



STAFF REPORT

DATE: November 5, 2019

TO: Mayor and Council

AGENDA ITEM 2020 Insurance Renewals

SUBMITTED BY: Jake Dickson, Assistant City Administrator

BACKGROUND:

On October 7, 2019 staff met with NFP Representative Andy Weitnauer to discuss renewal rates for health insurance coverage from Minnesota Public Employee Insurance Program (PEIP). A renewal meeting for all covered staff was held on October 23, 2019.

The open enrollment meeting for employees is scheduled for October 24.

ISSUE BEFORE COMMITTEE:

Should Council approve the insurance renewals as recommended?

PROPOSAL:

The 2020 renewal rate for health insurance coverage from Minnesota Public Employee Insurance Program (PEIP) increased by 5.17%, which is less than the anticipated rate change of 10%. PEIP has been well received by City staff, and offers a variable plan for differing levels of need.

FISCAL IMPACT:

The 5.17% increase in rates from PEIP results in an increase of \$7,547.28.

The City will see no cost change in renewing their dental insurance, basic life insurance, short term disability insurance, and long term disability insurance.

OPTIONS:

- 1) Approve Resolution No. 2019-080
- 2) Amend and approve Resolution No. 2019-080
- 3) Make no approval.

RECOMMENDATION:

“Move to approve Resolution No.2019-080”

ATTACHMENTS:

- 1) 2020 renewal comparison documents
- 2) 2020 PEIP renewal letter
- 3) Resolution No. 2019-xx

CITY OF LAKE ELMO
 JANUARY 1, 2020 SHORT TERM DISABILITY RENEWAL

Schedule of Benefits	CURRENT OCHS	RENEWAL OCHS
Benefits Begin		
For Injury	On the 22nd day	On the 22nd day
For Illness	On the 22nd day	On the 22nd day
Benefit Percentage	60%	60%
Benefit Maximum	\$1,400 per week	\$1,400 per week
Benefit Duration	23 weeks	23 weeks
	CURRENT	RENEWAL
Rate per \$10 of weekly benefit	\$0.31	\$0.31
Monthly Premium	491.94	491.94
Annual Premium	5,903.27	5,903.27
Annual Premium difference	N/A	\$0.00
Percentage difference	N/A	0.00%
Volume	15,869	15,869
Renewal Date	12/31/2019	12/31/2020

This is not meant to be a complete plan description. This is a summary meant only for illustrative purposes and is not a guarantee of current or future benefits. Consult the plan booklet for exact details.

4

CITY OF LAKE ELMO
 JANUARY 1, 2020 LONG TERM DISABILITY RENEWAL

	CURRENT Ochs	RENEWAL Ochs
Elimination Period	180 days	180 days
Benefit Percentage	60%	60%
Monthly Maximum Benefit	\$9,000	\$9,000
Guarantee Issue Amount	\$9,000	\$9,000
Benefit Duration	Greater of SSNRA and Schedule	Greater of SSNRA and Schedule
Own Occupation Limitation	4 Months following end of elimination period	4 Months following end of elimination period
Mental Illness Limitation	24 months combined with mental illness	24 months combined with mental illness
Drug/Alcohol Limitation	24 months combined with mental illness	24 months combined with mental illness
Pre-existing Limitation	3/12	3/12
Survivor Benefit	One lump sum equal to three months of survivor benefits will be payable	One lump sum equal to three months of survivor benefits will be payable
Social Security Offset	Not specified	Not specified
Taxable Benefit	Yes	Yes
	CURRENT	RENEWAL
Rate per \$100 covered monthly earnings	\$0.170	\$0.170
Monthly Premium	\$196.75	\$196.75
Annual Premium	\$2,360.99	\$2,360.99
Annual Premium difference	N/A	\$0.00
Percentage difference	N/A	0.00%
Volume	\$115,735	\$115,735
Renewal Date	12/31/2019	12/31/2022

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5

CITY OF LAKE ELMO
 JANUARY 1, 2020 BASIC LIFE AND AD&D RENEWAL

	Current	Renewal
	Ochs	Ochs
Class Definition	Life / AD&D Amount	Life / AD&D Amount
All full-time employees	\$25,000	\$25,000
Age Reduction		
At Age 65	Benefits reduced to 65%	Benefits reduced to 65%
At Age 70	Benefits reduced to 40%	Benefits reduced to 40%
At age 75	Benefits reduced to 20%	Benefits reduced to 20%
Guarantee Issue Limit	Full benefit	Full benefit
Accelerated Benefits	Yes	Yes
Waiver of Premium	Disabled prior to age 60; 6 months of disability waiting period; coverage terminates at SSNRA or age 65.	Disabled prior to age 60; 6 months of disability waiting period; coverage terminates at SSNRA or age 65.
Cost Schedule	Current	Renewal
Rate per \$1000	\$0.19	\$0.19
<u>AD&D Rate per \$1000</u>	<u>\$0.03</u>	<u>\$0.03</u>
Total	\$0.22	\$0.22
Monthly Premium	\$110.00	\$110.00
Annual Premium	\$1,320.00	\$1,320.00
Annual Premium difference	N/A	\$0.00
Percentage difference	N/A	0%
Renewal Date	12/31/2019	12/31/2022
Volume	\$500,000	\$500,000

