



ACTION ITEM REPORT

Item Title: Consideration and ACTION to approve health insurance renewal rates for employees.

Recommendation:

Our current policy is with United HealthCare. We have been with them for about 5 years. The current rate is \$670.48 per employee per month. The renewal rate with United HealthCare is \$882.43 or a 31.6% increase. This would amount to an increase in the existing budget of \$135,648 so it is not an option I think we should consider.

Other options were reviewed with United HealthCare with different deductible amounts and different co-insurance amounts to see if we could get the premium down to lessen the impact to the city without drastically impacting the employee. The best option staying with United HealthCare would be Option 4. The impact to the City would be \$12,908.80 which we could easily handle. However, it would increase the deductible for each employee from \$1,500 to \$3,500 and the co-insurance from \$3,000 to \$4,000. This would have a very negative impact on our employees.

Options like HSA or Health Savings accounts and Curator were considered. They are cheaper but negatively impact our employees more than Option 4.

Blue Cross Blue Shield provide some options as well. We have utilized them in the past. The options are Options 5 – 9.

Option 9 would be the first choice. The current rate of \$670.48 per employee per month would increase to \$746.06 or 11%. It would only increase the amount to the City by \$48,371.20. We can afford to do this with the existing budget. Additionally, the deductible for our employees would actually decrease from \$1,500 to \$1,250 but the co-insurance would increase from \$3,000 to \$3,750 so that is still a great benefit for the employee. The co-insurance is 100%.

Option 7 would be the next choice if you don't want to go with Option 9. The current rate of \$670.48 per employee per month would increase to \$697.75 or 4%. It would only increase the amount to the City by \$17,452.80. We can afford to do this with the existing budget. Additionally, the deductible for our employees would actually decrease from \$1,500 to \$1,000 but the co-insurance would increase from \$3,000 to \$4,000 so that is still a great benefit for the employee. The negative part to this option is the co-insurance is only 80% where Option 9 is 100%.

I recommend approval of Option 9 with Blue Cross Blue Shield.