



STAFF REPORT

DATE: December 20, 2016

CONSENT

ITEM #: 18

TO: Mayor and City Council

FROM: Kristina Handt, City Administrator

AGENDA ITEM: Employer/Employee Health Insurance Cost Share

BACKGROUND:

Staff brought the health insurance renewal information to both the Finance Committee and HR Committee in November. The purpose was to get a recommendation on whether or not the 6% increase to the premium for 2017 would be shared equally between the employer and employee, as had been the previous practice. As a result, the current employer contribution for health insurance is 87% for single coverage and 76.5% for family coverage.

ISSUE FOR DISCUSSION:

What percentage of the health insurance premium should be covered by the employer beginning in 2017?

PROPOSAL DETAILS/ANALYSIS:

The HR Committee recommended that a policy setting specific percentages be developed rather than the past practice of sharing the increases. This would provide a clearer communication tool and better documentation of the how much the City covers. The HR Committee further recommended that the City cover 90% of the premium for single coverage and 80% for family coverage. No change in plan (currently Blue Cross Blue Shield) is recommended at this time.

FISCAL IMPACT:

The increase to the City's share of the benefit cost is approximately \$800/month

OPTIONS:

- 1) Adopt the Employer/Employee Benefit Cost Share Policy
- 2) Amend and then Adopt the Employer/Employee Benefit Cost Share Policy

RECOMMENDATION:

If removed from the consent agenda:

Motion to adopt the Employer/Employee Benefit Cost Share Policy

City of Lake Elmo, Minnesota
Employer/Employee Benefit Cost Share Policy
Adopted December 2016

The Lake Elmo City Council has determined that it is in the best interest of the City to provide a health insurance plan to help maintain the health of its current employees and to enable the city to attract and retain a quality workforce.

Therefore, beginning in January 2017 the City will cover 90% of the monthly premium for single coverage and 80% of the monthly premium for family coverage. Furthermore, the City will cover 100% of the monthly premium for dental coverage.