

City of Fayetteville Staff Review Form

2018-0355

Legistar File ID

8/7/2018

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Brenda Reed

7/16/2018

HUMAN RESOURCES (120)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends Council approve the proposed 2019 employee benefits renewals as discussed in the staff memo.

Budget Impact:

xxxx.xxx.xxxx-5108.xx	Citywide																								
Account Number	Fund																								
Project Number	Project Title																								
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Budgeted Item?</td> <td style="width: 20%;"><u>Yes</u></td> <td style="width: 30%;">Current Budget</td> <td style="width: 20%; text-align: right;">\$ 5,896,050.00</td> </tr> <tr> <td></td> <td></td> <td>Funds Obligated</td> <td style="text-align: right;">\$ 2,696,556.32</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">Current Balance</td> <td style="text-align: right; border: 1px solid black;">\$ 3,199,493.68</td> </tr> <tr> <td>Does item have a cost?</td> <td><u>NA</u></td> <td>Item Cost</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Budget Adjustment Attached?</td> <td><u>No</u></td> <td>Budget Adjustment</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">Remaining Budget</td> <td style="text-align: right; border: 1px solid black;">\$ 3,199,493.68</td> </tr> </table>	Budgeted Item?	<u>Yes</u>	Current Budget	\$ 5,896,050.00			Funds Obligated	\$ 2,696,556.32			Current Balance	\$ 3,199,493.68	Does item have a cost?	<u>NA</u>	Item Cost	\$ -	Budget Adjustment Attached?	<u>No</u>	Budget Adjustment	\$ -			Remaining Budget	\$ 3,199,493.68	
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V20180321

Purchase Order Number: _____

Previous Ordinance or Resolution # _____

Change Order Number: _____

Approval Date: _____

Original Contract Number: _____

Comments:



MEETING OF AUGUST 7, 2018

TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
FROM: Brenda Reed, HR Director
DATE: July 16, 2018
SUBJECT: 2019 Employee Benefits Renewals

RECOMMENDATION:

Staff recommends Council approve the employee benefits package for 2019 as outlined below and in the attached spreadsheets.

DISCUSSION:

Staff and Gallagher Benefit Services, the City's benefits broker, have reviewed the annual renewals for employee insurance plans. Employee benefit renewals are brought forward now to ensure the annual open enrollment may proceed according to schedule.

Health Insurance

The look back period of the City's health claims shows a 115% utilization rate of claims paid versus premium paid. A utilization rate above 100% has contributed to a 15% premium increase for 2019.

Please refer to the attached spreadsheets for the recommended tier rates and cost sharing percent changes. The City will split the 15% premium cost increase 50/50 with employees.

Staff and the broker recommend renewing with Arkansas Blue Cross Blue Shield in 2019 since other health insurance bids for the City were higher.

COBRA

Staff recommends renewing with WageWorks as the administrator for COBRA/Retirees billing and administration.

City Paid Life and LTD Benefits

Staff recommends renewing with One America to provide City Paid Life Insurance and Long Term Disability insurance for employees with no price increase.

Flexible Spending Accounts

Staff recommends American Fidelity continue as the administrator of Flexible Spending Accounts with no cost for services.

Health Savings Accounts

Staff recommends First Security Bank continue as the administrator of Health Savings Accounts with no cost for services.

Employee Paid Dental Insurance

Staff recommends renewing with Delta Dental. The renewal includes a 4% increase in rates.

Please refer to the attached spreadsheet for tier rates.

Employee Paid Vision Insurance

Staff recommends renewing with Superior Vision with no price increase.

Voluntary Employee Paid Benefits

Staff recommends renewing with One America for optional, employee paid Short Term Disability coverage and Employee Paid Life Insurance with no price increase.

Supplemental Benefits Paid by Employees

Staff recommends continuing to offer additional supplemental benefits to employees through American Fidelity.

Disability Income Insurance	Life Insurance
Accident Only Insurance	AF Term Life Insurance
Cancer Insurance	AF Permanent Life Insurance
Critical Illness Insurance	Hospital Gap Insurance

BUDGET/STAFF IMPACT:

These planned insurance/benefit items are being budgeted for in the City's 2019 budget.

