
TO: City Council
CC: Sharon Hanson, City Administrator
FROM: Sheila Dubs, Human Resource Manager
DATE: October 12, 2021 (City Council Work session)
SUBJECT: 2022 Health and Dental Insurance Renewal

Bill Chukuske, our Broker for health and dental insurances, will present our 2022 renewal information and provide an overview of health insurance options. He has recently joined the firm of National Insurance Services. Bill will review the following:

- City of Marshall 2022/2023 Health Plan Renewal Options

Additional Background materials include:

- 2022 PEIP (Public Employees Insurance Program) renewal letter
- City of Marshall History of Premium Rate Increases
- 2022 Delta Dental Revised Renewal Calculation

HEALTH INSURANCE:

For 2020-2021, the Council approved a 2-year commitment with PEIP; this agreement had no rate guarantee in the 2nd year. Effective 01/01/2022, the City no longer has a commitment to continue with PEIP.

The 2022 PEIP overall pool renewal is 9.0%. The City's renewal rate for single coverage increased 9.47% and 9.38% for family coverage on the Advantage H.S.A. Option plan, PEIP's high deductible health (HDHP) plan, which is the lowest cost plan offered to our group. The total premium rates are included in the on the last page of the PEIP renewal letter: see medical rates at the top of the page. (*The City does not offer Dental or Life plans through PEIP.*) During our 2-year commitment with PEIP, the City benefited by generally stable rate increases of 6.3% and 6.6%.

A history of the City's premium renewals is also provided in your background materials.

Since our 2-year commitment with PEIP was ending this year, Bill completed a Request for Proposals on behalf of the City for health insurance options from other carriers for 2022. Bill will review a summary of the most cost-effective proposals received from these carriers. Each of the alternative plans Bill will review is a HDHP.

Given the significant increase in rates from PEIP, Bill and Staff will not be recommending approval of PEIP plans for 2022. Staff will be recommending that the Council consider the lowest-cost, alternative plan option, which offers a 12% decrease in premiums compared to our current rates. Each of the alternative plan options requires a 2-year commitment and includes a 2023 rate cap.

Staff will come back to the Council on October 26, at the regular Council meeting, to present 2022 plan and cost-share options for Council approval.

DENTAL INSURANCE:

The Delta Dental renewal came in at a 13.5% increase. Bill has negotiated a 4.0% rate increase on a 2-year renewal contract with Delta Dental. Bill will discuss the renewal in more detail at the meeting. Staff will bring in a cost sharing proposal to the Council for consideration on October 26th.

OPEN ENROLLMENT INFORMATION:

Staff will be requesting that the Council approve a cost-share option at the regularly scheduled Council meeting on October 26th. Employee Open Enrollment is planned for November 1-15. Employees will make their individual benefit elections on-line. Due to COVID-19, our benefit carriers will be available both virtually and by appointment for employees that desire additional information.

City of Marshall 2022/2023 Health Plan Renewal Options

All bidders match current PEIP plan designs and networks without PCC referrals

All numbers are based on current enrollees as of August 2021

All numbers include Broker/Agent fee and all Administrative Fees

	PEIP	SWWC Coop	BCBS	Sourcewell Coop
2022 premium	\$ 2,033,141.00	\$ 1,849,220.00	\$ 1,636,068.00	\$ 1,742,982.00
% increase from 2021	9.40%	-0.50%	-12.00%	-6.20%
2023 rate cap	None	9.50%	11.00%	9.00%
Wellness incentive dollars	None	\$ 58,140.00	None	\$ 46,000.00

Savings using two year max cap and any incentive dollars factored in

2022	\$	183,921.00	\$	397,073.00	\$	290,159.00
2023 (Assuming 10% PEIP increase)	\$	211,560.00	\$	420,420.00	\$	247,726.00
Wellness dollars two years	\$	116,280.00	\$	-	\$	92,000.00
Total Potential Savings over two years	\$	511,761.00	\$	817,493.00	\$	629,885.00

2236455 PEIP

2024895 SWWC

1816035 BCBS

1988729 Sourcewell

Provided by Bill Chukuske

10/5/2021



September 30, 2021

Sheila Dubs
 City Of Marshall
 344 W Main Street
 Marshall, MN 56258

RE: January 1, 2022 PEIP Renewal for City Of Marshall

Dear Sheila:

Thank you for your participation in the Public Employees Insurance Program (PEIP) Pool. We hope that the program has fulfilled your insurance needs.

The January 2022 PEIP renewal of 9.0% is higher than the previous 12 year's average of about 3.5%. Groups being slotted for the first time could be slightly higher or lower than this figure.

