



MEMO

HUMAN RESOURCES

To: Finance and Personnel Committee
From: Shanon Swaney, Human Resources Director
Date: March 18, 2024
Re: Health Insurance Review Update

Background:

In an effort to ensure the City is offering a health plan that is financially responsible, sustainable, and provides the best coverage for our employees, staff have taken time to research and review our current State of WI Department of Employee Trust Funds and other options that may be available.

Facts about the current plan:

The current plan is an HMO plan with a \$500 individual /\$1,000 family deductible plan. Employees have five network options. Networks vary in price based on participating providers included. This allows employees to choose the network that makes sense for them based on their budget and network needs. Employees have access to Prevea, Aurora, ThedaCare, Ascension, Bellin, Froedert, Children's Hospital, BayCare, and more depending on their needs and network of choice.

Historic Increases:

Average increase among public sector employers across the state of WI (data from state M3 public sector benchmark reports).

Please note that the report with 2024 average increases is not yet out.

Year	Overall Public Sector Average Increase	Overall Average Local Government Increase	City of Kaukauna Increase
2024	Not available yet	Not available yet	14.3%
2023	4.8%	4.8%	0.2%
2022	5.0%	6.4%	-2.8%
2021	3.5%	6.1%	4.0%
2020	5.2%	5.8%	7.5%

Based on City of Kaukauna historic increases and overall public sector state averages, the state plans appears to remain competitive.

Staff also contacted brokers to gather quotes on facilitating a market review of our current health plan. Four brokers were contacted to gather quotes. These included M3 Insurance, Cottingham and Butler Insurance, R&R Insurance, and USI Insurance. Of these, three provided proposals including M3 Insurance, Cottingham and Butler Insurance, and R&R Insurance.

Through staff research, and reviewing our current plan with brokers the following was determined:

- The current plan that we offer is an HMO plan. Employees can choose between one of five networks. This allows our employees to select the option that best meets their family's needs. If we move away from the state plan, due to our current plan design and premium levels, we would likely need to maintain an HMO plan design, however, we would partner with one network rather than being able to offer our employees the flexibility to choose from five networks as we do now. This could cause disruptions to employee coverage.
- Brokers confirmed that the increase seen in the state plan in 2024 was not unique and many carriers outside of the state plan also gave out higher increases than were seen in recent years. The state noted that the larger than normal increase was due to impacts and recovery from the COVID-19 pandemic and to balance the reserve fund. The brokers that staff spoke with shared they would not expect this to be a consistent upward trend and that 2024 was likely a "correction" year.
- If we decide to go to market, we will not have access to our claims utilization data from the state. This means carriers would need to underwrite us based on our census data. This could lead to inaccurate quotes and the brokers confirmed that while we may receive an appealing quote in year one, after the carrier had a year of our utilization data, we could see a spike in a future year(s).
- When an employer leaves the state insurance program, they are not able to re-enter for a period of three years, and may also be subject to a surcharge upon re-entry.
- The City does not need to maintain a broker while participating in the state plan, as the state manages renewal process, claims concerns, resources, and compliance.

Based on the historic health insurance increase trends with the state, and the reasons noted above, staff does not believe that leaving the state program is in the best interest of the City or its employees at this time. Staff are not recommending any changes to our current health plan. Should a trend continue in future year(s) of higher than anticipated increases from the state health plan, this could be revisited.

However, should this body desire to move forward with a market analysis, staff would recommend partnering with R&R insurance.

R&R Insurance has helped complete reviews of insurance for other public sector employers who are also part of the ETF health plan, and they have experience working with public sector employers. R&R will complete fact-gathering of our current plans, market our plan to other carriers to review other carrier and plan design options, and will help review and analyze results to include current and future cost impacts, plan design, and value. R&R expects this project will take approximately 60 days to complete. The R&R quote was also the most competitive as compared to the other two quotes received.

R&R Insurance quoted a total of \$4,750 for project completion.

Staff Recommendation:

No changes recommended to our health plan at this time and continue to monitor.

