JOINT CITY COUNCIL AND IMU BOARD OF TRUSTEES MEETING

March 10, 2025
6:15 PM
City Council Chambers
110 N 1st St., Indianola, IA
Agenda

1. **Call to Order**
2. **Roll Call**
3. **Discussion and direction regarding health insurance renewals.**
4. **Adjourn**

City of Indianola/IMU

Joint Meeting – Benefit Renewals

March 10, 2025

HOLMES MURPHY®

Introduction and Disclosure

Thank you for partnering with Holmes Murphy and Associates. We appreciate the opportunity to explore product options on your behalf. Our focus is in strategic planning, implementation and maintenance of employee benefit plans.

- This proposal is based upon the financial and underwriting information provided by you. In the event there have been significant changes, or we are missing material data, we will need that information in order to forward it to underwriters. Any additional information may change the rates shown. This proposal is issued by the carrier as a courtesy and for the sake of expediency. Actual rates will depend upon underwriting and the final enrollment.
- This proposal is intended to be a summary of the premium costs of the plans under consideration. Please refer to the carriers' proposals for the actual terms, conditions, limitations, and exclusions.
- Never terminate your existing coverage until advised that replacement coverage has been confirmed by the replacement carrier.
- It is imperative we be informed of any employee or dependent who is hospitalized or otherwise disabled and not actively at work on the effective date of any new contract. Coverage may not be available for these individuals. It is imperative we be informed of any employee or dependent who is covered under your group's COBRA provision or retiree plan.
- This proposal is provided only for your internal use. No further use or distribution is authorized without our prior written consent.
- All insurance carriers have their own operating procedures. A change in carrier could, therefore, affect the way certain plan coverages are evaluated.
- As your insurance agent/broker, generally Holmes Murphy has access to many insurance companies to place your coverage. We have obligations to you as the purchaser and to the insurance company as determined in both statutory and case law. We may have authority to obligate the insurance company on your behalf. As a result we may be bound by the terms of our agreement with the insurance company. We typically receive compensation from the selling insurance company based on the agreement Holmes Murphy has with the company. That compensation may vary from company to company and also be impacted by the volume of business Holmes Murphy has with them, the profitability of that business, and other factors. You may
receive information about our compensation on any of the policies proposed by us, by asking us for the information.
- This proposal summary refers to A.M. Best Ratings in several places. It is Holmes Murphy's policy to place coverage with carriers who have a secure financial strength rating.

A.M. Best Company is the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders. A.M. Best's Rating is an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile. Best's Ratings are not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Complete information on A.M. Best can be found on their website: www.ambest.com

A.M. Best Ratings

Secure		
A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing obligations to policyholders
A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing obligations to policyholders
B++, B+	Very Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing obligations to policyholders
Vulnerable		
B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their current obligations to the policyholders,but are financially vulnerable to adverse changes in underwriting and economic conditions.
C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their current obligations to policyholders, but are financially vulnerable to adverse changes in underwriting and economic conditions.
C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their current obligations to policyholders but are financially extremely vulnerable to adverse changes in underwriting and economic conditions.
D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their current obligations to policyholders but are financially extremely vulnerable to adverse changes in underwriting and economic conditions.
E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) that have been placed by an insurance regulatory authority under a significant form of supervision, control or restraint where-by they are no longer allowed to conduct normal ongoing insurance operations. This would include conservatorship or rehabilitation but does not include liquidation. It may also be assigned to companies issued cease and desist orders by regulators outside their home state or country.
F	In Liquidation	Assigned to companies that have been placed under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company. Note: Companies that voluntarily liquidate or dissolve their charters are generally not insolvent.
S	Suspended	Assigned to companies that have experienced sudden and significant events affecting their balance sheet strength or operating performance and whose rating implications cannot be evaluated due to a lack of timely or adequate information.
Not Rated		
NR-1	Insufficient Data	
NR-2	Insufficient Size and/or Operating Experience	
NR-3	Rating Procedure Inapplicable	
NR-4	Company Request	
NR-5	Not Formally Followed	

