INDIANOLA MUNICIPAL UTILITIES

IMU

Electric • Communications • Water

IMU Board of Trustees of the
Electric, Water and Communications Utilities
May 20, 2019
Special Meeting
City Hall Council Chambers
5:30 p.m.

Agenda

1. Call to Order

2. Roll Call

3. Combined Electric, Water and Communications Utilities Action Items

   A. Health Insurance Renewals Resolution approving health insurance benefits for the employees of the Indianola Municipal Utilities

4. Other Business

5. Adjourn

IMU Regular Downstairs **3.A.**

Meeting Date: 05/20/2019

Information

Subject

Resolution approving health insurance benefits for the employees of the Indianola Municipal Utilities

Information

The Board will need to consider the resolution (packet) approving the health plan with a health savings account plan and appropriate renewals for dental, vision, short term disability, long term disability and life insurance (packet).

Staff is recommending the following (memo):

- Health Insurance - Wellmark
- Dental - Metlife
- Vision - Avesis
- Life & Disability Coverage - Mutual of Omaha

Roll call is in order.

Fiscal Impact

Attachments

Information & Resolution

HEALTH INSURANCE INFORMATION
FOR
IMU BOARD OF TRUSTEES MEETING
MONDAY May 20, 2019

The following bullet points, and attached documents, are provided to supplement the Health Insurance discussion that occurred at IMU's Board of Trustees Meeting May 13, 2019.

- **Wellmark does have actuaries on staff**
- **The actuaries determine the factors that go into renewals**
- **Actuaries do not look at individual cases, they look at SIC codes/categories**
    - **For example; actuaries look at how all municipalities are running in general.**
- **Underwriters take into account the factors that actuaries set in determining where to set the Expected and Maximum Rates on a specific group**
- **The City/IMU buy specific Stop Loss to stop each individual claim at $50,000**
- **The City/IMU buys Aggregate Stop Loss to stop ALL claims at 125% of Expected costs**
- **When a group sets rates you want them to be set somewhere between Expected and Maximum costs**
- **5 out of 6 years the Fund Balance will grow**
    - **If you set rates at Maximum cost and that one year your group has a bad year, then the Fund Balance will be neutral as you had already funded to the Maximum exposure**
- **City & IMU Staff recommend we maintain employee contributions at their present rate for the second consecutive year in recognition of employee's due diligence and commitment to wellness. We also recognize the stabilization of employee contributions improves employee**

morale, while being sensitive to the need to discuss the level of employee contributions more thoroughly next year.

- **On May 23, 2018 the Indianola City Council & IMU's Board of Trustees met in Special Joint Session to hear the presentation of Gail Steffen, V-P Holmes Murphy, and Melissa McCoy City HR Director regarding renewal of Health, Dental, Vision, Life/AD&D, Short and Long-Term Disability. Perhaps consideration should be given to conducting a similar meeting next year, and possibly future years.**

FY19/20 Insurance Renewal

Wellmark Expected Premiums

	Members	Cost/Member	Annual Expected
Single	26	511.33	159,535
EE+Spouse	18	1,047.20	226,195
EE+Child	5	967.95	58,077
Family	48	1,569.27	903,900
			$ 1,347,707

Wellmark Expected Claims

	Members	Cost/Member	Annual Expected
Single	26	363.04	113,268
EE+Spouse	18	743.50	160,596
EE+Child	5	687.23	41,234
Family	48	1,114.17	641,762
			$ 956,860

Wellmark Maximum Premiums

	Members	Cost/Member	Annual Expected
Single	26	602.09	187,852
EE+Spouse	18	1,233.08	266,345
EE+Child	5	1,139.76	68,386
Family	48	1,847.81	1,064,339
			$ 1,586,922

Wellmark Maximum Claims

	Members	Cost/Member	Annual Expected
Single	26	453.80	141,586
EE+Spouse	18	929.38	200,746
EE+Child	5	859.04	51,542
Family	48	1,392.71	802,201
			$ 1,196,075

