



## Legislation Text

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**File #:** 20-476, **Version:** 1

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**City Council Meeting Date:** September 15, 2020

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

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

Consideration of 2021 Employee Benefits Renewal.

**Action Requested:**

The Northfield City Council consider adopting a motion approving rates and contribution for 2021 employee benefits coverage.

**Summary Report:**

The City of Northfield approved Gallagher Benefits Services as its broker for employee benefits in 2020. Gallagher presented the renewal of health, dental, and other employee benefits with the Council Employment Policy Committee on August 26 and with the employee benefits committee on August 31. See attached presentation.

In 2020, the City decided to switch from the Public Employees Insurance Plan (PEIP) to Blue Cross Blue Shield. Blue Cross Blue Shield provided an overall decrease of -5.9% change to 2019 health insurance premium costs. Blue Cross Blue Shield provided a second year rate cap of 13%.

See slide 11-12 of 23 in attached presentation for details on 2021 Blue Cross Blue Shield Changes:

1. Specialty Coupon Accumulator Adjustment Program
2. Re-Tiering of KeyRX Formulary from 3-tier to 4-tiers
3. E-visits - first five are covered at 100% on all plans
4. Prescription drug-Specialty drug copay changed from \$350 to \$400
5. Retail Clinic visits - copay will be the same as office visit copay.

The Blue Cross Blue Shield 2021 renewal came in with an overall increase of 3.59% or an increase of \$40,264. Rates are based on group makeup, include age and area, employer contribution assumptions, historic claims costs, a forecast of future claim costs, administrative costs, taxes and assessments. Gallagher negotiated a not to exceed 13% rate cap for 2022.

Labor contracts are settled through December 31, 2020 for all four union groups. Premium contributions will continue as paid for full-time employees in 2020. \$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%  
 2021 Premium adjustment plus 3.59%

**Financial Impacts:**

Monthly Costs:	Total Cost (\$)	Employee Share (\$)	City Share (\$)
<b>\$500/\$1,500 - \$25 Copay Deductible Copay Plan</b>			
Single Premium	\$784.93	\$117.46	\$667.47
Family Premium	\$2,095.64	\$772.82	\$1,322.82
<b>\$1,000/\$3,000 - \$40 Copay Deductible Copay Plan</b>			
Single Premium	\$682.48	\$66.24	\$616.24
Family Premium	\$1,822.09	\$636.04	\$1,186.05
<b>\$3,000/\$6,000 HDHP HSA</b>			
Single Premium	\$631.38	\$40.69	\$590.69
Family Premium	\$1,685.69	\$567.84	\$1,117.85

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 (2012-2019)

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
2019	1,199,215	313,408	885,807

Table 3. Financial summary of the total annual and employer cost share as a percent (2012-2019)

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%
2018	1,151,890	26.0%	74.0%
2019	1,199,215	26.0%	74.0%

### Dental, Basic Life/AD&D, Long Term Disability Insurance

Guardian Dental's renewal called for a 0% change from current. Guardian included in their renewal a flat increase for 2022.

Employee life insurance rates through Minnesota Mutual will remain the same as 2020 and is under rate guarantee until December 31, 2023. \$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. The Voluntary Life and AD & D plan is under rate guarantee until December 31, 2022.

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

Long Term Disability - Madison National Life Insurance Company  
The Long Term Disability plan is under rate guarantee until December 31, 2022.

**Timelines:**       Open enrollment for employee and retiree benefits will kick off earlier in October. The Inside Track, employee website portal, will be updated with 2021 benefit information over the next few weeks. Gallagher Benefit Services and Human Resources will hold virtual and in person benefit educational meetings.

