IMU Board of Trustees and City Council Joint Meeting
May 23, 2018
City Hall Council Chambers
5:00 p.m.

Agenda

1. Call to Order
2. Roll Call
3. Update and direction regarding health insurance renewals
4. Update and direction regarding HRA
5. Other Business
6. Adjourn

IMU Regular Downstairs **3.**

Meeting Date: 05/23/2018

Information

Subject

Update and direction regarding health insurance renewals

Information

HR Director Melissa McCoy and a representative from Holmes Murphy will be present to review the information in your packet regarding health insurance, life insurance and HRA.

Fiscal Impact

Attachments

Information

CITY OF INDIANOLA EST. 1849

— HUMAN RESOURCES —

Date: May 23, 2018

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 & HRA's

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 $2600 for single and $5200 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 FY18/19, the IRS has mandated the single deductible increase to $2700 and others increase to a $5400 deductible.

For the last few months, staff has been working with our broker, Holmes Murphy, on health insurance renewals for FY18/19. 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. Holmes Murphy and staff will be present to review the attached information and our recommendation to take our renewal to Wellmark. We are further recommending keeping the premiums at the current rates (Single: $605, EE+Spouse: $1,124, EE+Child(ren): $1,004, Family: $1,647). According to the actuaries, these rates will be appropriate to cover maximum 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.

Dental and Vision

Staff is recommending our dental and vision plans remain the same. Last year we moved to Metlife Dental for two reasons: 1) it provided a higher benefit maximum payout to employees, and 2) it provided lower costs to the City/IMU with a rate cap of 6%. Therefore, our dental renewal is increasing by no more than 6%, or $2,050/yr, for FY18/19. Last year the decision was to stay with Avesis for our vision plan. At that time, they gave us a 2-year rate guarantee. Therefore, our vision renewal is staying the same as current year. Both of these renewals and the rates were budgeted for in the FY18/19 budget.

Other

Also attached, as Exhibit B, is a document that shows renewals for our life insurance, long-term disability and short-term disability insurance programs. Staff is recommending moving to a new insurance carrier, Mutual of Omaha. We are recommending this move as it will allow the same benefit coverage and pricing for the employees while resulting in a savings to the City and IMU of $5,569. While it is not the lowest cost option, it is providing us with a 2-year rate guarantee on short-term disability and a 3-year rate guarantee on life and long-term disability.

HRA's

The City of Indianola has maintained an HRA program in place for many years. As previously mentioned, the purpose of the HRA program was to help employees pay for dental and vision expenses. This was due to a dental and vision plan not being offered. Employees were also told they can use their HRA to help pay for medical expenses upon retirement. This is not the correct vehicle for an HRA as an HRA is owned by the employer and typically the employer takes back any unused funds at the end of each year. Our plan was not developed this way.

Last July, we introduced the HSA with our new health insurance plan. Employees may use an HSA to help pay for medical, dental, vision and prescription expenses. HSA's are better for employees because the employees own the funds and are more convenient for employees as employees have an HSA debit card to use to pay for expenses and do not need to submit for reimbursement. With the HSA's in place, we need to eliminate the HRA accounts as we pay monthly fees on each of these accounts.

We have HRA accounts for active, terminated and retired employees. The total outstanding balance on these accounts is $233,027. This is a combined total between the City and IMU. The City's balance is $141,680 and IMU's balance is $91,347.

Staff will review our HRA program and discuss options for reducing and eliminating employee, retiree and terminated employee balances. Staff will present and request direction on options.

EXHIBIT A

City of Indianola
Medical & Rx Insurance Renewal / Comparison
Effective July 1, 2018

HOLMES MURPHY.

