



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: September 8, 2020

Re: Establish plan year 2021 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 premium rates for plan year 2021, and authorizes payroll withholding for active employee premiums. Rates are effective January 1, 2021.

Discussion

Employee and dependent health gross premium rates will increase 5.6% in plan year 2021 (effective January 1, 2021). 2021 rates are attached. Plan year 2021 plan details:

- The City will continue to pay the full cost of employee health insurance premiums in the High Deductible Health Plan (HDHP).
- The deductible amount in the HDHP will not increase in 2021 (\$2,800 single/\$5,600 family).
- 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 \$1,500 deductible PPO plan and HDHP for plan year 2020 will not be allowed to enroll in the \$750 deductible PPO plan during open enrollment for plan year 2021.
- City contributions to Health Savings Accounts (HSAs) under the HDHP will be reduced from \$125/month to \$62.50/month for employee-only coverage, and from \$250/month to \$125/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 2021 under the medical or prescription drug plans.
- Pre-65 non-Medicare retiree health premium rates will increase 5.6% in plan year 2021. 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 increase for active employees and retirees by 5% in 2021 (effective January 1, 2021). The City will continue to pay the full cost of employee dental insurance premiums. 2021 rates are attached.



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Plan changes are effective January 1, 2021.

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. Medical/Rx and Dental premium rate increases, City contributions for employee coverage tiers and a reduction in City HSA contributions are included in the proposed FY 2021 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: Operational 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.