While this is higher than the 12 year pool average increase of about 3.6%, we are in the midst of very unique times. COVID has had a large impact on 2021 claims (procedures delayed from 2020). We have also seen some very expensive one-time prescription claims that have reached almost \$2 million dollars. We hope that 2022 will return to more normal claims usage and better renewals next year.

- The goal of the program is to pool all claims from all groups to spread risk over a very large member base. As in the past, groups renewing for the first time may see percentage changes different from the pool average if they are being placed in a premium tier for the first time (one-time event).
- Renewing groups that have experienced much higher claims or much lower claims than other groups in their premium tier for an extended period (3-4 years) may be moved up or down one tier level. Thus, a handful of groups may see rate changes above or below the pool average for the renewal. This will only affect a small number of groups.

As always, the PEIP underwriters will make any changes necessary to protect the financial stability of the pool.

History of PEIP Pool Renewals

July Group Average	January Group Average	<p>By combining all PEIP groups into one pool, the risk is spread over a large group of members (60,000 from 460 groups) , providing more stability of rates (historically below healthcare trends in Minnesota).</p>
July, 2010 = +8.0%		
July, 2011 = -6.6%		
July, 2012 = -3.3%	January, 2013 = +5.0%	
July, 2013 = +6.0%	January, 2014 = +.5%	
July, 2014 = +1.9%	January, 2015 = +2.4%	
July, 2015 = +2.0%	January, 2016 = +5.5%	
July, 2016 = +5.9%	January, 2017 = +3.5%	
July, 2017 = +1.3%	January, 2018 = +.2%	
July, 2018 = +.2%	January, 2019 = +2.5%	
July, 2019 = +3.7%	January, 2020 = +5.2%	
July, 2020 = +10.7%	January, 2021 = +9.7%	
July, 2021 = +7.0%	January, 2022 = +8.96%	
<p>Combined Pool Average = 3.6% *History includes all ACA taxes</p>		

Plan Changes for 2022

There are a few plan changes for 2022. We are happy to announce these positive changes.

1. 3D mammograms may be obtained as preventive care.
2. In addition to an annual routine eye visit (preventive with no copay or coinsurance) an office visit to an in-network eye care provider for eye injury or illness will be covered at the cost level of the member's primary care clinic without needing a referral.
3. Emergency room copayments have increased for cost levels 2 thru 4 but are excluded from the deductible in the High and Value plans.

The PEIP 2022 clinic directory will be available on the PEIP website by October 15, 2021. Please make sure members review their clinics for any cost level changes.

During open enrollment, your insurance eligible employees will have the opportunity to change health plans and carrier networks. Please have the open enrollment completed by November 19, 2021. Updated plan summaries and other enrollment information will be forwarded to you in a separate email. Forms can also be found on PEIP's website at www.innovomn.com. Retirees over age 65, individual Medicare Advantage and Cost policies are available. Please call Innovo Benefits Administration at 1-800-829-5601 or contact your plan administrator for more details or visit our website at www.innovomn.com.

Employees and dependents who wish to change health plans or networks must complete an Enrollment Form (or online enrollment) for the change. A primary care clinic number for each member is required. **Participants staying with the same carrier who wish to change their primary care clinic must contact the carrier directly.** Primary care clinics can be changed at any time by calling the customer service number on the member's ID card.

All completed Enrollments and any changes to your group's eligibility requirements must be submitted to Innovo Benefits Administration, PEIP's administrator, by November 19, 2021 (please plan your open enrollment to meet that deadline).

****** Please send enrollment/changes to Innovo for those employees making a plan, carrier or family changes only. No form is required for those employees maintaining current coverage. ******

As the sponsor of the group insurance, you may change or add additional PEIP product options (e.g. life and dental coverages) and change your eligibility requirements at this time. Eligibility criteria includes number of hours worked per week to be eligible, new employee waiting periods before coverage becomes effective, etc. Any changes made to your current eligibility policy must be made in writing and sent to Innovo.

Participation is automatically renewed for an additional two-year term unless the exclusive representative, or the employer for unrepresented employees gives the commissioner notice of withdrawal at least 30 days before expiration of the participation period.

A PowerPoint presentation that explains the plan choices and instructions on completing the employee enrollment will be sent in a separate email with the enrollment materials.

Please submit all forms via fax, email or mail to:

Innovo Benefits Administration
Attn: PEIP
7805 Telegraph Road, Suite 110
Bloomington, MN 55438
Secure Fax: 952-746-3108
Email: service@innovomn.com

Page 3

Please forward the renewal rate information to your COBRA, Minnesota continuation, disabled, and early retiree participants (if any). If PEIP manages your COBRA, Innovo will send out the information to these participants.

