



## Legislation Details (With Text)

**File #:** 19-1134      **Version:** 1      **Name:**  
**Type:** Motion      **Status:** Passed  
**File created:** 9/30/2019      **In control:** City Council  
**On agenda:** 10/15/2019      **Final action:** 10/15/2019  
**Title:** Consideration of 2020 Health and Life Benefits Renewal.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Northfield\_ Medical Renewal 2020 \_ Insurance Committee Presentation FINAL\_092419

Date	Ver.	Action By	Action	Result
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**City Council Meeting Date:** October 15, 2019

**To:** Mayor and City Council  
City Administrator

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

Consideration of 2020 Health and Life Benefits Renewal.

### Action Requested:

The Northfield City Council consider adopting a motion approving rates and contribution for 2020 employee benefits coverage.

### Summary Report:

The City of Northfield hired Gallagher Benefits Services to request formal proposals and conduct a medical marketing review and recommendation for 2020 health insurance benefits. Eight carriers prepared quotes. One quote submitted by Blue Cross Blue Shield was the only quote considered competitive with the Public Employees Insurance Plan. Blue Cross Blue Shield provided an overall decrease of -5.9%, change to the city's 2019 premium costs. The Public Employees Insurance Plan (PEIP) 2020 renewal was an overall increase of 5.61% to the 2019 PEIP premium costs.

Blue Cross Blue Shield provided a second year rate cap of 13%. The rate cap guarantees health insurance premium costs will not exceed 13% for 2021 coverage. PEIP does not offer rate caps.

Gallagher Benefits Services recommended three plans from Blue Cross Blue Shield's "AWARE Network Options". Rates are based on group makeup, including age and area, employer contribution assumptions, historic claims costs, a forecast of future claim costs, administrative costs, taxes and assessments.

Labor contracts are settled through December 31, 2020 for all four union groups. Premium contributions will continue as paid for full-time employees in 2019. \$550 per employee per month with a 50/50 split between

employer and employee for each plan.

Renewals (across all plans):

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 of 1.55%

2017 Premium adjustment plus 3.5%

2018 Premium adjustment plus .8%

2019 Premium adjustment plus 3.1%

2020 Premium adjustment of minus 5.9%

Patient Protection and Affordable Health Care Act (PPACA)

The movement to BCBS plans does not impact the City's requirements as a large employer under PPACA which include, but is not limited to, offering minimum essential coverage with a plan that has an actuarial value of at least 60% to employees working at least 30 hours per week and an employee single plan cost deemed affordable by legislation or pay a penalty.

The City will continue to file PPACA reports to our employees (deadline January 31, 2020) and to the IRS (March 31, 2020). Hours of work for permanent part-time and seasonal employees will be reviewed with a 12-month lookback period to determine eligible for 2020 coverage.

Currently we offer medical coverage to employees working 30 hours a week or more. Blue Cross Blue Shield plans pay at least 71.6% of covered health care expenses for a typical population. The City offers affordable coverage.

**Alternative Options:**

Staff and the Employee Health Insurance Committee recommend Blue Cross Blue Shield for 2020. Each union must vote to give a 30-day notice from PEIP.

**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):

Monthly Costs:	Total Cost (\$)	Employee Share (\$)	City Share (\$)
<b>\$500/\$1,500 - \$25 Copay Deductible Copay Plan</b>			
Single Premium	\$757.70	\$103.85	\$653.85
Family Premium	\$2,022.94	\$736.47	\$1,286.47
<b>\$1,000/\$3,000 - \$40 Copay Deductible Copay Plan</b>			
Single Premium	\$658.79	\$54.40	\$604.40

Family Premium	\$1,758.88	\$604.44	\$1,154.44
<b>\$3,000/\$6,000 HDHP HSA</b>			
Single Premium	\$609.48	\$29.74	\$579.74
Family Premium	\$1,627.21	\$538.61	\$1,088.61

Note: The dollar 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 (2012-2018)

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
2018	1,151,890	296,958	854,932

Table 3. Financial summary of the total annual and employer cost share as a percent (2012-2018)

Year	Total Prem ium Cost (\$)	Empl oyee Prem ium Cost Shar e (\$)	City Prem ium Cost Shar e (\$)
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%
2018	1,151,890	26.0%	74.0%

#### Basic Life/AD&D Insurance

Employee life insurance rates through Minnesota Mutual will remain the same as 2019. \$50,000 term life insurance is paid entirely by the City for all full-time employees.

Employees 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  
Dependent Life: \$1.18/month

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

**Timelines:** Open enrollment for employee and retiree benefits will kick off with the annual benefits fair. This is scheduled for Wednesday, October 30, 2019 in rooms 103-105 at FiftyNorth. Gallagher Benefit Services will hold health insurance educational meetings the week of October 28 and offer individual meetings in November.