



2020-2021 PLAN YEAR BENEFITS RENEWAL

RS-20-056

June 23, 2020

Background

- Historically the City has contributed a portion of the medical and dental premiums for employees that choose to elect these benefits.
- Our current providers for these coverages are United Healthcare (UHC) and Lincoln respectively.
- We currently have 927 employees participate in our medical plans, and 1157 employees participate in our dental plans.

Background Continued...

- Additionally, the City has the option to renew with current providers or go out to market for bids annually for all employee benefits.
- Due to the current benefit market place and the City's recent experience and high benefit utilization, the City sought renewal information for the coming fiscal year versus requesting bids from multiple vendors.

Renewal Plan Changes

4

- Medical Plan 1: HDHP will not have any plan changes.
 - ▣ The City's HSA contribution will be increased from \$86.46 to \$112.75, monthly.
- Medical Plan 2: PPO will have the following plan changes:
 - ▣ The Individual Annual Deductible will increase from \$2,500 to \$3,500;
 - ▣ The Family Annual Deductible will increase from \$5000 to \$10,500;
 - ▣ The Individual Out of Pocket Max will increase from \$6,600 to \$8,150;
 - ▣ The Family Out of Pocket Max will increase from \$13,200 to \$16,300;
 - ▣ The copay for a primary care visit will increase from \$20 to \$25;
 - ▣ The copay for a specialist visit will increase from \$35 to \$50; and
 - ▣ The copay for an emergency room visit will increase from \$200 +30% to \$650.
- There will be no plan design changes to the dental plans.

Renewal Costs

- The City will continue to contribute to employee medical plan premiums. However, this year will be varying its contribution by plan to better absorb the increase for employees.
 - ▣ No employee will have an increase of more than \$17 per month for their medical premiums, no matter the plan selected.
 - ▣ The City will increase its monthly contribution towards the HSA for Plan 1 from \$86.46 to \$112.75.
- The City will continue to contribute to employee dental plan premiums.
 - ▣ The City will increase its monthly contribution to dental premiums from \$22.98 to \$24.70.
- All other ancillary products will renew without an increase to premium unless age dictates an increase (e.g. voluntary life insurance premium is based upon age).

Medical Plan Premium Changes

	FY20 Employee Monthly Premium	FY21 Employee Monthly Premium	Employee Increase	FY20 Employer Monthly Premium	FY21 Employer Monthly Premium	Employer Increase	FY20 Employer Monthly HSA Contribution	FY21 Employer Monthly HSA Contribution	Employer Increase
<i>Medical Plan I (HDHP w/HSA)</i>									
Employee Only	\$0.00	\$0.00	\$0.00	\$342.20	\$376.06	\$33.86	\$86.46	\$112.75	\$26.29
Employee/Spouse	\$464.98	\$479.38	\$14.40	\$342.20	\$407.66	\$65.46	\$86.46	\$112.75	\$26.29
Employee/Children	\$150.70	\$157.12	\$6.42	\$342.20	\$384.54	\$42.34	\$86.46	\$112.75	\$26.29
Employee /Family	\$597.54	\$611.14	\$13.60	\$342.20	\$421.56	\$79.36	\$86.46	\$112.75	\$26.29
<i>Medical Plan II (Co-Pay)</i>									
Employee Only	\$10.00	\$25.00	\$15.00	\$428.66	\$455.32	\$26.66	NA	NA	NA
Employee/Spouse	\$607.02	\$615.22	\$8.20	\$428.66	\$518.80	\$90.14	NA	NA	NA
Employee/Children	\$203.76	\$220.04	\$16.28	\$428.66	\$472.44	\$43.78	NA	NA	NA
Employee /Family	\$777.06	\$783.64	\$6.58	\$428.66	\$536.56	\$107.90	NA	NA	NA

Dental Plan Premium Changes

	FY20 Employee Monthly Premium	FY21 Employee Monthly Premium	Employee Increase	FY20 Employer Monthly Premium	FY21 Employer Monthly Premium	Employer Increase
<i>Dental Plans</i>						
<i>Low Plan (Orthodontia to age 26)</i>						
Employee Only	\$0.00	\$0.00	\$0.00	\$22.98	\$24.70	\$1.72
Employee/Spouse	\$22.90	\$24.62	\$1.72	\$22.98	\$24.70	\$1.72
Employee/Children	\$27.30	\$29.36	\$2.06	\$22.98	\$24.70	\$1.72
Employee /Family	\$55.18	\$59.32	\$4.14	\$22.98	\$24.70	\$1.72
<i>Dental Plans</i>						
<i>High Plan (Orthodontia any age)</i>						
Employee Only	\$4.22	\$4.54	\$0.32	\$22.98	\$24.70	\$1.72
Employee/Spouse	\$31.30	\$33.66	\$2.36	\$22.98	\$24.70	\$1.72
Employee/Children	\$36.50	\$39.24	\$2.74	\$22.98	\$24.70	\$1.72
Employee /Family	\$69.50	\$74.72	\$5.22	\$22.98	\$24.70	\$1.72

Staff Considerations

- (1) To consider renewing the contract with UHC with no changes to the HDHP or PPO offerings for a medical premium increase of 14.8%, renewing the contract with Lincoln for a dental premium increase of 7.5%, with the City remaining in a defined contribution model.
- (2) To consider renewing the contract with UHC with no changes to the HDHP offering but with significant changes to the PPO offering for a medical premium increase of 9.6%, renewing the contract with Lincoln for a dental premium increase of 7.5%, with the City remaining in a defined contribution model.
- (3) To consider renewing the contract with UHC with no changes to the HDHP offering but with significant changes to the PPO offering for a medical premium increase of 9.6%, renewing the contract with Lincoln for a dental premium increase of 7.5%, with the City changing to a variable contribution model.

Staff Recommendation

Staff recommends that the City Council recommend to the Employee Benefits Trust renewing with United Healthcare for the employee medical plans with a premium increase of 9.6% and with Lincoln for employee dental plans with a premium increase of 7.5% for benefits effective October 1, 2020.