

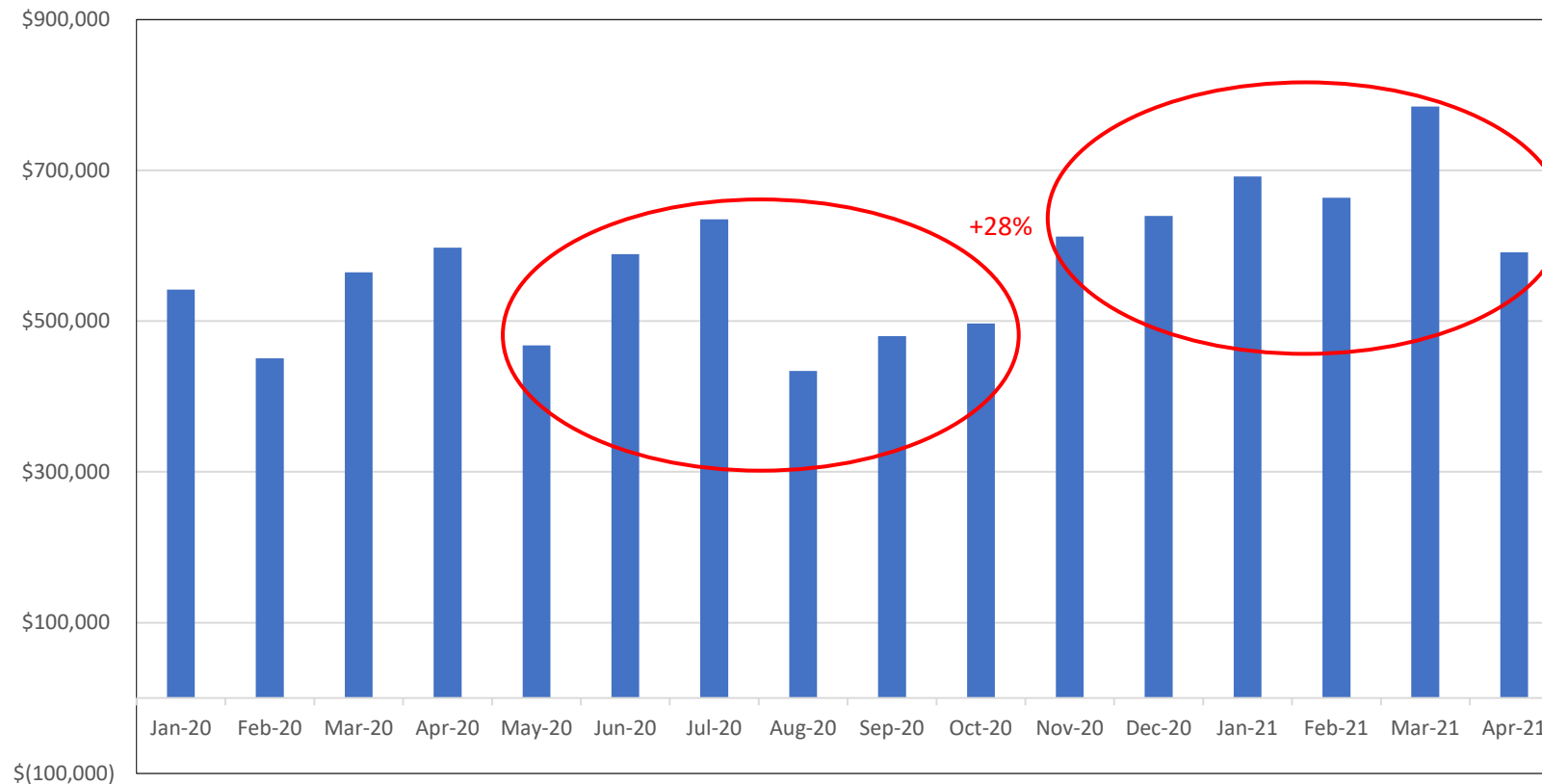
# Employee Benefits

- Healthy Self-Insurance Fund, no changes last year
- Medical & Pharmacy Costs trending upward 11-12%
- Following consultant analysis, proposing 10% Increase in January 2022 through ER/EE premiums
- Premium increase to be paired with employee annual physical incentive
  - Currently 51% of employees get annual physicals, a fundamental element of employee wellness
  - Incentive of up to \$25 per month medical premium credit

