employees and our Labor Management Group. The group chose Sourcewell. This change allows employees to choose an option that fits their personal situation versus the same option for all employees.

You can read more about the Sourcewell insurance pool at this [link](#). In order to join the Sourcewell pool the City must agree to participate in their joint powers agreement. There is no cost to joining the joint powers. That agreement is currently on the consent agenda of the regular meeting for Council approval.

The City proposes to adopt the following medical insurance coverages:

<u>HSA/VEBA Plan \$1,400/\$2,800 deductible;</u>			<u>HSA/VEBA Plan \$2,800/\$5,600 deductible</u>		
	2022	2022 City	2022	2022 City	
<u>Monthly</u>	<u>Premiums</u>	<u>Contribution</u>	<u>Premiums</u>	<u>Contribution</u>	
Employee	\$ 920.00	\$ 805.00	\$ 838.00	\$ 805.00	
Employee+1	\$1,486.00	\$1,000.00	\$1,358.00	\$1,000.00	
Family	\$2,146.00	\$1,300.00	\$1,953.00	\$1,000.00	
<u>HSA/VEBA Plan \$3,650/7,200 deductible;</u>			<u>HSA/VEBA Plan \$7,050/\$14,000 deductible</u>		
	2022	2022 City	2022	2022 City	
<u>Monthly</u>	<u>Premiums</u>	<u>Contribution</u>	<u>Premiums</u>	<u>Contribution</u>	
Employee	\$ 796.00	\$ 796.00	\$ 675.00	\$ 675.00	
Employee+1	\$1,292.00	\$1,000.00	\$1,102.00	\$1,000.00	
Family	\$1,856.00	\$1,300.00	\$1,572.00	\$1300.00	

The City contributions to the HSA/VEBA plans remain the same for 2022.

Dental Insurance. The City also had an RFP completed for our Dental Insurance to provide alternate options. Current coverage is through CIGNA DHMO.

This past October, we were made aware that Cigna was having coverage issues with the main dental clinic our employees utilize. We presented the options available to the Labor Management Committee and a decision was made to change to Delta Dental. This carrier provides the largest network available which ensures our employees will have options for coverage. The City has agreed to contribute between \$15 and \$35 per month for the dental premiums.

Life Insurance – The City remains with Sun Life Financial for our life insurance options. There was a minimal price increase for the coverage. To remain competitive in our offerings, the City increased the maximum life coverage option for the employees.

Short-term Insurance – The City moved to Sun Life Financial as the provider. This allows a smooth transition between the short-term and long-term claims. The City also proposed a 14 day waiting period for any injury/illness versus the current 30 day waiting period.

Long-term Insurance – Sun Life Financial. We remain with Sun Life Financial for our long-term insurance. We received a slight decrease in our rates for 2022.

Vision Insurance – AVESIS. We remain with the same carrier with a slight rate increase for 2022.

FISCAL IMPACT:

The fiscal impact to the City for the 2022 employee insurance renewal for the General Services employee groups come from the increased cost from the medical insurance plan.

		Amount
Fund:	101	\$
Department:	ALL	
Account:	40131	

STAFF RECOMMENDATION: