City of Carroll

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MEMO TO: Mike Pogge-Weaver, City Manager MPW

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

DATE: May 5, 2021

SUBJECT: FY 2022 Health Insurance Renewal

The City's health insurance coverage, Wellmark Blue Access HMO and Alliance Select PPO, has a renewal date of July 1, 2021. The City works with a health insurance consultant from West Des Moines, Benefit Source, Inc. (BSI). Debbie Dean, BSI representative, is scheduled to present information to the Council 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 began purchasing a higher deductible plan and initiated a health insurance internal service fund to help pay for the buy down/risk of medical expenses that may occur in any year for the HMO plan. Over the years, the city has purchased HMO health insurance plans that slowly increased the deductible to where we are today: $7,000 deductible per single plan ($14,000 family) with a $7,900 single out-of-pocket maximum ($15,800 family). When the FY 2022 budget was prepared, it was re-estimated that this reserve fund balance would be approximately $979,207 on June 30, 2021. Now it is anticipated that this reserve fund balance will be approximately $1,003,000 (based upon activity through April 30, 2021). The June 30, 2021 balance will be largely determined by the amount of partial self-funding claims that are paid during the remainder of the fiscal year.

Wellmark has quoted a blended rate increase of 8.34%. With the premium increase quoted from Wellmark and proposed plan design change discussed in a different memo, it is proposed to set the COBRA rates for the Blue Access plan at $521.09/month for single coverage (4.37% increase) and $1,187.63/month for family coverage (8.19% increase). Employees would pay 20% of the plan coverage chosen. Rates for the Alliance Select plan are set by Wellmark and are $613.32/month for single coverage and $1,480.80/month for family coverage. City pays the same amount towards both plans. If an employee chooses Alliance Select, the employee will pay the difference of the plan cost and what the City contributes.

The approved FY 2022 budget was prepared to continue the health insurance internal service fund assuming an increase of 5% to the COBRA rate and an increase of 15% for the health insurance premiums. This recommendation is within our FY 22 budget.

RECOMMENDATION: Council review and approval of the attached resolution entering into a contract with Wellmark for health insurance benefits with a deductible of $7,000 single/$14,000 family and out-of-pocket maximum to $7,900 single/$15,800 family and setting the COBRA rates for Blue Access at $521.09/month for a single plan ($1,187.63/month for family) and Alliance Select at $613.32/month for a single plan ($1,480.80/month for family).

RESOLUTION NO. _____

A RESOLUTION APPROVING A CONTRACT WITH WELLMARK FOR GROUP HEALTH INSURANCE COVERAGE AND SETTING COBRA RATES FOR FY 2022

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, 2021 to June 30, 2022 for group health insurance coverage is in the best interest of the City of Carroll, Iowa; and

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 and set the Blue Access Plan COBRA rates at $521.09/month for a single health insurance plan and $1,187.63/month for a family health insurance plan and the Alliance Select COBRA rates at $613.32/month for a single health insurance plan and $1,480.80/month for a family health insurance plan.

PASSED AND APPROVED by the City Council of the City of Carroll, Iowa, this 10th day of May, 2021.

CITY COUNCIL OF THE
CITY OF CARROLL, IOWA

BY:_____
Eric P. Jensen, Mayor

ATTEST:

By:_____
Laura A. Schaefer, City Clerk