IMU Staff Recommended Premiums

	Members	Cost/Member	Annual Expected
Single	26	605.00	188,760
EE+Spouse	18	1,124.00	242,784
EE+Child	5	1,004.00	60,240
Family	48	1,647.00	948,672
			$ 1,440,456

Wellmark's Total Annualized Expected Costs	$1,347,707
Wellmark's Total Annualized Maximum Costs	$1,586,922

Worst Case Scenario

Recommended Premiums	1,440,456
Max Claims	(1,196,075)
Admin Costs	(85,205)
Spec Premium	(295,086)
Fixed Costs	(10,557)
Max Impact to Fund 820	**$ (146,467)**

HOLMES MURPHY

City of Indianola
Medical & Rx Insurance Renewal / Comparison

		Wellmark $50K Specific Wellmark Current	Wellmark. Actual	Wellmark $50K Specific Wellmark Renewal
		$2,700 QHDHP		$2,700 QHDHP
ADMINISTRATION (fixed) COSTS				
- Medical, PBM & COBRA	97	$44.74		$46.25
- Network Access Fee	97	$6.95		$6.95
- Broker Fee	97	$20.00		$20.00
Administrative Total Per Person		$71.69		$73.20
Monthly Administrative Costs		**$6,954**		**$7,100**
Annual Administrative Costs		**$83,447**	**$83,447**	**$85,205**
SPECIFIC STOP LOSS				
Specific Deductible		$50,000		$50,000
Contract Type		24/12		24/12
SPECIFIC PREMIUM				
- Single	26	$241.58		$253.51
- Employee + Spouse	18	$241.58		$253.51
- Employee + Child(ren)	5	$241.58		$253.51
- Family	48	$241.58		$253.51
Monthly Specific Premium	**97**	**$23,433**		**$24,590**
Annual Specific Premium	**97**	**$281,199**	**$281,199**	**$295,086**
AGGREGATE STOP LOSS				
AGGREGATE PREMIUM				
Risk Corridor		125%		125%
Per employee per month	97	$9.07		$9.07
Monthly Aggregate Premium		$880		$880
Annual Aggregate Premium		**$10,557**	**$10,557**	**$10,557**
Total Annual Stop Loss Costs		**$291,757**	**$291,757**	**$305,643**
Total Annual Fixed Costs		**$375,204**	**$375,204**	**$390,848**
VARIABLE COSTS				
AGGREGATE FACTORS				
Contract Type		24/12		24/12
EXPECTED CLAIMS				
- Single	26	$348.09	$674.03	$363.04
- Employee + Spouse	18	$712.90	$674.03	$743.50
- Employee + Child(ren)	5	$658.93	$674.03	$687.23
- Family	48	$1,068.29	$674.03	$1,114.17
MAXIMUM CLAIMS				
- Single	26	$435.11		$453.80
- Employee + Spouse	18	$891.11		$929.38
- Employee + Child(ren)	5	$823.66		$859.04
- Family	48	$1,335.35		$1,392.71
Annual Expected Claims		**$917,461**	**$784,571**	**$956,860**
Est. Aggregate Attachment Point		**$1,146,815**		**$1,196,075**
Minimum Attachment Point		**$1,146,815**		**$1,196,075**
TOTAL COSTS				
ACCRUAL RATES				
EXPECTED COSTS				
- Single	26	$492.01		$511.33
- Employee + Spouse	18	$1,007.64		$1,047.20
- Employee + Child(ren)	5	$931.37		$967.95
- Family	48	$1,509.98		$1,569.27
MAXIMUM COSTS				
- Single	26	$579.03		$602.09
- Employee + Spouse	18	$1,185.85		$1,233.08
- Employee + Child(ren)	5	$1,096.10		$1,139.76
- Family	48	$1,777.04		$1,847.81
TOTALS				
Total Annulized Expected Costs		$1,296,788	$1,159,775	$1,347,708
Total Annualized Maximum Costs		$1,526,142		$1,586,922
Percent Difference from Current				
Expected			-10.6%	3.9%
Maximum				4.0%

