



## Legislation Details (With Text)

<b>File #:</b>	ID#16-2822	<b>Version:</b>	1	<b>Name:</b>	Funding of City Medical Insurance
<b>Type:</b>	Action Item	<b>Status:</b>	Passed		
<b>File created:</b>	9/13/2016	<b>In control:</b>	Human Resources		
<b>On agenda:</b>	10/5/2016	<b>Final action:</b>	10/5/2016		
<b>Title:</b>	Authorize the funding of city medical insurance and a contract between the City and Cigna Healthcare for administrative services under a self-insured funding arrangement for the period January 1, 2017 through December 31, 2017, at a total not-to-exceed \$18.4 million, to be funded through city budgeted funds, and payroll deduction of employee premiums.				

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Clearwater Medical Insurance Renewal 2017-presentation.pdf

Date	Ver.	Action By	Action	Result
10/5/2016	1	City Council		

### SUBJECT/RECOMMENDATION:

Authorize the funding of city medical insurance and a contract between the City and Cigna Healthcare for administrative services under a self-insured funding arrangement for the period January 1, 2017 through December 31, 2017, at a total not-to-exceed \$18.4 million, to be funded through city budgeted funds, and payroll deduction of employee premiums.

### SUMMARY:

For plan year 2017, an actuarially supported renewal based on the City's claims trending projected an increase of 1.7% in funding of the plan based on an increase in rates, in order to maintain the current plan design and participation in Cigna's Open Access Plus network. This proposed renewal will incorporate mental health, substance abuse, and EAP coverage.

During 2016, participants were required to complete a Personal Health Assessment (PHA) through the Employee Health Center in order to be placed in a plan with a more advantageous schedule of benefits. Employees who did not complete the PHA were placed in a plan with a different schedule of benefits. Current federal guidelines will no longer permit this so all employees who participate will be placed in the same plan.

The City's Benefits Committee voted unanimously to recommend to City Council that the proposed plan design and rates be adopted and Cigna be retained as the administrator of the City's account for 2017. The recommendation also maintains the current funding strategy for city contributions of 100% of the cost of employee coverage, 75% of the cost of employee plus one coverage, and 68% of the cost of employee plus family coverage. City staff concurs with the Benefits Committee recommendation.

The cost of implementing this plan option would result in an increase to the City's contribution of an estimated \$621,000, or 4.4% for FY 2016 versus the prior year. Approximately \$285,000 is attributable to the estimated 1.7% increase in funding per above. The remaining \$336,000, or 2.7%, is attributable to the increase in new

positions in the FY 2017 budget.

For fiscal year 2017, the City has budgeted \$15.138 million for the City's share of medical insurance coverage. The City's estimated costs per this recommendation are estimated at \$14.852 million resulting in an estimated budget surplus of \$286,000.

**APPROPRIATION CODE AND AMOUNT:**

Funding is budgeted in the FY17 Budget.