



Legislation Details (With Text)

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**File created:** 9/24/2018      **In control:** City Council

**On agenda:** 10/16/2018      **Final action:**

**Title:** Consideration of 2019 Dental, Health, and Life Benefits Renewal.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 1- 2019 Met Life Renewal, 2. 2- PEIP Renewal, 3. 3- PEIP Advantage High Option 2018-19, 4. 4- PEIP Advantage HSA Option 2018-19, 5. 5- PEIP Advantage Value Option 2018-19

Date	Ver.	Action By	Action	Result
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**City Council Meeting Date:** October 16, 2018

**To:** Mayor and City Council  
Ben Martig, City Administrator

**From:** Michelle Mahowald, Communications & Human Resources Director

Consideration of 2019 Dental, Health, and Life Benefits Renewal.

**Action Requested:**

The Northfield City Council consider adopting a motion approving rates and contribution for 2019 employee benefits coverage.

**Summary Report:**

The City of Northfield has been with the Public Employees Insurance Plan since 1991. The PEIP Advantage Plan is based on the very successful Minnesota Advantage Plan, a cost tiered health benefits plan. The Advantage Plan gives the employees a choice of three plans (Blue Cross Blue Shield (BCBS), HealthPartners (HP), and Preferred One (P1).

The pool has performed “better than industry average” over the last ten years with an average annual renewal increase of 2.5%. PEIP is able to leverage off the state’s bargaining clout. The pool has grown to over 285 groups, and more than 32,000 members. The plans are tiered based on the member’s choice of a primary care clinic. The City of Northfield has not been legally required to competitively request proposals as the PEIP pool manages the responsibility of competitive bidding. Specifically, the PEIP program bids for the State every four or five years. A true “Pool” like PEIP is an excellent place for a group that would have high claims volatility on its own. The City of Northfield’s renewal is based on the total pool’s (32,000 members) claims experience.

For 2019, there are no significant plan changes.

Renewals:

- 2012 Premium adjustment of minus 2%
- 2013 Premium adjustment plus 2.4%
- 2014 Premium adjustment plus 8.5%
- 2015 Premium adjustment of 3.1%
- 2016 Premium adjustment plus 1.55%
- 2017 Premium adjustment plus 3.5%
- 2018 Premium adjustment plus .8%
- 2019 Premium adjustment plus 3.1%

Affordable Health Care Act (ACA):

The City will continue to file ACA reports to our employees (deadline January 31, 2019) and to the IRS (March 31, 2019). Hours of work for permanent part-time and seasonal employees will be reviewed with a 12-month stability period to determine eligibility for 2018 coverage.

PEIP is in compliance with the ACA. The City of Northfield is considered a large employer. Currently we offer medical and dental coverage to employees working 32 hours a week or more. PEIP insurance plans pay at least 60% of covered health care expenses for a typical population. The City offers affordable coverage.

**Alternative Options:**

Staff does not recommend looking at alternatives for 2019. If there is interest to explore plan alternatives we would welcome feedback to explore this issue further and would likely need some third party assistance in reviewing such a request which would need to be planned and budgeted in advance.

**Financial Impacts:**

The following Table 1 is a summary of the total monthly cost of group health insurance in comparison to the employee and employer (except as noted related to total annual HSA contribution):

Table 1. Financial Summary of 2019 Plan Costs Contributions Split by Plan.

	Total Cost (\$)	Employee Share (\$)	City Share (\$)
<b>Advantage High Option</b>			
Single Premium	\$885.78	\$167.89	\$717.89
Family Premium	\$2,364.88	\$907.44	\$1,457.44
<b>Advantage Value Option</b>			
Single Premium	\$795.40	\$122.70	\$672.70
Family Premium	\$2,123.64	\$786.82	\$1,336.82

Advantage HSA Option			
Single Premium	\$605.10	\$27.55	\$577.55
HSA (single)	\$3,500.00 annual	\$1,750 annual optional max	\$1,750.00 annual
Family Premium	\$1,615.32	\$532.76	\$1,082.76
HSA (family)	\$6,900.00 annual	3,400.00 annual optional max	\$3,500.00 annual

Note: The dollar amount of employer contribution is equivalent to \$550 per month plus one-half of the difference in additional premium.

The following Table 2 is a summary of the total annual cost of group health insurance premium only in comparison to the employee and employer:

Table 2. Financial Summary of Total Annual Employee and Employer Cost Share in dollars (2012-2017).

Year	Total Premium Cost (\$)	Employee Premium Cost Share (\$)	City Premium Cost Share (\$)
2012	845,648	190,542	655,106
2013	855,761	204,068	651,693
2014	948,094	234,372	713,722
2015	1,030,270	257,855	772,415
2016	1,044,613	261,470	783,143
2017	1,126,530	287,849	838,681

Table 3. Financial Summary of Total Annual Employee and Employer Cost Share as a percent (2012-2017).

Year	Total Premium Cost (\$)	Employee Premium Cost Share (%)	City Premium Cost Share (%)
2012	845,648	22.5%	77.5%
2013	855,761	23.8%	76.2%
2014	948,094	24.7%	75.3%
2015	1,030,270	25.0%	75.0%
2016	1,044,613	25.0%	75.0%
2017	1,126,530	26.0%	74.0%

Basic Life/AD&D Insurance

Employee life insurance rates through PEIP will remain the same as 2018. \$50,000 term life insurance is paid entirely by the City for all full-time employees.

Employee can purchase supplemental life/AD&D coverage in \$5,000 increments up to a maximum of \$300,000; subject to evidence of insurability.

Dependent life insurance with \$5,000 spouse coverage and \$2,500 child coverage is also available for employee purchase. Evidence of insurability is required.

Basic Life/AD&D:	\$ .19/1,000	\$ .19/1,000
Dependent Life:	\$1.18/month	\$1.18/month

Supplemental Life/AD&D (Per Thousand)	<b>Age</b>	
	<35	\$.11
	35-39	\$.13
	40-44	\$.17
	45-49	\$.26
	50-54	\$.44
	55-59	\$.71
	60-64	\$.79
	65-69	\$1.49

Dental Coverage

MetLife is our current dental carrier. MetLife proposes a 7% rate increase effective January 1, 2019.

The City pays 100% of single dental coverage (low plan). \$22.28 is the 2019 single coverage, low plan rate.

	<u>Low Plan</u>	<u>High Plan</u>
Employee only	\$22.28	\$45.76
Employee + Spouse	\$42.59	\$96.25
Employee + Children	\$61.56	\$98.84
Family	\$81.46	\$154.74

**Timelines:**

Open enrollment for employee and retiree benefits will kick off with the annual benefits fair. This is scheduled for Thursday, November 1, 2018 in the Northfield Police Department Training Room.