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City Clerk's Office
Hiawatha City Hall
101 Emmons Street
Hiawatha, Iowa 52233

Memo

To: Mayor and City Council

From: Kelly Kornegor, City Clerk

Date: October 17, 2018

Re: Employee Benefits Renewal – Health Insurance, Dental Insurance, and Flex Spending

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Health Insurance Renewal for 2019 Plan Year

Renewing our current Blue Advantage HMO health insurance plan with Wellmark Blue Cross and Blue Shield would be a 4.42% or $22,432.68 annual increase.

True North gave us a couple of options that include increasing our partial self-funding to keep the premium costs lower. The only change employees will see is a copay increase from $25 to $30.

Our history of participating in a partial self-funding program has been very favorable. For plan year 2017, were able to save $223,468, off the total cost in premiums by partial self-funding versus purchasing a fully insured plan with the same deductibles.

This year, the partial self-funding program has generated a savings of $85,311 from January through August. Keep in mind we will not see as great of a cost savings in 2018, because we switched to Blue Advantage HMO plan last year, so our premiums and total cost per employee went down.

For plan year 2019, there are two options to renew our employee health insurance with minimal change to our current plan ($5 increase to copay), and with both options, the city would experience a cost reduction from plan year 2018.

Plan Option 1: 0.62%, $3,140.52 annual premium cost reduction by increasing partial self funding for annual deductible from $2,000 single plan / $6,000 family plan to $2,500 single plan / $7,500 family plan, and increasing annual out of pocket maximum from $6,000 single plan / $12,000 family plan to $6,350 single plan / $12,700 family plan.

Plan Option 2: 3.84%, $19,500.84 annual premium cost reduction by increasing our partial self funding for annual deductible from $2,000 single plan / $6,000 family plan to $3,000 single plan / $9,000 family plan, and increasing annual out of pocket maximum from $6,000 single plan / $12,000 family plan to $6,350 single plan / $12,700 family plan.

Staff Recommendation: Renew the employee health insurance with Wellmark Blue Cross and Blue Shield choosing Plan Option 2 with a total annual premium cost reduction of $19,500.84, for plan year 2019.

Dental Insurance
The City received a 0% annual increase to keep our current plan with Delta Dental.

Staff Recommendation: Renew the employee dental insurance with Delta Dental for plan year 2019. This is the most known and widely accepted dental insurance in Iowa, and there is no increase in cost to keep our current plan.

Flex Spending
With City Council approval, we will continue to offer a flex spending plan with health care maximum of $2,650 and dependent care plan maximum of $5,000 for plan year 2019. These levels are set by the IRS.

The flex spending plan is 100% funded by employee payroll contributions and a 3rd party company administers the plan. The only cost to the city to offer this plan to employees is a monthly service fee of $4.95 per participant.

Thank you for your consideration of this matter. Please let me know if you have any questions.

DRAFT

RESOLUTION NO. 18-
City Council

RESOLUTION APPROVING EMPLOYEE HEALTH INSURANCE, EMPLOYEE DENTAL INSURANCE, AND EMPLOYEE FLEX SPENDING PLAN FOR THE 2019 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 2019 plan year: Wellmark Blue Cross / Blue Shield Blue Advantage Health Insurance, Delta Dental Insurance, and Flexible Spending Plan with Wellmark Inc. / WageWorks.

AYES:
NAYS:
ABSENT:

PASSED AND APPROVED on this 17th day of October, 2018.

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Bill Bennett, Mayor

ATTEST:

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Kelly Kornegor, City Clerk