# Benefits History

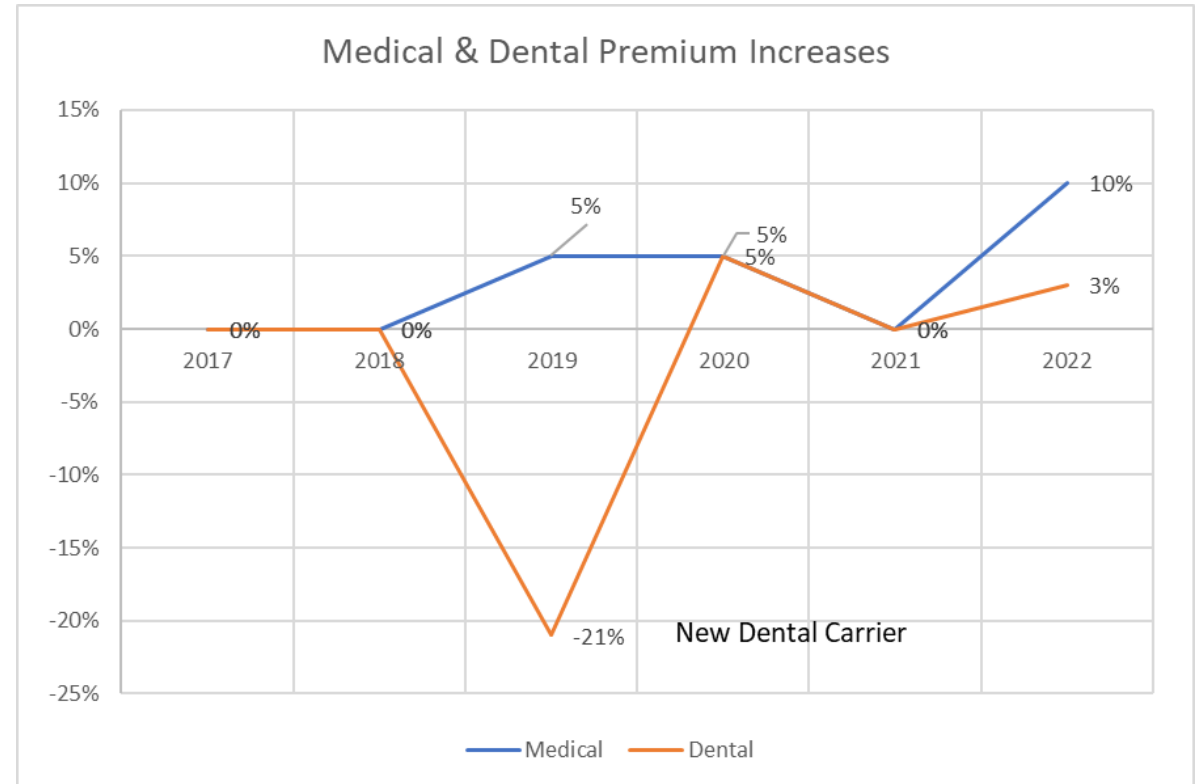
- The largest and most volatile expense to the fund are medical and pharmacy claims. Fluctuations occur both seasonally and episodically. Reinsurance, conservative budgeting, and fund reserves are essential to a healthy program.

Net Claims Jan 2020 - April 2021



# Premiums

- Medical & Dental – Self Insured Plan
  - To mitigate rising claims costs
- Recommended to City Council and included in proposed FY22 budget:
  - 10% medical increase for both employee and employer
  - 3% dental increase for both employee and employer



# Benefits Committee Presentation

- Review of 5 scenarios for medical & 3 scenarios for dental
- Addressed Tiers vs. Claims ratios
- Industry trends
  - Currently Employee (EE) + Spouse rates is higher than claims experience and their current rate is the same as EE + Family
  - Currently EE + Children rates are lower than claims experience
- Recommended a phased in approach to align rates with claims experience
- Addressed employees at lower pay range impact
- Per paycheck premium increase range: \$2.68 - \$19.58

