CITY CLERK'S OFFICE MEMO
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To: Mayor and City Council

From: City Clerk, Kari Graber

Date: November 1, 2019

RE: 2019 Employee Benefits Brokerage Firms and 2020 Benefit Renewal

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Description of Agenda Item:
Award contract for Employee Benefits Brokerage and Consulting Services.

Background
A request from the Compensation Committee had us look to see if there were any savings with our current Brokers Fees. True North is the City's current benefits broker and has been for the past 13+ years.

City Staff held meetings with True North, Acumen, and Benefit Solutions to determine if there would be a cost savings between the three (3) brokerages' abilities to go to market for insurance premiums.

Recommendation
Through our review process we determined all three (3) brokerage firms are qualified to serve as the City's benefits broker. They all have the ability to provide standard services such as: strategic planning, benefits audits, claims and self-funding analysis, benchmarking, and working with insurance carriers in the market to design plan options on the City's behalf. All of the brokers offer extra amenities to their clients including: legal, benefits and HR compliance bulletins, alerts and seminars, online portals, sponsorship of employee training and wellness related events, and employee assistance with insurance and claims inquiries.

Each brokerage firm offered two options when setting their pay structure: (1) a commission charged on all lines of insurance offered by the employer or (2) a fixed annual consulting fee. For example, the brokerage would charge a per employee / per month fee on the medical insurance and a standard insurance commission on the other lines of coverage (dental, life, vision, etc.); generally, the same amount set by the insurance carriers. In their proposals, the brokerage firms stated they were open to negotiating fees with the City as each one has the ability to set their own commissions for groups over 50 employees. Staff agreed North Risk Partners Benefit Solutions provided the lowest responsive, responsible quote and the City is receiving a yearly cost savings of approximately $11,400. There are some hoops we need to jump through to move from one broker to another however we believe we can make that happen to meet our December 1 deadline.

Annual Broker Fees			
North Risk Partners Benefit Solution	Accumen	True North	
$13,562	$15,000-$18,000	$26,177	

Health BC/BS

Health BC/BS renewal-a 6.9% increase ($32,983.50) with switching brokerage to North Risk Partners brings this percentage down to 4.2% increase. We will be asking council to approve at our November 6 meeting to meet the December 1 deadline for coverage.

We did review three (3) other plans from BC/BS, UHC-John Deere in the renewal process each more than doubled our risk exposer in which we are not prepared for and only provided a savings of $1,945.80 or increased our cost by an additional $130,000. Currently our partial self-funding is on target to save us $100,000.

Staff also looked into the possibility of becoming fully self-insured. At this time, we do not recommend it due to our size and lack of understanding of our employee population and their overall health risks. Prior to considering becoming fully self-insured there are steps that need to be taken such as health risk assessments, bio-metrics and lab health screening to fully understand our population risk. This is something that we will considering reviewing annually.

Delta Dental-

$2,003.76 increase. ($39,981.12 to $41,984.88) Traditionally we hold this premium for three years.

Lincoln Group (Life, Short- & Long-Term Disability, -

Remains the same $1,601.10.

Vision-

100% employee cost with a 2.99% increase.

FSA-

No changes for 2020 claim year with a monthly service fee of $4.95 per participant. Average employee count is 6. The overall cost to the city annually is a $100 after reimbursements.

Thank you for your consideration of this matter! If you have any questions please don't hesitate to ask.

DRAFT

RESOLUTION NO. 19-
City Council

RESOLUTION APPROVING AWARD OF CONTRACT FOR EMPLOYEE BENEFITS BROKERAGE AND CONSULTING SERVICES

WHEREAS, members of the Compensation Committee made a recommendation to solicit proposals for Employee Benefits Brokerage and Consulting Services, and

WHEREAS, after receiving and reviewing proposals and holding interviews with the three (3) companies who submitted proposals for Employee Benefits Brokerage and Consulting Services, Compensation Committee members recommend the responsive responsible proposal as follows:

Company	Annual Compensation Rate
Benefit Solutions of Hiawatha, Iowa	$13,562.00

, and

WHEREAS, payment of the annual compensation rate in connection with Employee Benefits Brokerage and Consulting Services is part the insurance premium billing, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA to approve Employee Benefits Brokerage and Consulting Services with Benefit Solutions of Hiawatha, Iowa at a total annual compensation rate of $13,562.00 for all lines of employee insurance.

AYES:
NAYS:

PASSED AND APPROVED this 6th day of November, 2019.

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Bill Bennett, Mayor

ATTEST:

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Amy Scheer, Deputy City Clerk

DRAFT

RESOLUTION NO. 19-
City Council

RESOLUTION APPROVING EMPLOYEE HEALTH INSURANCE, EMPLOYEE DENTAL INSURANCE, AND EMPLOYEE FLEX SPENDING PLAN FOR THE 2020 PLAN YEAR

BE IT RESOLVED BY THE CITY COUNCIL OF HIAWATHA, IOWA, that the City Clerk be authorized to enter into agreements for the renewal of the following employee benefits for the 2020 plan year: Wellmark Blue Cross / Blue Shield Blue Advantage Health Insurance, Delta Dental Insurance, and Flexible Spending Plan with Wellmark Inc. / WageWorks.

AYES:
NAYS:

PASSED AND APPROVED on this 6th day of November, 2019.

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Bill Bennett, Mayor

ATTEST:

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Amy Scheer, Deputy City Clerk