Attachments:

- 2018 & 2019 Health Insurance Cost Comparison
- 2019 Health Insurance Annualized Cost
- 2018 & 2019 Dental Insurance Cost Comparison

2018 & 2019 Health Insurance Cost Comparison

Traditional PPO - 1000 Deductible

PPO Rate Tier	Total Monthly Premium	Monthly Employee Contribution	Monthly Employer Contribution	Employee/ Employer Cost-Share %
2018 Employee Only	\$559.36	\$122.00	\$437.36	21.81% / 78.19%
2018 Employee + Spouse	\$1,219.64	\$437.96	\$781.68	35.91% / 64.09%
2018 Employee + Child(ren)	\$1,006.82	\$361.54	\$645.28	35.91% / 64.09%
2018 Family	\$1,660.00	\$596.10	\$1,063.90	35.91% / 64.09%
2019 Employee Only	\$643.26	\$163.94	\$479.32	25.49% / 74.51%
2019 Employee + Spouse	\$1,402.60	\$529.44	\$873.16	37.75% / 62.25%
2019 Employee + Child(ren)	\$1,157.84	\$437.04	\$720.80	37.75% / 62.25%
2019 Family	\$1,909.00	\$720.60	\$1,188.40	37.75% / 62.25%

Traditional PPO - 2000 Deductible

PPO Rate Tier	Total Monthly Premium	Monthly Employee Contribution	Monthly Employer Contribution	Employee/ Employer Cost-Share %
2018 Employee Only	\$517.32	\$112.82	\$404.50	21.81% / 78.19%
2018 Employee + Spouse	\$1,127.98	\$405.06	\$722.92	35.91% / 64.09%
2018 Employee + Child(ren)	\$931.16	\$334.38	\$596.78	35.91% / 64.09%
2018 Family	\$1,535.26	\$551.30	\$983.96	35.91% / 64.09%
2019 Employee Only	\$594.92	\$151.62	\$443.30	25.49% / 74.51%
2019 Employee + Spouse	\$1,297.18	\$489.66	\$807.52	37.75% / 62.25%
2019 Employee + Child(ren)	\$1,070.84	\$404.20	\$666.64	37.75% / 62.25%
2019 Family	\$1,765.56	\$666.44	\$1,099.12	37.75% / 62.25%

Traditional PPO - 4000 Deductible

PPO Rate Tier	Total Monthly Premium	Monthly Employee Contribution	Monthly Employer Contribution	Employee/ Employer Cost-Share %
2018 Employee Only	\$523.64	\$114.20	\$409.44	21.81% / 78.19%
2018 Employee + Spouse	\$1,141.76	\$410.02	\$731.74	35.91% / 64.09%
2018 Employee + Child(ren)	\$942.54	\$338.46	\$604.08	35.91% / 64.09%
2018 Family	\$1,554.02	\$558.04	\$995.98	35.91% / 64.09%
2019 Employee Only	\$602.20	\$153.48	\$448.72	25.49% / 74.51%
2019 Employee + Spouse	\$1,313.02	\$495.64	\$817.38	37.75% / 62.25%
2019 Employee + Child(ren)	\$1,083.92	\$409.14	\$674.78	37.75% / 62.25%
2019 Family	\$1,787.12	\$674.58	\$1,112.54	37.75% / 62.25%

High Deductible Health Plan - 3000 Deductible

HDHP Rate Tier	Total Monthly Premium	Monthly Employee Contribution	Monthly Employer Contribution	Employee/ Employer Cost-Share %	Employer's Monthly Health Savings Account Contribution	Total Employer Monthly Contribution (Premium + Health Savings Account Contribution)
2018 Employee Only	\$295.08	\$25.58	\$269.50	8.67% / 91.33%	\$70.80	\$340.30
2018 Employee + Spouse	\$636.42	\$61.16	\$575.26	9.61% / 90.39%	\$106.66	\$681.92
2018 Employee + Child(ren)	\$482.10	\$46.32	\$435.78	9.61% / 90.39%	\$132.50	\$568.28
2018 Family	\$893.70	\$85.88	\$807.82	9.61% / 90.39%	\$156.66	\$964.48
2019 Employee Only	\$339.34	\$47.70	\$291.64	14.06% / 85.94%	\$70.80	\$362.44
2019 Employee + Spouse	\$731.88	\$108.88	\$623.00	14.88% / 85.12%	\$106.66	\$729.66
2019 Employee + Child(ren)	\$554.42	\$82.48	\$471.94	14.88% / 85.12%	\$132.50	\$604.44
2019 Family	\$1,027.76	\$152.90	\$874.86	14.88% / 85.12%	\$156.66	\$1,031.52