Notes

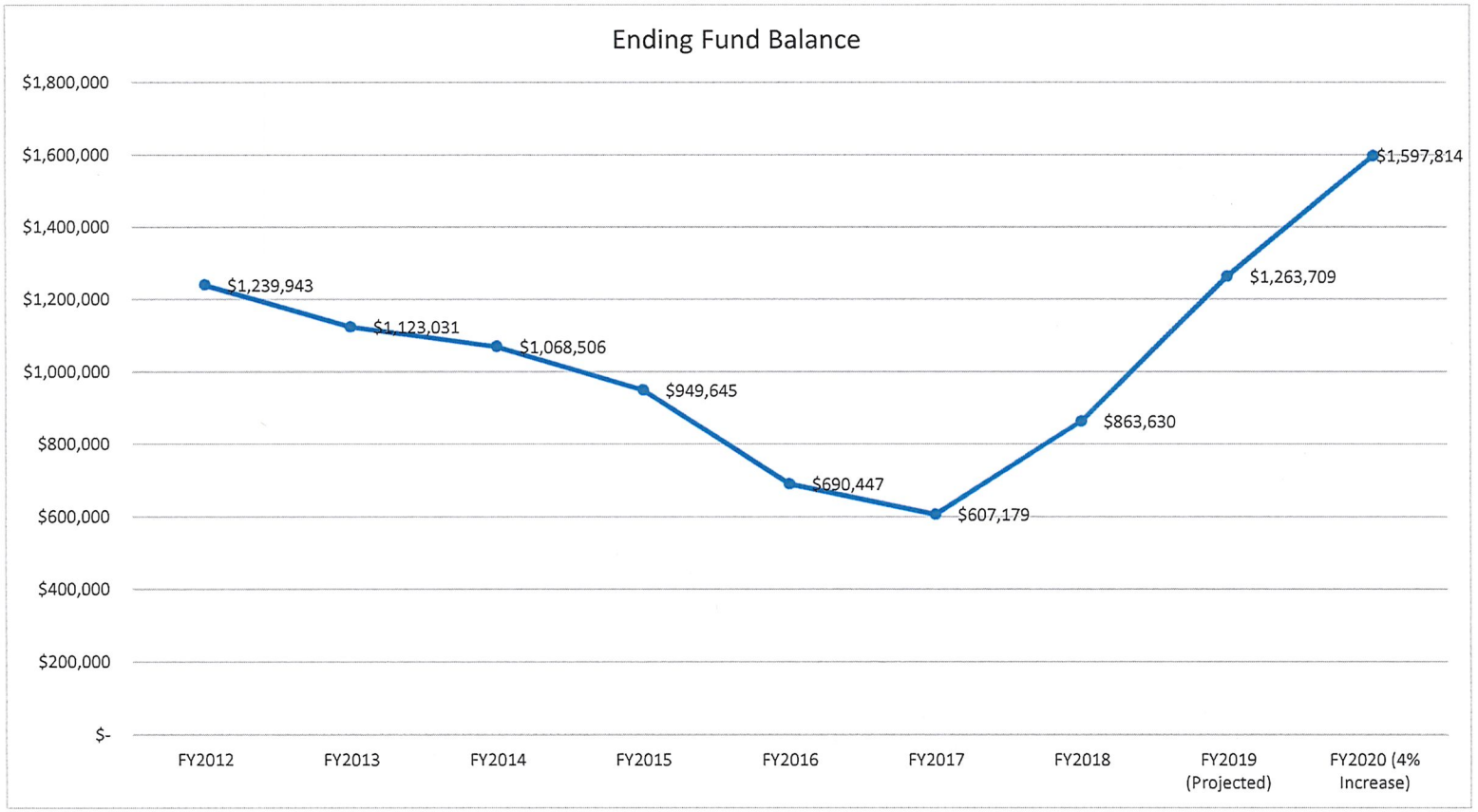
The above analysis is for illustrative purposes only. Please refer to contract and/or proposal for details.
Final rates are determined by many variables. See Disclosures Page for further details. Confidential & Proprietary