AGENDA

- Medical Renewal & Budget
- Dental Renewal
- Vision Renewal
- Life & Disability Renewals

Financial Snapshot

	Covered Employees					Claims Paid					Admin	Claims/Admin	
Month	Single	EE+S	EE+C	Family	Total	Medical	Rx	Stoploss Reimbursements	Rx Rebates	Total Med/Rx	Invoice	TOTAL	Expected Claims/Admin
Jul-24	40	23	16	44	123	$126,794	$18,142	$0	$0	$144,936	$36,637	$181,573	$131,737
Aug-24	39	24	16	43	122	$62,658	$17,964	$0	($48)	$80,575	$36,339	$116,913	$130,666
Sep-24	36	28	16	44	124	$72,950	$17,086	$0	($18,457)	$71,579	$36,935	$108,514	$132,808
Oct-24	36	27	16	45	124	$69,764	$27,554	$0	$0	$97,318	$36,935	$134,253	$132,808
Nov-24	37	27	15	44	123	$82,193	$17,261	$0	$0	$99,454	$36,637	$136,091	$131,737
Dec-24	41	27	16	44	128	$83,025	$24,243	$0	($28,758)	$78,509	$38,126	$116,635	$137,092
Jan-25	38	26	17	43	124	$46,281	($642)	$0	$0	$45,640	$36,935	$82,574	$132,808
Feb-25													
Mar-25													
Apr-25													
May-25													
Jun-25													
Total	**267**	**182**	**112**	**307**	**868**	**$543,665**	**$121,609**	**$0**	**($47,263)**	**$618,011**	**$258,542**	**$876,553**	**$929,654**
PEPM						**$626.34**	**$140.10**	**$0.00**	**($54.45)**	**$711.99**	**$297.86**	**$1,009.85**	

	Average Claims & Admin	Accrual Rate
PEPM	**$1,009.85**	**$1,071.03**
Actual Compared to:		**94.3%**

Historical Analysis

	7/21-6/22	7/22-6/23	7/23-6/24	7/24-6/25
Medical Claims	$791,913	$873,799	$2,138,820	$543,665
Rx Claims	$152,108	$184,606	$173,324	$121,609
Stoploss Reimbursements	($9,239)	($45,597)	($1,119,351)	$0
Rx Rebates	($68,519)	($81,168)	($114,963)	($47,263)
TOTAL CLAIMS	$866,264	$931,639	$1,077,830	$618,011
TOTAL FIXED COSTS	$400,091	$431,192	$389,687	$258,542
TOTAL CLAIMS/FIXED COSTS	$1,266,355	$1,362,832	$1,467,517	$876,553
change to prior time period	15.0%	7.6%	7.7%	
ACCUMULATED LIVES	1,311	1,341	1,454	868
change to prior time period	3.6%	2.3%	8.4%	
CLAIM COST PEPM	$660.77	$694.73	$741.29	$711.99
change to prior time period	31.2%	5.1%	6.7%	-4.0%
CLAIM/FIXED COST PEPM	$965.95	$1,016.28	$1,009.30	$1,009.85
change to prior time period	10.9%	5.2%	-0.7%	0.1%
Specific Stoploss Deductible	$75,000	$75,000	$100,000	$100,000
contract	48/12	60/12	72/12	84/12
# of members exceeding Ded	2	3	1	0
ESTIMATED EMPLOYEE CONTRIBUTION	$206,398	$217,300	$229,460	$137,084
PEPM contribution	$157.44	$162.04	$157.81	$157.93
% of total	16.3%	15.9%	15.6%	15.6%
NET CLAIMS/FIXED COST minus EE CONTRIB	$1,059,957	$1,145,532	$1,238,056	$739,469
PEPM employer paid	$808.51	$854.24	$851.48	$851.92
Carrier Projected Claims/Fixed Costs	$1,732,453	$1,729,494	$1,833,634	$1,929,699
PEPM	$1,361.99	$1,334.49	$1,328.72	$1,296.84

