



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, October 13, 2020
Category:	NEW BUSINESS
Type:	INFO
Subject:	Consider approval of the 2021 Health Insurance Renewal with PEIP
Background Information:	<p>Last year, the Council approved a transition in carriers to PEIP (Public Employees Insurance Program). The transition to PEIP required a 2-year commitment with no rate guarantee in the 2nd year. The City has received the 2021 rates, please see the PEIP letter dated September 24, 2020 in your background materials.</p> <p>Health insurance is the foundation of an employee benefit package. As the labor force in southwest MN becomes increasingly tight, our ability to compete for highly skilled employees improves with a competitive benefit package. During the past few years, the Council, Administration, and employees were becoming increasingly concerned about the rising costs and volatility of our health insurance plans, both in terms of premiums and deductible amounts. This year, under the PEIP plan, while the overall pool renewal is 9.7%, the City of Marshall is being “<i>slotted</i>” (underwriters’ analysis) for the first time into the pool, which resulted in a favorable lower renewal, at 6.60% for single plans and 6.66% for family plans on the Advantage H.S.A. Option plan. 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.) This is a favorable renewal as it reflects greater stability than we’ve seen in prior years, which in turn, means lower increases for both the employer and employee premiums.</p> <p>Bill Chukuske Insurance Services is our Broker for health insurance. He will be presenting our renewal information to the Council. Staff will also be presenting a 2021 cost-share option with the Council using the same cost-share model that the Council approved in 2020. The proposal is that the employee and employer share equally in the rate increase percentage.</p> <p>Staff projected a budget increase of \$106,670 for the 2021 budget. However, the renewal rates are lower than anticipated at a projected budget increase of \$86,839.16. The projections are based on current plan selection by employees.</p> <p>Open enrollment information: PEIP delayed sending out renewal rates by one month this year due to the COVID-19 pandemic. Due to this delay, the timing for the employee open enrollment period is impacted. Staff will be requesting that the Council consider approval of the cost-share option at the regularly scheduled Council meeting being held on the same evening as the worksession, October 13th. If approved, it will provide HR staff more time with employees who have questions during the open enrollment period since we cannot meet in large groups this year. However, should the Council choose to want additional time, a decision would then need to be made at the October 27th regular meeting and the employee open enrollment period would begin immediately thereafter, on October 28th. All renewal information and employee changes are required to be submitted to PEIP by November 12th. To comply with pandemic social distancing laws and</p>

	guidelines, our employee open enrollment will include in-person and virtual visits with our benefit carriers by appointment.
Fiscal Impact:	Cost projections are estimated based upon current plan enrollment. The estimated 2021 cost increase is \$86,839.16. See packet enclosure for a breakout by Fund.
Alternative/ Variations:	In 2019, the Council approved a 2-year agreement with PEIP for 2020-2021. Approve cost-share option at the next City Council regular meeting (October 27).
Recommendations:	To approve the 2021 Health Insurance Renewal with PEIP