FY18-19				FY19-20	w 4% increase		
Status	Premium	Employer	Employee	Status	Premium	Employer	Employee
EE+Child	1,004.00	883.93	120.07	EE+Child	1,044.16	883.93	160.23
EE+Child	1,004.00	883.93	120.07	EE+Child	1,044.16	883.93	160.23
EE+Child	1,004.00	883.93	120.07	EE+Child	1,044.16	883.93	160.23
EE+Spouse	1,124.00	989.36	134.64	EE+Spouse	1,168.96	989.36	179.60
EE+Spouse	1,124.00	989.36	134.64	EE+Spouse	1,168.96	989.36	179.60
EE+Spouse	1,124.00	989.36	134.64	EE+Spouse	1,168.96	989.36	179.60
EE+Spouse	1,124.00	989.36	134.64	EE+Spouse	1,168.96	989.36	179.60
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Family	1,647.00	1,449.93	197.07	Family	1,712.88	1,449.93	262.95
Single	605.00	532.50	72.50	Single	629.20	532.50	96.70
Single	605.00	532.50	72.50	Single	629.20	532.50	96.70
Single	605.00	532.50	72.50	Single	629.20	532.50	96.70
Single	605.00	532.50	72.50	Single	629.20	532.50	96.70
Single	605.00	532.50	72.50	Single	629.20	532.50	96.70
Monthly	37,528.00	33,036.61	4,491.39	Monthly	39,029.12	33,036.61	5,992.51
Annual	450,336.00	396,439.32	53,896.68	Annual	468,349.44	396,439.32	71,910.12

Fund Balance Increase $ 18,013.44

Fund 820 Ending Fund Balance Chart

Fiscal Year	Ending Fund Balance	
FY2012	$	1,239,943
FY2013	$	1,123,031
FY2014	$	1,068,506
FY2015	$	949,645
FY2016	$	690,447
FY2017	$	607,179
FY2018	$	863,630
FY2019 (Projected)	$	1,263,709
FY2020 (4% Increase)	$	1,597,814



Fund 820-Health Insurance

ACCOUNT NUMBER	ACCOUNT TITLE	Actual FY 2016	Actual FY 2017	Actual FY 2018	Budget FY 2019	YTD FY 2019	Re-estimated FY 2019	Budget FY 2020
820-9300-47000	Health Insurance Reimbursement	-	8,854	256,925	-	160,079	160,079	-
820-9300-47001	Employee Co-Pay Health Insuran	108,488	95,644	162,481	160,794	130,325	150,000	184,069
820-9300-47002	COBRA Health Insurance	-	33,921	43,667	3,458	37,526	40,000	40,000
820-9300-47003	Health Insurance Premiums	1,211,424	1,288,560	1,142,842	1,685,642	1,118,764	1,220,000	1,700,000
820-9300-47100	Refunds/Reimbursements	23,317	2,930	1,131	30,000	47,588	50,000	-
820-9301-47003	Dental Insurance Premiums	804	527	-	69,250	-	-	-
820-9302-47003	Vision Insurance Premiums	24	19	-	11,097	-	-	-
		1,344,057	1,430,455	1,607,046	1,960,241	1,494,281	1,620,079	1,924,069

Fund 820-Health Insurance

ACCOUNT NUMBER	ACCOUNT TITLE	Actual FY 2016	Actual FY 2017	Actual FY 2018	Budget FY 2019	YTD FY 2019	Re-estimated FY 2019	Budget FY 2020
820-9300-64080	Insurance	1,558,615	1,471,447	1,313,667	1,849,894	1,022,017	1,200,000	1,586,922
820-9300-64990	Misc Contractual	17,290	14,953	36,017	27,000	17,841	20,000	3,042
820-9300-66990	Refund/Reimbursement	25	-	-	-	1,124	-	-
820-9301-64080	Dental Insurance	23,566	24,981	966	57,721	-	-	-
820-9302-64080	Vision Insurance	2,803	2,241	-	10,068	515	-	-
820-9900-69999	Budgeted Reserve	-	-	-	-	-	-	-
		1,602,300	1,513,623	1,350,650	1,944,683	1,041,497	1,220,000	1,589,964

