



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: September 6, 2016

Re: Establish plan year 2017 medical and dental premium rates for active employees, dental retiree rates, and non-Medicare retiree medical rates.

Executive Summary

The ordinance adopts the City's self-funded health and dental plan premium rates for plan year 2017, and authorizes payroll withholding for active employee premiums.

Discussion

Employee and dependent health gross premium rates will increase 13.8% in plan year 2017 (effective January 1, 2017). The total increase is shared by the City and employees.

- The City will continue to pay the full cost of employee health insurance premiums in the High Deductible Health Plan (HDHP), and employee dental premiums in all plans.
- Employees enrolled in the \$750 and \$1,500 deductible PPO plans will continue to pay a portion of their health insurance premiums.
- The \$750 deductible PPO plan will be closed to all new enrollments beginning January 1, 2017. Employees and retirees currently enrolled in \$750 deductible PPO may stay in that plan, but once they leave they cannot return. Current employees and retirees enrolled in the \$1500 deductible PPO plan and HDHP for plan year 2016 will not be allowed to enroll in the \$750 deductible PPO plan during open enrollment for plan year 2017.
- City contributions to Health Savings Accounts (HSAs) under the HDHP will remain at \$125/month for employee only coverage, and \$250/month for family coverage. (The definition of family coverage includes Employee and Spouse, Employee and Child(ren), and Full Family.)
- No plan design changes will be made in plan year 2017 under the medical, prescription drug or dental plans.
- Employee, retiree and dependent dental gross premium rates will decrease 4.5% in 2017. The City contributions will also decrease per employee under the dental plan
- Pre-65 non-Medicare retiree health premium rates will increase 13.8% in 2017.
- Post-65 retiree health premium rates are expected to reflect a general premium increase under the fully insured plan.

Plan changes are effective January 1, 2017. This information was provided to and discussed with employees as part of the City's annual meet and confer process, and through employee meetings with the City Manager. The document provided to employees is attached for information purposes.



Fiscal Impact

Short-Term Impact: The City's health and dental plan costs and premium revenues are reflected in the Employee Benefit Fund in the City's proposed FY 2017 budget.

Long-Term Impact: Unknown.

Vision & Strategic Plan Impact

Vision Impacts:

Primary Impact: Governance & Decision Making, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Strategic Plan Impacts:

Primary Impact: Operational Excellence, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
Annual process.	Rates are adopted annually as part of the new fiscal year budget process.

Suggested Council Action

Adopt the ordinance.