If you have any questions, please call 952-746-3101 or 1-800-829-5601 or email shawn@innovomn.com. We look forward to another year of serving you.

Sincerely,

A handwritten signature in cursive script that reads "Shawn Byrne".

Shawn Byrne
Manager

CC: Agent - Bill Chukuske

City Of Marshall
1/1/2022 Renewal Rates
Advantage Plans

In accordance with MN Stat.471.61, renewal rates for retirees who are under age 65 are blended with the rates for active employees. Eligible retirees currently on continuation are included in the rate structure.

2021 vs 2022 MEDICAL RATES

		<i>Current Rates</i>	<i>Renewal Rates 2022</i>
Advantage High Option	Single	\$1023.02	\$1118.94
	Family	\$2714.54	\$2967.30
Advantage Value Option	Single	\$920.58	\$1007.08
	Family	\$2441.14	\$2668.72
Advantage HSA Option	Single	\$718.32	\$786.36
	Family	\$1901.10	\$2079.40

If you work with an agent, please confirm commission amount with them. Rates shown include commission, if Applicable.

2021 VS 2022 DENTAL RATES – PREVENTIVE PLAN (CLOSED TO NEW ENROLLMENT), if applicable

	Current	Renewal
Monthly Rate - Employer Pays 90% or More of Cost	\$11.72	\$11.72
	\$35.57	\$35.57
Monthly Rate - Employer Pays 50-89% Of Cost	\$12.76	\$12.76
	\$39.48	\$39.48

2021 VS 2022 DENTAL RATES – COMPREHENSIVE PLAN, if applicable

	Current	Renewal
Monthly Rate - Employer Pays 90% or More of Cost	\$40.16	\$40.16
	\$95.73	\$95.73
Monthly Rate - Employer Pays 50-89% Of Cost	\$44.43	\$44.43
	\$104.95	\$104.95

2022 LIFE RATES, if applicable

Basic Life/AD&D	\$.18/1,000	
Dependent Life	\$1.18	
Supplemental Life (Per Thousand)	<u>Age</u>	
	<35	\$.11
	35-39	\$.13
	40-44	\$.17
	45-49	\$.26
	50-54	\$.44
	55-59	\$.71
60-64	\$.79	
65-69	\$1.49	

City of Marshall History of Premium Rate Increases

		SWWC Service Cooperative	
	2011	10.65%	
	2012	1.0%	
	2013	6.0%	
	2014	6.9%	
	2015	0.0%	
	2016	17.5%	
	2017	6.5%	
	2018	7.1%	
	2019	12.3%	
	2020	<i>renewal at 15.00%</i> <i>2nd offer of 12.30%</i> <i>final offer of 7.44%</i>	first offer elimination of lower deductible plan final offer rejected by the Council
		PEIP	
	2020	6.3%	Council approved transition to PEIP
	2021	6.6%	Year 2 of 2-year commitment with PEIP

Renewal	2022	+9%	PEIP Single is 9.47% increase PEIP Family is 9.38% increase
Proposed	2022	-12%	BCBS HDHP 12% decrease



**REVISED RENEWAL CALCULATION
24 MONTH CONTRACT**

Group Name: City of Marshall
 Group Number: 310748
 Renewal Period: January 1, 2022 through December 31, 2023
 Experience Period: June 1, 2020 through May 31, 2021

Earned Premium: \$130,419
 Incurred Claims: \$91,651
 Estimated Unpaid Claim Liability*: \$23
 * EUCL has already been added to the incurred claim total

Average Experience Period Enrollment:	Single	31
	Family	74
	Total	<hr/> 105

Trend Factor: 5.60%
 Trend is calculated from the mid-point of the experience period to the midpoint of the renewal period.

Current Corporate Trend: 3.50%

Benefit Adjustment Factor (BAF): 0.00%
 BAF is needed if any benefit changes are proposed for the upcoming contract period.

Covid Factor: 19.64%
 Calculated for each group individually based on pre-Covid usage

Projected Incurred Claims: \$115,792

Needed Increase: 14.90%
 Proposed Increase: 4.00%

Rates:		Current Rates	New Rates
	Single	\$46.12	\$47.96
	Family	\$128.16	\$133.28

Revised Renewal reflects decreasing the rates, effective January 1, 2022.

Delta Dental reserves the right to re-evaluate the rates/fees and restrict funding options if during the contract period:

- * the number of enrolled employees deviates from the above enrollment by 10% or more
- * any changes are made to the plan design, contractual benefits or networks that are utilized

This renewal is valid only if the contract is issued in the state of Minnesota.