Beginning Fund Balance	863,630	863,630	863,630	1,263,709
Revenues	1,960,241	1,494,281	1,620,079	1,924,069
Expenditures	1,944,683	1,041,497	1,220,000	1,589,964
Final Fund Balance	879,188	1,316,414	1,263,709	1,597,814

CITY OF INDIANOLA EST. 1849

— Human Resources —

Date: May 6, 2019

To: Mayor and Council & Board of Trustees

From: Melissa McCoy, Human Resources Director

CC: Ryan Waller, City Manager & Tom Gaffigan, General Manager

RE: Health Insurance Renewal

Health Insurance
The City of Indianola and IMU run on a fiscal year benefit plan year (July 1 – June 30). We currently have a qualified high deductible health plan with a health savings account (HSA). Our deductibles are $2700 for single and $5400 for all other tiers (EE+Spouse, EE+Child(ren), Family). Qualified high deductible health plans with an HSA option are governed by the IRS. For FY19/20, the IRS has mandated the single deductible to remain at $2700 and the other tiers to remain at a $5400 deductible.

For the last few months, staff has been working with our broker, Holmes Murphy, on health insurance renewals for FY19/20. Attached as Exhibit A is a document that shows our renewals. As you can see, our trend is positive and our fund balance in the 820 fund is improving. Employees have done a great job at managing the health plan. Because of their due diligence and commitment to wellness, Wellmark has only increased our rates by 4%. Therefore, we are recommending we stay with Wellmark for the new benefit plan year. We are further recommending keeping the premiums at the current rates: (Single: $605, EE+Spouse: $1124, EE+Child(ren): $1004, Family: $1647). Our goal is to have employee contributions at 12% of the premium however staff is currently recommending employee contributions remain flat which will cause contributions to be a percent or two below 12%.

According to the actuaries, these rates will be appropriate to cover claims, will help to properly fund the 820 fund and will provide employees with relief as their contributions will remain flat for a second consecutive year. This is important because as a self-insured plan, we need funds in our 820 fund to pay claims.

The City's Financial Policy regarding the Health Insurance Fund Balance currently says, "It is the City's goal to ensure the upcoming Fiscal Year health insurance fund balance is equal

to the preceding two fiscal years' claims average prorated to 6 months." Our fund balance as of the end of March is $1,163,827. In accordance with the current policy, this would equate to $494,754. However, at our most recent renewal meeting with our health insurance broker Holmes Murphy, it was recommended we have two years worth of claims in our fund. That would mean we would need $1,979,019 in the fund. Our goal is to get to that two year recommendation. It is important to have two years worth of claims in our fund because it could take up to two years for claims to be paid. City staff will be recommending an amendment to the policy to reflect two years worth of claims later this year.

Dental

Our current dental plan has a $1750 benefit maximum payout. For this plan, Metlife has increased our dental rates by 9% for FY19/20. Metlife is currently offering a plan with a $1500 benefit maximum payment for a 7.24% increase, see Exhibit B. Being that the average use for Iowa is $750, staff is recommending moving to the $1500 benefit maximum payout with a 7.24% increase. Staff budgeted a 7% increase for the dental plan.

Vision

Our current vision plan is through Avesis. Being that Avesis is only increasing rates by 3%, staff is recommending we stay with Avesis for the FY19/20 plan year; see Exhibit C. With this renewal, we will receive a rate guarantee of two years. Staff budgeted a 7% increase for the vision plan.

Other

Last year the decision was to move to Mutual of Omaha for life and disability coverage. At that time, they gave us a 2-year rate guarantee on the short-term disability plan and a 3-year rate guarantee on the long-term disability and life insurance plan. Therefore, our life and disability plans are staying the same as current year, see Exhibit D. These rates were budgeted for in the FY19/20 budget.

