

City of Fayetteville Staff Review Form

2019-0446

Legistar File ID

8/6/2019

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

Michele Bechhold

7/17/2019

HUMAN RESOURCES (120)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends Council approve the proposed 2020 employee benefits renewals as proposed in the staff memo.

Budget Impact:

xxxx.xxx.xxxx-5108.xx

Citywide

Account Number

Fund

Project Number

Project Title

Budgeted Item? Yes

Current Budget \$ 5,983,363.00

Funds Obligated \$ 3,369,791.18

Current Balance **\$ 2,613,571.82**

Does item have a cost? NA

Item Cost

Budget Adjustment Attached? No

Budget Adjustment

Remaining Budget **\$ 2,613,571.82**

V20180321

Purchase Order Number: _____

Previous Ordinance or Resolution # _____

Change Order Number: _____

Approval Date: _____

Original Contract Number: _____

Comments:



MEETING OF AUGUST 6, 2019

TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
FROM: Michele Bechhold, Interim HR Director
DATE: July 17, 2019
SUBJECT: 2020 Employee Benefits Renewals

RECOMMENDATION:

Staff recommends Council approve the employee benefits package for 2020 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 at this time to ensure the annual open enrollment may proceed according to schedule.

Health Insurance

The one year look back period of the City's health claims shows an 83% utilization rate of claims paid versus premium paid. Under the City's current renewal rate guarantee with Arkansas Blue Cross Blue Shield, this utilization rate results in a 0% premium increase for 2020.

Please refer to the attached spreadsheets for the recommended 2020 tier rates which reflect no changes to cost sharing with employees or premium amounts from 2019.

Staff and the broker recommend renewing with Arkansas Blue Cross Blue Shield for 2020 with no changes to the premiums or cost share amounts.

COBRA

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

City Paid Life and LTD Benefits

Staff recommends One America continue to provide City Paid Life Insurance and Long Term Disability insurance for employees with no price changes. These policies are not due for renewal this year.

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 Superior Vision continue with no price increase.

Voluntary Employee Paid Benefits

Staff recommends continuing to offer optional, employee paid Short Term Disability coverage and Employee Paid Life Insurance through One America 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:

The cost of these planned insurance/benefit items are being budgeted in the City's 2020 budget.

Attachments:

- 2019 & 2020 Health Insurance Costs
- 2020 Health Insurance Annualized Cost
- 2019 & 2020 Dental Insurance Cost Comparison

2019 and 2020 Health Insurance Costs

Traditional PPO - 1000 Deductible

PPO Rate Tier	Total Monthly Premium	Monthly Employee Contribution	Monthly Employer Contribution	Employee/ Employer Cost-Share %
2019 and 2020 Employee Only	\$643.26	\$163.94	\$479.32	25.49% / 74.51%
2019 and 2020 Employee + Spouse	\$1,402.60	\$529.44	\$873.16	37.75% / 62.25%
2019 and 2020 Employee + Child(ren)	\$1,157.84	\$437.04	\$720.80	37.75% / 62.25%
2019 and 2020 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 %
2019 and 2020 Employee Only	\$594.92	\$151.62	\$443.30	25.49% / 74.51%
2019 and 2020 Employee + Spouse	\$1,297.18	\$489.66	\$807.52	37.75% / 62.25%
2019 and 2020 Employee + Child(ren)	\$1,070.84	\$404.20	\$666.64	37.75% / 62.25%
2019 and 2020 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 %
2019 and 2020 Employee Only	\$602.20	\$153.48	\$448.72	25.49% / 74.51%
2019 and 2020 Employee + Spouse	\$1,313.02	\$495.64	\$817.38	37.75% / 62.25%
2019 and 2020 Employee + Child(ren)	\$1,083.92	\$409.14	\$674.78	37.75% / 62.25%
2019 and 2020 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)
2019 and 2020 Employee Only	\$339.34	\$47.70	\$291.64	14.06% / 85.94%	\$70.80	\$362.44
2019 and 2020 Employee + Spouse	\$731.88	\$108.88	\$623.00	14.88% / 85.12%	\$106.66	\$729.66
2019 and 2020 Employee + Child(ren)	\$554.42	\$82.48	\$471.94	14.88% / 85.12%	\$132.50	\$604.44
2019 and 2020 Family	\$1,027.76	\$152.90	\$874.86	14.88% / 85.12%	\$156.66	\$1,031.52

High Deductible Health Plan - 4000 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)
2019 and 2020 Employee Only	\$314.70	\$44.24	\$270.46	14.06% / 85.94%	\$70.80	\$341.26
2019 and 2020 Employee + Spouse	\$678.72	\$100.98	\$577.74	14.88% / 85.12%	\$106.66	\$684.40
2019 and 2020 Employee + Child(ren)	\$514.12	\$76.48	\$437.64	14.88% / 85.12%	\$132.50	\$570.14
2019 and 2020 Family	\$953.08	\$141.80	\$811.28	14.88% / 85.12%	\$156.66	\$967.94

2020 Health Insurance Annualized Cost

ANNUALIZED CALCULATIONS		
	Current Employee Participants (Excludes COBRA and Retirees, since they pay 100% for their coverage)	ANNUAL Cost to City at 2020 rates based on June 2019 Employee Participants and Plans (Excluding Health Savings Account Contributions)
PPO 1000 Employee Only	46	\$264,584.64
PPO 1000 Employee + Spouse	7	\$73,345.44
PPO 1000 Employee + Child(ren)	2	\$17,299.20
PPO 1000 Family	5	\$71,304.00
PPO 2000 Employee Only	0	\$0.00
PPO 2000 Employee + Spouse	2	\$19,380.48
PPO 2000 Employee + Child(ren)	0	\$0.00
PPO 2000 Family	0	\$0.00
PPO 4000 Employee Only	1	\$5,384.64
PPO 4000 Employee + Spouse	0	\$0.00
PPO 4000 Employee + Child(ren)	0	\$0.00
PPO 4000 Family	0	\$0.00
HDHP 3000 Employee Only	228	\$797,927.04
HDHP 3000 Employee + Spouse	83	\$620,508.00
HDHP 3000 Employee + Child(ren)	53	\$300,153.84
HDHP 3000 Family	235	\$2,467,105.20
HDHP 4000 Employee Only	4	\$12,982.08
HDHP 4000 Employee + Spouse	2	\$13,865.76
HDHP 4000 Employee + Child(ren)	0	\$0.00
HDHP 4000 Family	2	\$19,470.72
TOTAL	670	\$4,683,311.04

2019 & 2020 Dental Cost Comparison

Plan Tier	Employee Premium (per payroll)	Employee Premium (per month)
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
2020 Employee Only	\$14.18	\$28.36
2020 Employee + Spouse	\$28.34	\$56.68
2020 Employee + Child(ren)	\$32.60	\$65.20
2020 Family	\$50.57	\$101.14