# Benefits Committee Recommendation

Scenario 3 – Smaller increase for EE & Spouse & EE + Family.			
HDHP			
Tier	Current Rate (Monthly)	Proposed Rate (Monthly)	Difference per month
Employee Only	\$13.64	\$19.00	\$5.36
Employee + Spouse	\$304.50	\$320.00	\$15.50
Employee + Children	\$76.64	\$86.00	\$9.36
Employee + Family	\$304.50	\$330.00	\$25.50
PPO			
Tier	Current Rate (Monthly)	Proposed Rate (Monthly)	Difference per month
Employee Only	\$82.96	\$95.00	\$12.04
Employee + Spouse	\$605.84	\$625.00	\$19.16
Employee + Children	\$151.20	\$175.00	\$23.80
Employee + Family	\$605.84	\$645.00	\$39.16

If enrollment totals stayed the same, the following is the revenue from each scenario:

3 – Employee Premiums HDHP (\$38,220.96) + PPO (\$94,812.96) = (\$133,033.92)

# Proposed Incentive to assist in offset of premium increase

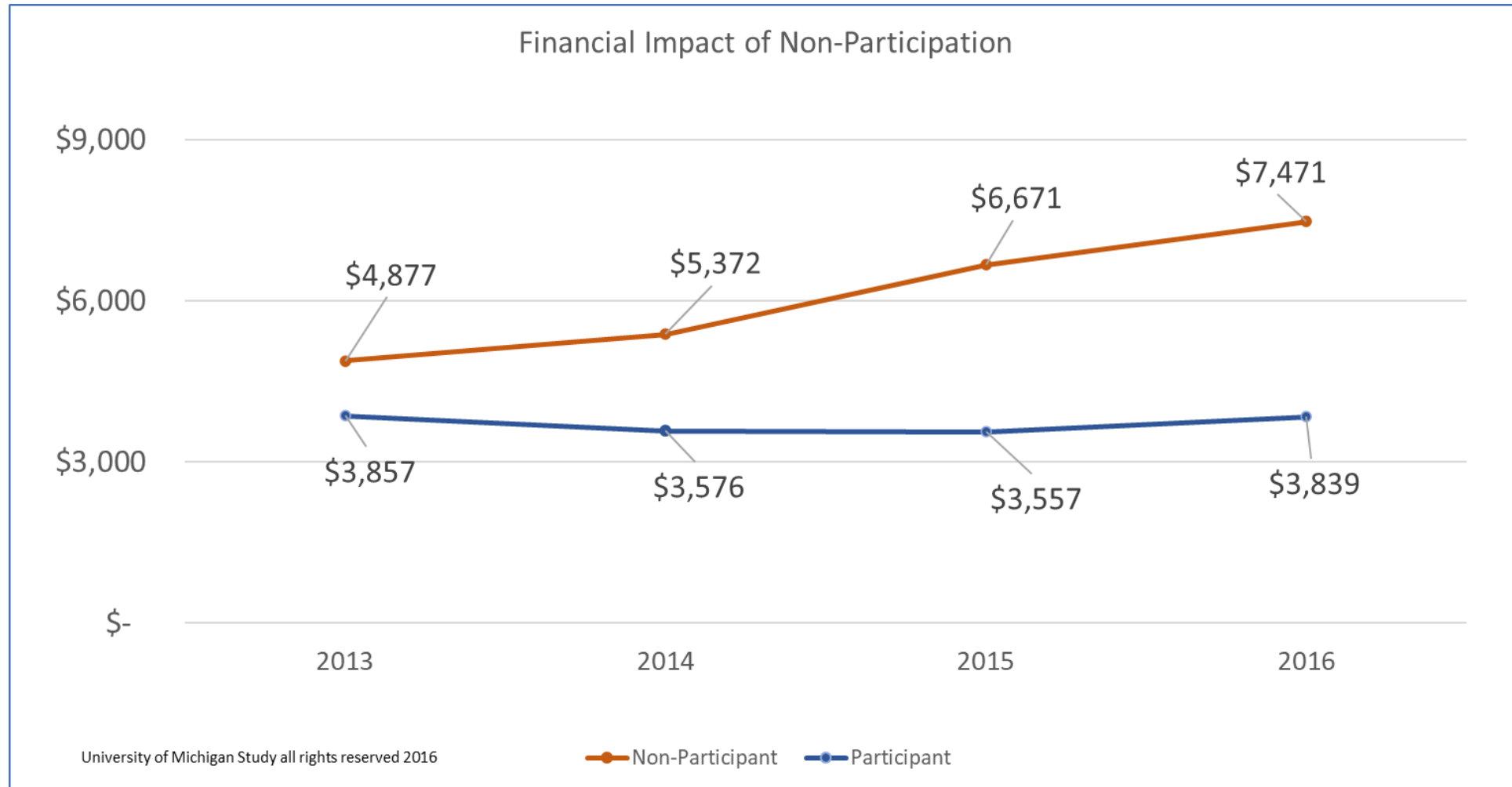
- Employee Annual Physical Incentive
  - Currently approximately 51% of employees on our health plan get an annual physical
  - Our consultant recommends annual physical as the highest priority wellness activity to incentivize
  - We desire to increase that 51% to 75% in year one and beyond in future years
- Monetary Incentive
  - Up to \$25 per month medical premium credit
- Requirement
  - Annual physical examination completed with physician
    - Cost covered 100% by plan
    - Provides 1:1 evaluation of biometrics results
    - Action plan to change negative into positive numbers
    - Early detection of health conditions results in better outcomes