		UMR $50K Specific HCC Tokia Marine Current $2,600 QHDHP	UHC Actual	UMR $50k Specific HCC Tokia Marine Initial Renewal - Lasers $2,700 QHDHP	UMR $50k Specific HCC Tokia Marine Initial Renewal - No New Lasers $2,700 QHDHP	Wellmark Self-Funded Blue Access $50k Specific Wellmark Alternate Quote $2,700 QHDHP	Wellmark Self-Funded Alliance Select $50k Specific Wellmark Alternate Quote $2,700 QHDHP	UMR $50k Specific SunLife Alternate Quote - Lasers at Renewal $2,700 QHDHP	UMR $50k Specific SunLife Alternate Quote - No New Lasers at Renewal $2,700 QHDHP
ADMINISTRATION (fixed) COSTS									
- Medical, PBM & COBRA	88	$18.91		$18.91	$18.91	$44.76	$44.76	$18.91	$18.91
- Network Access Fee	88	$16.87		$16.87	$16.87	$6.95	$6.95	$16.87	$16.87
- Stoploss Interface Fee	88	$1.20		$1.20	$1.20			$1.20	$1.20
- Care Management	88	$7.85		$7.85	$7.85			$7.85	$7.85
- Broker Fee	88	$20.00		$20.00	$20.00	$20.00	$20.00	$20.00	$20.00
Administrative Total Per Person		$64.83		$64.83	$64.83	$71.71	$71.71	$64.83	$64.83
Monthly Administrative Costs		**$5,705**		**$5,705**	**$5,705**	**$6,310**	**$6,310**	**$5,705**	**$5,705**
Annual Administrative Costs		**$68,460**	**$68,460**	**$68,460**	**$68,460**	**$75,726**	**$75,726**	**$68,460**	**$68,460**
SPECIFIC STOP LOSS									
Specific Deductible		$50,000		$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Aggregating Specific		$25,000		$25,000	$25,000	$0	$0	$25,000	$25,000
Contract Type		Paid		Paid	Paid	24/12	24/12	24/12	24/12
SPECIFIC PREMIUM									
- Single	24	$81.99		$93.36	$98.30	$241.58	$241.58	$114.40	$126.66
- Employee + Spouse	17	$163.32		$185.96	$195.79	$241.58	$241.58	$194.35	$215.47
- Employee + Child(ren)	4	$144.55		$164.59	$173.29	$241.58	$241.58	$166.58	$184.69
- Family	43	$245.31		$279.31	$294.09	$241.58	$241.58	$286.90	$318.08
Monthly Specific Premium	88	**$15,871**		**$18,071**	**$19,027**	**$21,259**	**$21,259**	**$19,053**	**$21,119**
Annual Specific Premium	88	**$190,449**	**$190,449**	**$216,848**	**$228,320**	**$255,108**	**$255,108**	**$228,631**	**$253,428**
AGGREGATE STOP LOSS									
AGGREGATE PREMIUM									
Risk Corridor		125%		125%	125%	125%	125%	125%	125%
Per employee per month	88	$10.86		$11.81	$11.81	$9.07	$9.07	$11.46	$11.46
Monthly Aggregate Premium		$956		$1,039	$1,039	$798	$798	$1,008	$1,008
Annual Aggregate Premium		**$11,468**		**$12,471**	**$12,471**	**$9,578**	**$9,578**	**$12,102**	**$12,102**
Total Annual Stop Loss Costs		**$201,917**		**$229,319**	**$240,791**	**$264,686**	**$264,686**	**$240,733**	**$265,530**
Total Annual Fixed Costs		**$270,377**	**$270,377**	**$297,780**	**$309,252**	**$340,412**	**$340,412**	**$309,193**	**$333,991**
Annual Expected Claims		**$1,158,379**	**$699,009**	**$1,123,935**	**$1,123,935**	**$745,778**	**$828,548**	**$1,292,038**	**$1,292,038**
Est. Aggregate Attachment Point		**$1,447,973**		**$1,404,919**	**$1,404,919**	**$932,227**	**$1,035,674**	**$1,615,048**	**$1,615,048**
Minimum Attachment Point		**$1,447,973**		**$1,404,919**	**$1,404,919**	**$932,227**	**$1,035,674**	**$1,615,048**	**$1,615,048**
TOTALS									
Total Annulized Expected Costs		$1,428,756	$1,228,295	$1,421,715	$1,433,187	$1,086,190	$1,168,960	$1,601,232	$1,626,029
Total Annualized Maximum Costs		$1,718,351		$1,702,698	$1,714,170	$1,274,823	$1,378,263	$1,924,241	$1,949,039
Lasers & Aggregating Specific		$60,000		$305,000	$305,000			$200,000	$200,000
Grand Total Maximum Annualized Costs		$1,778,351		$2,007,698	$2,019,170	$1,274,823	$1,378,263	$2,124,241	$2,149,039
Percent Difference from Current									
Expected			-14.0%	-0.5%	0.3%	-24.0%	-18.2%	12.1%	13.8%
Maximum				-0.9%	-0.2%			12.0%	13.4%

Notes
HCC Lasers: Member 1 $110,000; Member 2 $195,000
Wellmark: No lasers
SunLife: Member 2 $200,000

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 B

Non-Medical Review of Carriers

Life/AD&D Annual Premiums

Unum Current	$6,902.91	
Unum Renewal	$7,560.33	
PFG	$6,968.65	
LFG	$5,588.07	
Mutual	**$6,245.49**	***3 Year Rate Guarantee**
RSLI	$6,245.49	

Fully-Insured STD

LFG	$20,368.80	
RSLI	$22,852.80	
Mutual	**$22,356.00**	***2 Year Rate Guarantee**
Unum	$24,343.20	

LTD

Unum Current	$16,435	
Unum Renewal	$16,435	
LFG	$14,168	
Mutual	**$14,168**	***3 Year Rate Guarantee**
RSLI	$13,601	

Total for all Carriers

Unum Renewal	$48,338.53
LFG	$40,124.87
Mutual	**$42,769.49**
RSLI	$42,699.29

ASO (Administrative Services Only) Fees

Unum Current	$3,312
Unum Renewal	$3,312
Mutual	**$3,312**
RSLI	$2,981

Recommended is in bold.

IMU Regular Downstairs **4.**

Meeting Date: 05/23/2018

Information

Subject

Update and direction regarding HRA

Information

Fiscal Impact

Attachments

No file(s) attached.