2025 Medical Plan Design

- Single deductible and out-of-pocket changes required due to IRS minimums
- Family deductible and out-of-pocket changes recommended to keep similar pace between single/family tiers

	Current		Option 1 - Required		Option 2 - Recommended	
	$3,200 QHDHP		$3,300 QHDHP		$3,300 QHDHP	
BENEFIT OVERVIEW	**In-Network**	**Out-of-Network**	**In-Network**	**Out-of-Network**	**In-Network**	**Out-of-Network**
Deductible	Embedded		Embedded		Embedded	
Single	$3,200	$3,250	$3,300	$3,350	$3,300	$3,350
Family	$6,000	$6,300	$6,000	$6,300	$6,200	$6,500
Coinsurance	100% / 0%	80% / 20%	100% / 0%	80% / 20%	100% / 0%	80% / 20%
Out of Pocket Maximum						
Single	$3,200	$3,550	$3,300	$3,550	$3,300	$3,650
Family	$6,000	$7,700	$6,000	$7,700	$6,200	$7,900
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
BENEFIT HIGHLIGHTS						
Office Visits						
Physician	Deductible	Deductible, 20%	Deductible	Deductible, 20%	Deductible	Deductible, 20%
Specialist	Deductible	Deductible, 20%	Deductible	Deductible, 20%	Deductible	Deductible, 20%
Preventive Services	Paid In Full	Deductible, 20%	Paid In Full	Deductible, 20%	Paid In Full	Deductible, 20%
Hospital Services						
Inpatient/Outpatient	Deductible	Deductible, 20%	Deductible	Deductible, 20%	Deductible	Deductible, 20%
Urgent Care	Deductible	Deductible, 20%	Deductible	Deductible, 20%	Deductible	Deductible, 20%
Emergency Room	Deductible	Deductible	Deductible	Deductible	Deductible	Deductible
Mental Health / Substance Abuse						
Inpatient/Outpatient	Deductible	Deductible, 20%	Deductible	Deductible, 20%	Deductible	Deductible, 20%
Prescription Drugs	Blue Rx Value Plus		Blue Rx Value Plus		Blue Rx Value Plus	
Retail	Deductible		Deductible		Deductible	
Mail Order	Deductible		Deductible		Deductible	

Medical/Rx Renewal - Wellmark

Rates not yet final – will be finalized in early April

	2024 Costs	2025 Costs	$ Increase	% Increase	2024 Budget	2025 Actual
Total Fixed Costs	$446,790	$497,880	$51,090	11.4%		
Wellmark Expected Claims	$1,511,157	$1,511,126	-$30.72	0.0%		
Total Annual Expected Costs	$1,957,947	$2,009,006	$51,059	2.6%		
Total Annual Maximum Costs	$2,335,763	$2,386,791	$51,028	2.2%		
PEPM Expected	$1,305.30	$1,339.34	$34.04	2.6%	**$1,071.03**	**$1,009.85**

Based on 125 employees = EE: 38 / ES: 27 / EC: 16 / FA: 44

Administrative Fees:

- Medical admin fee increasing from $50.75 PEPM to $53.00 PEPM
- Network access and PBM fees remaining the same

Stop Loss Considerations

- Leverage trend – currently at 15%
- Specific premium increasing from $210.67 PEPM to $242.48 PEPM

Decisions Needed

PrudentRx

- Option to add PrudentRx drug program
  - Low specialty utilization currently equates to minimal savings, but proactive strategy
  - Estimated annual savings of $3,893

