

City of Fayetteville Staff Review Form

2022-0629

Legistar File ID

8/2/2022

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

Missy Cole

7/15/2022

HUMAN RESOURCES (120)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends City Council approve the 2023 employee benefits renewals as proposed in the staff memo.

Budget Impact:

Citywide	Citywide
Account Number	Fund
Project Number	Project Title
Budgeted Item? <u>Yes</u>	Current Budget \$ 6,662,368.00
	Funds Obligated \$ 3,224,907.34
	Current Balance \$ 3,437,460.66
Does item have a cost? <u>No</u>	Item Cost \$ -
Budget Adjustment Attached? <u>No</u>	Budget Adjustment \$ -
	Remaining Budget \$ 3,437,460.66

V20210527

Purchase Order Number: _____

Previous Ordinance or Resolution # _____

Change Order Number: _____

Approval Date: _____

Original Contract Number: _____

Comments:



MEETING OF AUGUST 2, 2022

TO: Mayor and City Council
THRU: Susan Norton, Chief of Staff
FROM: Missy Cole, HR Director
DATE: July 12, 2022
SUBJECT: 2023 Employee Benefits Renewal

RECOMMENDATION:

Staff recommends Council approve the employee benefits package for 2023 as outlined below and in the attached documents.

BACKGROUND:

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

DISCUSSION:

Health Insurance

The one year look back period of the City's health claims shows a 131.3% utilization rate of claims paid versus premiums paid. Under the City's current renewal rate guarantee with Arkansas Blue Cross Blue Shield, the utilization rate would result in a 19.8% premium increase for 2023 for the City's medical plans. Blue Cross Blue Shield has offered to reduce the premium increase to 16.8% if the City will move vision vendors from Superior Vision to VSP, BCBS's preferred provider. Staff reviewed the plan designs and geographical coverage map of VSP and recommends a move to VSP for vision coverage to help mitigate the health premium increase and to provide more vision coverage options to employees. Staff also recommends renewing the health plan with the same plan design and same cost sharing percentages for 2023.

Employee Paid Vision Insurance

Staff recommends moving to VSP and offering employees two plan design options. Rates are guaranteed for 3 years. The Base Plan (Silver II) is like the current plan design offered by the City. The Buy-Up Plan (Gold II) is a new option for employees to choose if they are interested in enhanced vision benefits.

Employee Paid Dental Insurance

The one year look back period shows the loss ratio for the City's dental claims at 85.55%, which results in a 4.5% increase to rates for 2023. Staff recommends renewing with Delta Dental.

City Paid Life and LTD Benefits

OneAmerica has provided a rate hold on Employer Paid Basic Life and Employer Paid LTD products for 2023. Staff recommends renewing with OneAmerica for the same benefit coverage and current rates.

Flexible Spending Accounts

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

Health Saving Accounts

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

COBRA

Staff recommends Consolidated Admin Services (CAS) continue as the administrator of COBRA services.

Voluntary Employee Paid Benefits

OneAmerica has provided a rate hold for 2023 on employee paid Short Term Disability and Employee Paid Life Insurance. Staff recommends renewing with OneAmerica for these products.

Supplemental Benefits Paid by Employees

Staff recommends continuing to offer additional supplemental benefits to employees through American Fidelity which include: Disability Income Insurance, Accident Only Insurance, Cancer Insurance, Critical Illness Insurance, Life Insurance, AF Term Life Insurance, AF Permanent Life Insurance and Hospital Gap Insurance.

BUDGET/STAFF IMPACT:

The costs of these planned insurance/benefit items are being budgeted in the City's 2023 budget.

Attachments:

Health Plan Costs 2023 vs. 2022

Employee Paid Dental and Vision Premiums 2023 vs. 2022

HEALTH PLAN MONTHLY COSTS 2023 VS. 2022

PPO Plan							
Rate Tier	Total Monthly Premium 2022	Total Monthly Premium 2023	Monthly Employee Contribution 2022	Monthly Employee Contribution 2023	Monthly Employer Contribution 2022	Monthly Employer Contribution 2023	Employee/ Employer Cost-Share %
Employee Only	\$719.14	\$ 839.96	\$183.30	\$214.10	\$535.84	\$625.86	25.49%/74.51%
Employee + Spouse	\$1,568.08	\$ 1,831.52	\$591.94	\$691.40	\$976.14	\$1,140.12	37.75%/62.25%
Employee + Child(ren)	\$1,294.42	\$ 1,511.88	\$488.64	\$570.72	\$805.78	\$941.16	37.75%/62.25%
Family	\$2,134.22	\$ 2,492.76	\$805.66	\$941.02	\$1,328.56	\$1,551.74	37.75%/62.25%

High Deductible Health Plan							
Rate Tier	Total Monthly Premium 2022	Total Monthly Premium 2023	Monthly Employee Contribution 2022	Monthly Employee Contribution 2023	Monthly Employer Contribution 2022	Monthly Employer Contribution 2023	Employee/ Employer Cost-Share %
Employee Only	\$374.16	\$437.02	\$ 52.60	\$61.44	\$321.56	\$375.58	14.06%/85.94%
Employee + Spouse	\$806.96	\$942.52	\$ 120.08	\$140.24	\$686.88	\$802.28	14.88%/85.12%
Employee + Child(ren)	\$611.28	\$713.98	\$ 90.96	\$106.24	\$520.32	\$607.74	14.88%/85.12%
Family	\$1,133.18	\$1,323.54	\$ 168.62	\$196.94	\$964.56	\$1,126.60	14.88%/85.12%

Dental Premium 2023 vs. 2022

Plan Tier	2022 Employee Monthly Premium	2023 Employee Monthly Premium
Employee Only	\$27.50	\$28.74
Employee + Spouse	\$54.98	\$57.46
Employee + Child(ren)	\$63.24	\$66.10
Family	\$98.10	\$102.52

Vision Premiums 2023 vs. 2022

Plan Tier	2022 Employee Monthly Premium	2023 Employee Monthly Premium (Silver II Plan)	2023 Employee Monthly Premium (Gold II Plan)
Employee Only	\$6.54	\$6.00	\$7.72
Employee + Spouse	\$12.68	\$11.96	\$15.40
Employee + Child(ren)	\$12.68	\$12.80	\$16.48
Family	\$18.66	\$20.46	\$26.34