

Attachment A



MEMORANDUM

DATE: October 24, 2022
TO: Honorable Mayor and City Councilmembers
FROM: Dave Perrault, City Administrator
SUBJECT: Employee Benefit Discussion

Budgeted Amount:
N/A

Actual Amount:
N/A

Funding Source:
N/A

For Council Consideration

The City Council should consider providing direction on 2023 Employee Benefits selection.

Background

The City received notice regarding its benefit increases for 2023, the City's current carrier PEIP is anticipating a 50 percent increase in its premiums (note, the union's insurance is expecting a 6 or 7 percent increase). Following this news, the City requested its benefit consultant obtain quotes for other options in 2023. Below is a current break down of what the City pays and what the employee pays. Note, the below table does not reflect Union rates as they are on a different plan, per their contract they receive the same amounts as non-union employees. Their current premium is \$1,345 and the City pays \$1,216, leaving the union employee responsible for \$130. Staff will need Council feedback on this to alert carriers of the decision and work the numbers into the draft budget.

PEIP Plan: Single	Premium	Employee	Employer	H.S.A.	Dental	Total Employer
Advantage	\$787.14	\$104.68	\$682.46	N/A	\$50.57	\$733.03
Value	\$709.80	\$27.34	\$682.46	N/A	\$50.57	\$733.03
H.S.A.	\$557.46	\$0	\$557.46	\$125.00	\$50.57	\$733.03

PEIP Plan: Family	Premium	Employee	Employer	H.S.A.	Dental	Total Employer
Advantage	\$2,055.36	\$839.75	\$1,215.61	N/A	\$0	\$1,215.61
Value	\$1,848.98	\$633.37	\$1,215.61	N/A	\$0	\$1,215.61
H.S.A.	\$1,441.14	\$350.53	\$1,090.61	\$125.00	\$0	\$1,215.61

The City received three quotes for insurance renewal with the least expensive being Health Partners; staff is also including an option to move all of staff onto the union’s plan. Below is a summary of the potential cost impacts associated with the different options (these cost impacts also include Dental Insurance which has a 4.1% increase).

Summary of City Cost					
Plan Type	Monthly Basis	Annual	Difference to PEIP	\$ Increase Over 2022	% Increase Over 2022
PEIP Renewal	31,833	381,993	0	91,307	31%
Health Partners	28,226	338,715	(43,278)	48,029	17%
49ers Plan	31,592	379,104	(2,889)	88,418	30%
2022 PEIP	24,224	290,686.08			

Attached are the breakdown of costs and contributions for each of the proposed options. To determine City contribution amounts for the “PEIP Renewal” option, staff used the breakdown we currently have in place. It should be noted that under the PEIP renewal option, the City share of the non-union premium is high enough that the union employees would not have an employee share.

For the Health Partners option, it is similar in that single employees are covered for health and dental at 100% and families pay a flat fee of either \$300 or \$364 depending on the dental option they choose. For the 49er’s plan option, a proposed flat rate of \$250 across the board for each employee.

Lastly, if Health Partners is the option selected, another cost savings measure would be to allow employees that have coverage via a spouse, the option to waive City coverage. This would save the City the cost of the premium for that particular employee; it should be noted that other cities that offer this option may pay the employee a monthly lump sum (i.e. \$300). The savings to the City is the difference between the lump sum and what the premium would have been.

Budget Impact

Any of the options presented will have a budget increase for 2023, the current draft budget for 2023 had a 6.5 percent increase over 2022 for health insurance and a 3.0 percent increase for dental insurance. Once direction is given, staff can work the numbers into the budget for discussion in November.

Attachment

- Attachment A: Existing PEIP Information
- Attachment B: PEIP Renewal Information
- Attachment C: Health Partners with HSA Contribution Information
- Attachment D: Union (49er’s) Plan Information
- Attachment E: Health Partners Explanation of Benefits
- Attachment F: PEIP Explanation of Benefits