City of Carroll

112 E. 5th Street Carroll, Iowa 51401-2799 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Gerald L. Clausen, City Manager

FROM: Laura A. Schaefer, Finance Director/City Clerk

DATE: May 18, 2016

SUBJECT: FY 2017 Health Insurance Renewal

The City's health insurance coverage, Wellmark Blue Access HMO, has a renewal date of July 1, 2016. The City works with a health insurance consultant from West Des Moines, Benefit Source, Inc. (BSI). Debbie Dean, BSI representative, is scheduled to be present at the Council meeting to discuss this matter further.

Since it is generally less expensive to pay a portion of the claim expense than to pay an insurance company to insure all of the claim exposure, the city explored purchasing a higher deductible plan than what has been negotiated as part of the union contracts. The FY 2014 budget initiated a health insurance internal service fund to help pay for the unknown buy down/risk of medical expenses that may occur in any year. When the FY 2017 budget was prepared, it was re-estimated that this reserve fund balance would be approximately $402,863 on June 30, 2016. Now it is anticipated that this reserve fund balance will be approximately $440,200 (based upon activity through April 30, 2016). The June 30, 2016 balance will be largely determined by the amount of partial self-funding claims that are paid during the remainder of the fiscal year.

Wellmark is quoting an increase to the health insurance premium of 9.42% but BSI is recommending no change to our plan design and to continue with the same partial self-funding set-up for next year (FY 2017). Again this year (FY 2016) we had a very favorable year with a projection of spending 4.18% less than FY 2015 and almost 13% less than what we projected to spend for FY 2016.

The approved FY 2017 budget was prepared to continue the health insurance internal service fund. This reserve fund is only for health insurance purposes and will be used to help minimize health insurance increases in the future.

The City "re-vamped" the employee wellness program as of April 2013. We have an active wellness team spread throughout the many city departments that help promote wellness to all the employees. We plan to continue promoting wellness and offering wellness opportunities to the employees.

RECOMMENDATION: Council review and approval of the attached resolution entering into a contract with Wellmark for health insurance benefits with a deductible of $3,000 single/$6,000 family and out-of-pocket maximum to $6,350 single/$12,700 family.

RESOLUTION NO. _____

A RESOLUTION APPROVING A CONTRACT WITH WELLMARK FOR GROUP HEALTH INSURANCE COVERAGE

WHEREAS, Chapter 17, of the Code of Ordinances of the City of Carroll, Iowa, provides that all contracts made by the City be reduced to writing and approved by the City Council by resolution; and

WHEREAS, it is determined that the approval of a contract with Wellmark effective July 1, 2016 to June 30, 2017 for group health insurance coverage is in the best interest of the City of Carroll, Iowa;

NOW, THEREFORE, BE IT RESOLVED that a contract with Wellmark for group health insurance coverage, be authorized and approved, and that the Group Administrator is authorized to execute the contract on behalf of the City of Carroll.

PASSED AND APPROVED by the City Council of the City of Carroll, Iowa, this 23rd day of May, 2016.

CITY COUNCIL OF THE
CITY OF CARROLL, IOWA

BY:_____
Eric P. Jensen, Mayor

ATTEST:

By:_____
Laura A. Schaefer, City Clerk