



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: September 4, 2018

Re: Establish plan year 2019 medical and dental premium rates for active employees and non-Medicare retirees.

Executive Summary

The ordinance adopts the City's self-funded health plan premium rates and fully insured dental plan premium rates for plan year 2019, and authorizes payroll withholding for active employee premiums. Rates are effective January 1, 2019.

Discussion

Employee and dependent health gross premium rates will increase 3.3% in plan year 2019 (effective January 1, 2019). 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).
- 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 remains closed to all new enrollments (closed as of January 1, 2017). Employees and retirees currently enrolled in the \$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 2018 will not be allowed to enroll in the \$750 deductible PPO plan during open enrollment for plan year 2019.
- 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 2019 under the medical or prescription drug plans.
- Pre-65 non-Medicare retiree health premium rates will also increase 3.3% in 2019. Pre-65 retirees pay the full premium cost for the plan chosen.
- Post-65 retiree health premium rates are expected to reflect a general premium increase under the fully insured plan.

Dental rates will not increase for active employees or retirees. The City will continue to pay the full cost of employee dental insurance premiums.

Plan changes are effective January 1, 2019. 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.



Fiscal Impact

Short-Term Impact: Expenses and revenues for the self-insured medical/Rx plan and the fully insured dental plan are reflected in the Employee Benefit Fund. Premium rate increases and City contributions for employee coverage tiers are included in the proposed FY 2019 budget and in proposed 19-110 amendments.

Long-Term Impact: Changes annually with the budget process.

Strategic & Comprehensive Plan Impact

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

Approve the proposed ordinance.