



MEMORANDUM

CITY COUNCIL WORKSHOP

April 15, 2024 at 5:30 PM

TO: Lisa Nocerini, City Manager

FROM: Matt Smith, Treasurer

DATE: April 1, 2024

SUBJECT: Employee Health Insurance

As an employer of 20 full-time employees, the City of the Village of Douglas currently provides employees with health and dental benefits through Lighthouse Group. The City is currently waiting on official numbers and options to come from Lighthouse. The budget is currently projecting a 9% increase in premiums. Projections are based on past increases, renewing the current plan, employees remaining on the same plan (high deductible vs low deductible), same employee cost-share, and City contributions to HSA accounts.

As the City considers healthcare coverage for its employees it needs to balance the financial benefits and constraints to the City, the benefit needs of the employees, and regulatory requirements such as Public Act 152.

In 2011 the State Legislature passed Public Act 152 which limits the amount a public employer can contribute towards employee health care. The Act limits local units of government to three options: 1) paying for 80 percent of employee health insurance, 2) a hard cap-based amount, or 3) to exempt itself (opt-out) from these requirements and determine on its own the appropriate amount to contribute. Annually the City must select one of these options. The option selected is valid for one year. The City has historically elected the opt-out option.

Going over these options, option 1 is straightforward. The City would pay no more than 80 percent of an employees premium. With option 2, the State sets a dollar amount threshold based on the type of plan. For plans beginning in 2024 the annual premium limits are \$7,702.85 for single coverage, \$16,109.06 for individual plus one coverage, and \$21,007.83 for family coverage. Finally, option 3 allows the City to make its own determination on what is appropriate.

The hard cap number for the City is subject to change based on new hires, employee departures, marriages, divorces, new dependents, and/or dependents coming off the plan

City of the Village of Douglas
 Renew Current Plans
 FY 24-25

Org	Opt out Employees pay 50/mo		80% employer	20% employee	hard cap		
	Employer	Employee			employer	employee	
Employee 1	5,547.48	600.00	\$4,917.98	1,229.50	7,702.85	(2,155.37)	single
Employee 2	30,693.60	600.00	\$25,034.88	6,258.72	21,007.83	9,685.77	Family
Employee 3	13,690.56	600.00	\$11,432.45	2,858.11	16,109.06	(2,418.50)	1+1
Employee 4	4,721.16	600.00	\$4,256.93	1,064.23	7,702.85	(2,981.69)	single
Employee 5	5,801.08	600.00	\$5,120.86	1,280.22	7,702.85	(1,901.77)	single
Employee 6	10,141.20	600.00	\$8,592.96	2,148.24	16,109.06	(5,967.86)	1+1
Employee 7	5,547.48	600.00	\$4,917.98	1,229.50	7,702.85	(2,155.37)	single
Employee 8	16,325.28	600.00	\$13,540.22	3,385.06	21,007.83	(4,682.55)	Family
Employee 9	20,711.04	600.00	\$17,048.83	4,262.21	21,007.83	(296.79)	Family
Employee 10	12,308.28	600.00	\$10,326.62	2,581.66	16,109.06	(3,800.78)	1+1
Employee 11	22,207.80	600.00	\$18,246.24	4,561.56	16,109.06	6,098.74	1+1
Employee 12	21,095.52	600.00	\$17,356.42	4,339.10	16,109.06	4,986.46	1+1
Employee 13	5,100.00	600.00	\$4,560.00	1,140.00	7,702.85	(2,602.85)	single
Employee 14	25,549.08	600.00	\$20,919.26	5,229.82	21,007.83	4,541.25	Family
Employee 15	5,048.64	600.00	\$4,518.91	1,129.73	7,702.85	(2,654.21)	single
Employee 16	20,239.36	600.00	\$16,671.49	4,167.87	21,007.83	(768.47)	family
Employee 17	19,318.44	600.00	\$15,934.75	3,983.69	16,109.06	3,209.38	1+1
Employee 18	5,547.48	600.00	\$4,917.98	1,229.50	7,702.85	(2,155.37)	single
Employee 19	5,547.48	600.00	\$4,917.98	1,229.50	7,702.85	(2,155.37)	single
Employee 20	5,547.48	600.00	\$4,917.98	1,229.50	7,702.85	(2,155.37)	single
Totals	<u>\$260,688.44</u>	<u>\$12,000.00</u>	<u>\$218,150.75</u>	<u>\$54,537.69</u>	<u>\$271,019.16</u>	<u>-\$10,330.72</u>	

employees 20.00
 dependents 21.00

Hard Cap Numbers
 Plan starting in
 2024

Employee premium	152,724.32	family	21,007.83
Dependent premium	119,964.12	1+1	16,109.06
		single	7,702.85