High Deductible Health Plan - 4000 Deductible

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2018 Employee Only	\$273.64	\$23.72	\$249.92	8.67% / 91.33%	\$70.80	\$320.72
2018 Employee + Spouse	\$590.18	\$56.72	\$533.46	9.61% / 90.39%	\$106.66	\$640.12
2018 Employee + Child(ren)	\$447.06	\$42.96	\$404.10	9.61% / 90.39%	\$132.50	\$536.60
2018 Family	\$828.76	\$79.64	\$749.12	9.61% / 90.39%	\$156.66	\$905.78
2019 Employee Only	\$314.70	\$44.24	\$270.46	14.06% / 85.94%	\$70.80	\$341.26
2019 Employee + Spouse	\$678.72	\$100.98	\$577.74	14.88% / 85.12%	\$106.66	\$684.40
2019 Employee + Child(ren)	\$514.12	\$76.48	\$437.64	14.88% / 85.12%	\$132.50	\$570.14
2019 Family	\$953.08	\$141.80	\$811.28	14.88% / 85.12%	\$156.66	\$967.94

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2019 Employee + Child(ren)	\$514.12	\$76.48	\$437.64	14.88% / 85.12%	\$132.50	\$570.14
2019 Family	\$953.07	\$141.80	\$811.27	14.88% / 85.12%	\$156.66	\$967.93

2019 Health Insurance Annualized Cost

ANNUALIZED CALCULATIONS			
	Current Employee Participants (Excludes COBRA and Retirees, since they pay 100% for their coverage)	Current <u>ANNUAL</u> Cost to City at 2018 rates (Excluding Health Savings Account Contributions, which would not increase in 2019)	<u>ANNUAL</u> Cost to City at 2019 rates based on Current 2018 Employee Participants and Plans (Excluding Health Savings Account Contributions)
PPO 1000 Employee Only	55	\$288,657.60	\$316,351.20
PPO 1000 Employee + Spouse	9	\$84,421.44	\$94,301.28
PPO 1000 Employee + Child(ren)	1	\$7,743.36	\$8,649.60
PPO 1000 Family	7	\$89,367.60	\$99,825.60
PPO 2000 Employee Only	0	\$0.00	\$0.00
PPO 2000 Employee + Spouse	1	\$8,675.04	\$9,690.24
PPO 2000 Employee + Child(ren)	0	\$0.00	\$0.00
PPO 2000 Family	0	\$0.00	\$0.00
PPO 4000 Employee Only	1	\$4,913.28	\$5,384.64
PPO 4000 Employee + Spouse	0	\$0.00	\$0.00
PPO 4000 Employee + Child(ren)	0	\$0.00	\$0.00
PPO 4000 Family	0	\$0.00	\$0.00
HDHP 3000 Employee Only	214	\$692,076.00	\$748,931.52
HDHP 3000 Employee + Spouse	84	\$579,862.08	\$627,984.00
HDHP 3000 Employee + Child(ren)	50	\$261,468.00	\$283,164.00
HDHP 3000 Family	231	\$2,239,277.04	\$2,425,111.92
HDHP 4000 Employee Only	5	\$14,995.20	\$16,227.60
HDHP 4000 Employee + Spouse	2	\$12,803.04	\$13,865.76
HDHP 4000 Employee + Child(ren)	1	\$4,849.20	\$5,251.68
HDHP 4000 Family	2	\$17,978.88	\$19,470.72
TOTAL	663	\$4,307,087.76	\$4,674,209.76
Additional Cost to City for 2019			\$367,122.00

2018 & 2019 Dental Cost Comparison

Plan Tier	Employee Premium (per payroll)	Employee Premium (per month)
2018 Employee Only	\$13.10	\$26.20
2018 Employee + Spouse	\$26.20	\$52.40
2018 Employee + Child(ren)	\$30.13	\$60.26
2018 Family	\$46.75	\$93.50
2019 Employee Only	\$13.63	\$27.26
2019 Employee + Spouse	\$27.25	\$54.50
2019 Employee + Child(ren)	\$31.34	\$62.68
2019 Family	\$48.62	\$97.24