EXHIBIT B

City of Indianola
Voluntary Dental Insurance Renewal
Effective July 1, 2019

BENEFITS	MetLife Alternate 1	
DEDUCTIBLE	In Network	Out of Network
- Individual	$50	$75
- Family	$150	$225
COINSURANCE		
- Preventive	0%	20%
- Basic	20%	50%
- Major	50%	50%
CATEGORIZATION OF SERVICES		
- Periodontics (Maintenance)	Major Services	
- Periodontics (Surgery)	Major Services	
- Endodontics	Major Services	
- Simple Extractions	Basic Services	
- Complex Extractions / Oral Surgery	Major Services	
- Implants	Major Services	
ANNUAL MAXIMUM	**$1,500**	
LIFETIME ORTHODONTIA	50% to $1,500 - Child Only	
ELIGIBILITY/ENROLLMENT PROVISIONS		
- Annual Open Enrollment	Included	
- Timely Entrant Waiting Period	None	
- Late Entrant Waiting Period	Not Allowed	
- Dependent Age Limit	26,date dependent reaches limiting age	
- Orthodontia Age Limit	9, date dependent reaches limiting ag	

Rates	EEs	Alternate 1
Employee Only	24	$27.57
Employee + Spouse	17	$57.64
Employee + Child(ren)	3	$68.72
Family	43	$106.42
Monthly		**$6,423.78**
Annual		**$77,085.36**
Rate Change		**7.24%**

The above analysis is for illustrative purposes only. Please refer to contract and/or proposal for details.
Final rates are determined by many variables see Disclosures Page for further details. Confidential & Proprietary

EXHIBIT C

City of Indianola
Voluntary Vision Insurance Renewal
Effective July 1, 2019

BENEFITS	Avesis Current/Renewal	
BENEFIT COPAYMENTS	In Network	Out of Network
- Exam	$10 Copay	Up to $35
- Contact Lens Fitting and Evaluation	$25 Copay	See Below
- Materials	$25 Copay	See Below
FREQUENCY GUIDELINES		
- Examinations	12 Months	
- Frames	24 Months	
- Lenses	12 Months	
- Contacts	12 Months	
FRAME ALLOWANCE	$35 wholesale allowance up to $100	Up to $45
LENSE ALLOWANCE		
- Single Vision	100% after copay	Up to $25
- Bifocal	100% after copay	Up to $40
- Trifocal	100% after copay	Up to $50
- Lenticular	100% after copay	Up to $80
ELECTIVE CONTACT ALLOWANCE	Up to $110	Up to $110
Monthly	**$1,002.42**	**$1,032.56**
Annual	**$12,029.08**	**$12,390.72**
Rate Change		**3%**
RATE GUARANTEE	**Until 7/1/21**	

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Exhibit D

Non-Medical Review of Carriers

Life/AD&D Annual Premiums

Mutual	$7,175	*Rate guarantee until 7/1/21

Fully-Insured STD

Mutual	$24,786	*Rate guarantee until 7/1/20

LTD

Mutual	$15,979	*Rate guarantee until 7/1/21

Total for all Carriers

Mutual	$47,940

RESOLUTION NO. 2019-

RESOLUTION APPROVING HEALTH INSURANCE BENEFITS FOR THE EMPLOYEES OF THE INDIANOLA MUNICIPAL UTILITIES

WHEREAS, the Indianola Municipal Utilities of Indianola, Iowa, offers a comprehensive benefits package, which includes medical, dental, vision, short-term disability, long-term disability and life insurance; and

WHEREAS, working through its insurance broker, the Indianola Municipal Utilities, Indianola, Iowa, reviewed different insurance plan options; and

WHEREAS, upon direction from the IMU Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa will renew the qualified high deductible health plan with a health savings account plan and appropriate renewals for dental, vision, short term disability, long term disability and life insurance ("Plans").

WHEREAS, the Plans and costs for each are attached as Exhibit A, Exhibit B, Exhibit C and Exhibit D.

NOW, THEREFORE, BE IT RESOLVED by the IMU Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa, that:

1. The IMU Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa approve the health insurance plans and premiums presented; and
2. The Chairperson or General Manager are authorized to execute the necessary documents, as may be required by the insurance companies.

PASSED this

_____
Mike Rozga, Chairperson

ATTEST:

_____
Diana Bowlin, City Clerk