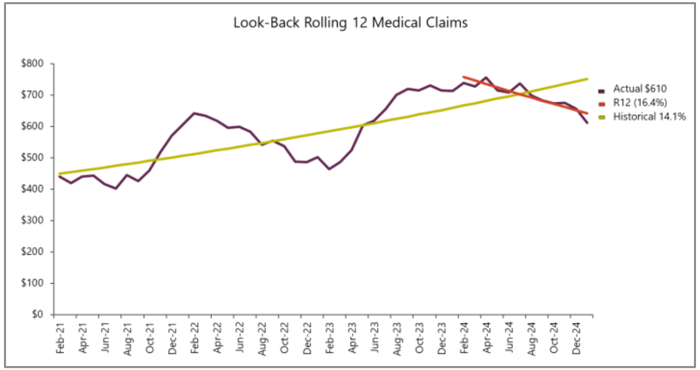
Pharmacy Rebate Credit

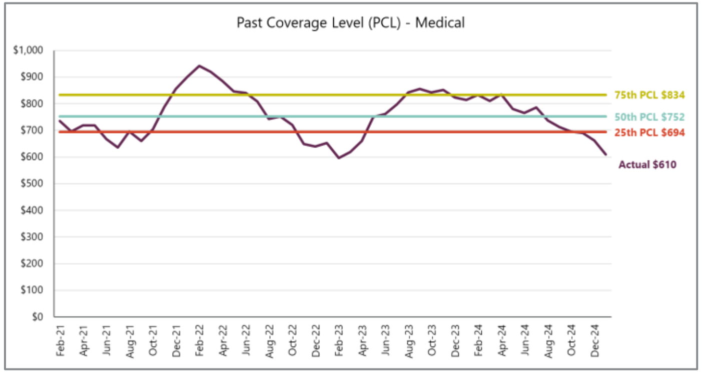
- Option to take Pharmacy Rebate Credit of $100 PEPM and forego actual rebates
  - Current rebates PEPM: $54.45 PEPM ($81,675 annually)
  - Historical rebates PEPM: $63.35 PEPM ($95,025 annually)
  - Annual Credit: $150,000

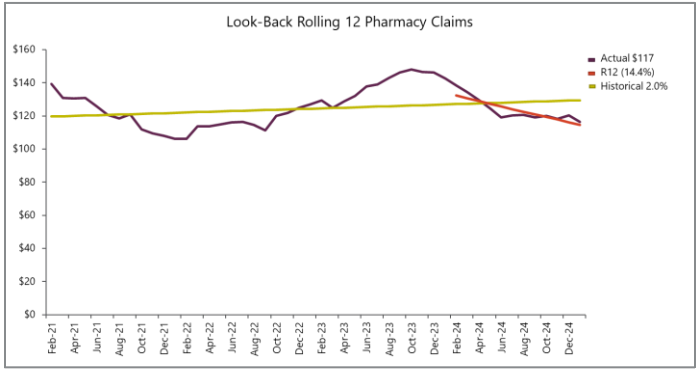
Family Deductible & Out-of-Pocket Maximum

