



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: September 7, 2021

Re: Establish plan year 2022 medical and dental plan 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 premiums for plan year 2022, and authorizes payroll withholding for active employee premiums. Rates are effective January 1, 2022.

Discussion

Employee and dependent health gross premiums rates will not increase in plan year 2022 (effective January 1, 2022). 2022 rates are attached. Plan year 2022 plan details:

- All employees will continue to pay a portion of their health insurance premiums for the \$750 and \$1,500 deductible PPO plans. Employees can save in premiums by moving to the \$1,500 deductible PPO plan or the High Deductible Health Plan (HDHP).
- The City will continue to pay the full cost of full time permanent employee health insurance premiums in the HDHP, and employee dental premiums.
- The \$750 deductible PPO plan will remain closed to all new enrollments. Employees currently enrolled in this plan may stay, but once they leave they cannot return. Employee currently enrolled in the \$1,500 deductible PPO plan and HDHP will not be allowed to enroll in the \$750 deductible PPO plan during open enrollment for plan year 2022. The deductible amount in the HDHP will not increase in 2022 and will remain \$2,800/\$5,600 per IRS regulations.
- Out of pocket maximums will not increase in 2022.
- 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. For these contributions, the definition of family coverage includes Employee & Spouse, Employee & Child(ren) and Full Family.
- No plan design changes will be made to medical or prescription drug plans.
- Pre-65 retiree health premium rates will not increase in FY2022.
- Post-65 retiree health premium rates are expected to reflect a general premium increase under the fully insured plan.
- Vision benefit rates will increase by 5% for plan year 2022 effective January 1, 2022.
- Dental insurance rates for active employees and retirees will increase by 3% for plan year 2022, effective January 1, 2022.
- There are no rate or plan changes
- For Allstate Hospital Indemnity, Critical Illness or Accident benefit in 2022.



Fiscal Impact

Short-Term Impact: Expenses and revenues for the self-funded medical/Rx plan and the fully insured dental plan are reflected in the Employee Benefit Fund. Medical/Rx and Dental premium rate increases. City contributions for employee coverage tiers and a reduction in City has contributions are included in the proposed FY2022 budget and in proposed Chapter 19-110 amendments.

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

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

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

Comprehensive Plan Impacts:

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

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.