# Wellness Program

Wellness Program mission: We provide resources for the physical, mental, and financial well-being of our employees and their families.

- In 2021 – we will have 100K to spend
  - Target chronic conditions
    - Educational programs for employees
    - Requires doctor approval
    - Vendor works directly with employee and healthcare provider
    - No employee expense
    - 1<sup>st</sup> program – diabetes
  - Set up city-wide event
    - Specifically target Wellness Program activities
      - Variety of activities
      - Target – employees and their families

# Why participate in wellness program?





# Employee Benefits Premium Net Impact

Plan	Current Monthly Premium	Proposed Increase*	Wellness Incentive Medical Premium Credit	Net Monthly Impact
HSA – Employee(EE)	\$ 13.64	\$ 5.36	\$ (25.00)	\$ (19.64)
HSA – EE + Spouse	\$ 304.50	\$ 15.50	\$ (25.00)	\$ (9.50)
HSA – EE + Child(ren)	\$ 76.64	\$ 9.36	\$ (25.00)	\$ (15.34)
HSA – EE + Family	\$ 304.50	\$ 25.50	\$ (25.00)	\$ 5.50
PPO – Employee	\$ 82.96	\$ 12.04	\$ (25.00)	\$ (12.96)
PPO – EE + Spouse	\$ 605.84	\$ 19.16	\$ (25.00)	\$ (5.84)
PPO – EE + Child(ren)	\$ 151.20	\$ 23.80	\$ (25.00)	\$ (1.20)
PPO – EE + Family	\$ 605.84	\$ 39.16	\$ (25.00)	\$ 14.16

*\*Recommendation by Employee Benefits Committee*

# Dental Premium Increase

Plan	Current Monthly Premium	Proposed Monthly Premium	Monthly Difference
Employee (EE)	\$2.10	\$2.64	\$0.54
EE + Spouse	\$17.84	\$18.38	\$0.54
EE + Child(ren)	\$21.00	\$21.64	\$0.64
EE + Family	\$43.04	\$43.58	\$0.54

*\*Employee Benefits Committee Recommendation*

Annual Increase \$4,500

# GGAF Actions

- CONSIDERATION AND POSSIBLE ACTION TO APPROVE AND RECOMMEND TO COUNCIL THE EMPLOYEE BENEFITS COMMITTEE PROPOSED MEDICAL AND DENTAL PREMIUMS FOR THE 2022 PLAN YEAR.
- STAFF RECOMMENDS GGAF APPROVAL TO FORWARD TO COUNCIL OF THE FOLLOWING
  - 10% MEDICAL INCREASE
  - 3% DENTAL INCREASE