City of Carroll

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MEMO TO: Mike Pogge-Weaver, City Manager MTPW

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

DATE: May 17, 2017

SUBJECT: FY 2018 Health Insurance Renewal

The City's health insurance coverage, Wellmark Blue Access HMO, has a renewal date of July 1, 2017. 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 2018 budget was prepared, it was re-estimated that this reserve fund balance would be approximately $583,389 on June 30, 2017. Now it is anticipated that this reserve fund balance will be approximately $623,000 (based upon activity through April 30, 2017). The June 30, 2017 balance will be largely determined by the amount of partial self-funding claims that are paid during the remainder of the fiscal year.

If the City chose to stay with the current $3,000 deductible health insurance plan, Wellmark is quoting an increase to the health insurance premiums of 7.10% but BSI is recommending a slight change to our plan design for FY 2018. The recommendation is to increase the deductible from $3,000 to $5,000 per single plan ($10,000 family) with a $7,150 single out-of-pocket maximum ($14,300 family). This change would be a slight decrease to the health insurance premiums but a slight increase in additional exposure which would allow the City to keep the COBRA rate about the same.

The approved FY 2018 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.

RECOMMENDATION: Council review and approval of the attached resolution entering into a contract with Wellmark for health insurance benefits with a deductible of $5,000 single/$10,000 family and out-of-pocket maximum to $7,150 single/$14,300 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, 2017 to June 30, 2018 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 22nd day of May, 2017.

CITY COUNCIL OF THE
CITY OF CARROLL, IOWA

BY:_____
Eric P. Jensen, Mayor

ATTEST:

By:_____
Laura A. Schaefer, City Clerk