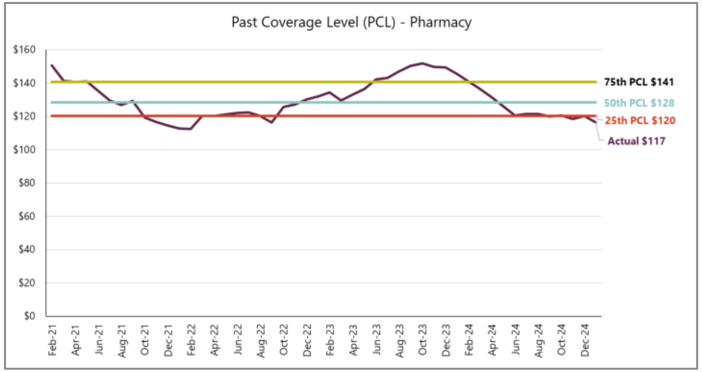
- Current: $6,000
- Recommended: $6,200

Past Coverage Levels









Budget Model Summary

	2024-25 Plan Year Current Med Trend at 8.25% & Rx Trend at 5.00% Current PCL 25th Med & 25th Rx		2025-26 Plan Year Prospective Med Trend at 8.25% & Rx Trend at 5.00% Prospective PCL 25th Med & 25th Rx		
	Budget	Reforecast	Projection	Projection w/ Changes	Difference
Average Headcount	**124**	**124**	**124**	**124**	
PEPM Gross Cost	$1,074	$1,022	$1,174	$1,133	($41)
PEPM EE Contributions	$157	$157	$157	$157	$-
PEPM Net Cost	$917	$865	$1,017	$976	($41)
Gross % Change To Budget		(4.9%)	9.3%	5.5%	*Cost // (Savings)*
Net % Change To Budget		(5.7%)	10.9%	6.4%	
Annual Gross Cost	$1,598,000	$1,521,000	$1,747,000	$1,686,000	($61,000)
Annual EE Contribution	$234,000	$234,000	$234,000	$234,000	$ -
Annual Net Cost	$1,364,000	$1,287,000	$1,513,000	$1,452,000	($61,000)
Gross $ Change To Budget		($77)K	$149K	$88K	*Cost // (Savings)*
Net $ Change To Budget		($77)K	$149K	$88K	

Wellmark Expected:
$1,339.34 PEPM
$2,009,006 Annual

2025 Projection Includes:
- $100/pay period HSA contribution
- Current Deductible
- Rx Rebate – Actual historical

2025 Projection with Changes Includes:
- $100/pay period HSA contribution
- Increased ded/OOPM
- Rx Rebate – $100 Credit

Decisions Needed

Specific Stop Loss Level

- Current: $100,000
- Option 1: $110,000 – estimated savings of $10,000 (fixed cost savings of $34,000)
- Option 2: $125,000 – estimated savings of $21,000 (fixed cost savings of $75,000)
- Recommended: Leave at $100,000

2025/2026 Medical Accrual

- Current: $1,074 PEPM / $1,598,000 Annual (based on average enrollment of 124)
- Option 1: $1,174 PEPM / $1,747,000 (based on average enrollment of 124) = 9.3% increase

Employee Contributions

- Current: Employees pay 17% of total premium
- Recommended: Keep employee rates flat

Decisions Needed

Reserve Balance

- Premium Holiday
- HSA Contributions – leave at $2,600 ($100 per pay period)

HSA Vendor

- Currently using TruBank – no annual fee, currently reviewing what investment options are available
- Quoted options through iSolved, HealthEquity and TASC that would allow for more robust investment options, but do have an annual fee (~$2,500-$3,500 annually)

Other Renewals

Dental

- Current Annual Spend: $115,393
- Renewal Annual Spend: $118,856 (3% increase over current)
- Recommended Action: Renew with Mutual of Omaha at a 3% increase

**Delta Dental quoted with a 27% increase over current*

Vision

- Current Annual Spend: $20,829
- Renewal Annual Spend: $22,914 (10% increase over current)
- Alternate Option: $19,530 (9% decrease over current)
- Recommended Action: Move to Delta Dental for a 9% decrease with plan enhancements

Other Renewals

Basic Life
- Current Annual Spend: $20,204
- Renewal Annual Spend: $20,204
- Recommended Action: Renew as-is with Mutual of Omaha

STD
- Current Annual Spend: $70,995
- Renewal Annual Spend: $70,995
- Recommended Action: Renew as-is with Mutual of Omaha

LTD
- Current Annual Spend: $28,597
- Renewal Annual Spend: $28,597
- Recommended Action: Renew as-is with Mutual of Omaha

Next Steps

Activity	Target Date
~~Pre-Renewal Meeting~~	~~January~~
~~Request Alternates/Marketing~~	~~January~~
~~Receive Renewals & Alternates~~	~~January~~
~~Renewal Negotiation & Prep~~	~~February~~
~~Renewal Meeting~~	~~March~~
Finalize Renewal Decisions & Budget	March/April
Open Enrollment Communications Finalized	May
Open Enrollment Meetings	May/June

Thank you.

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