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CITY OF LAKE ELMO
 JANUARY 1, 2020 DENTAL RENEWAL

Benefit Description	Current Delta Dental			PENDING Renewal Delta Dental		
	Plan 1		Plan 2	Plan 1		Plan 2
	PPO	Premier/Out of Network	Premier/Out of Network	PPO	Premier/Out of Network	Premier/Out of Network
Preventive Services	100%	80%	100%	100%	80%	100%
Basic Services	90%	50%	80%	90%	50%	80%
Oral Surgery						
Simple Extractions	100%	50%	80%	100%	50%	80%
Surgical Extractions	80%	80%	80%	80%	80%	80%
Endodontics	80%	50%	50%	80%	50%	50%
Periodontics (Surgical and Non-Surgical)	80%	50%	50%	80%	50%	50%
Major Services	50%	50%	50%	50%	50%	50%
Calendar Year Maximum	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000	\$1,000
Calendar Year Deductible	None	\$25/\$75	\$50/\$150	None	\$25/\$75	\$50/\$150
Waived for Preventive	Yes	Yes	Yes	Yes	Yes	Yes
Orthodontics	N/A	N/A	N/A	N/A	N/A	N/A
COST SCHEDULE						
	CURRENT			RENEWAL		
Single	\$42.00			\$42.00		
Single + 1	\$81.05			\$81.05		
Family	\$110.65			\$110.65		
Percentage Increase	N/A			0% <i>Terrence</i>		
Rate Guarantee Through:	12/31/2019			12/31/2020		

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CITY OF LAKE ELMO

JANUARY 1, 2020 MEDICAL RENEWAL

	HIGH	VALUE	HSA			
Single	1	1	3			
Family	4	0	5			
	CURRENT			RENEWAL		
	PEIP ADVANTAGE			PEIP ADVANTAGE		
	HIGH	VALUE	HSA	HIGH	VALUE	HSA
Single	\$523.00	\$471.78	\$364.14	\$543.78	\$490.92	\$386.70
Family	\$1,355.10	\$1,218.40	\$930.32	\$1,410.46	\$1,269.34	\$990.30
MONTHLY TOTAL		\$12,159.20			\$12,788.14	
ANNUAL PREMIUM TOTAL		\$145,910.40			\$153,457.68	
ANNUAL DIFFERENCE		N/A			\$7,547.28	
PERCENTAGE CHANGE		N/A			5.17%	
Rate Guarantee Through		12/31/2019			12/31/2020	

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September 27, 2019

Ms. Kristina Handt
City of Lake Elmo
3800 Laverne Ave N
Lake Elmo, MN 55042

RE: January 2020 PEIP Renewal for City of Lake Elmo

Dear Ms. Handt:

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

We are pleased to inform you that the pool is continuing to perform very well! For January 1, 2020 the pool renewal will be a combined average increase of 5.2 %, a figure below current health care trend. This is the 11th consecutive year PEIP renewals have out-performed commercial trend. If this is your group's first renewal, your rates could vary slightly (+-4%) as you are slotted into a tier for the first time. Your renewal rates will vary slightly depending on your premium tier shown in the below information.

Significant growth of the program over the last few years has provided us with the opportunity to develop premiums and renewal rates based on the claims experience of the entire PEIP membership population, allowing all groups to benefit from the success of the program. The pool has grown to over 425 groups, (195 of them schools) and almost 45,000 members with an average annual renewal of 2.5% over the last 11 years, as shown below.

History of PEIP Pool Renewals

July Group Average	January Group Average	<i>By combining all PEIP groups into one pool, the risk is spread over a large group of members (~ 45,000) , providing more stability of rates (historically below healthcare trends in Minnesota).</i>
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%	
Combined Pool Average = 2.5% *History includes all ACA taxes		

Plan Changes for 2020

For 2020, the High and Value plan deductibles/copays and out of pocket maximums have increased (this is the first plan change in four years). The HSA plan will have some very minor copay changes for 2020. Please review the attached summary sheets for the updated benefits beginning in 2020 and distribute to employees as appropriate. The Summaries of Benefits and Coverage (SBC's), as required by the Affordable Care Act, can be accessed online at www.innovomn.com. The PEIP 2020 clinic directory will be available on the PEIP website by October 15, 2019. Please make sure members review their clinics for any cost level changes.

Important: Effective January 1, 2020 PEIP will no longer offer the health club reimbursement program. PEIP's mission is to offer public employer groups and their employees and families quality health coverage at the most affordable rates. While the program is popular with a small percentage of employees, there is no evidence that it improves the health of the overall program membership. As of January 1, 2020, all three carriers will no longer offer their current health club reimbursement programs.

Among the reasons we are ending the programs are:

1. Because Blue Cross is no longer able to offer its fitness center reimbursement program, we would be unable to continue to provide a consistent member experience across all three carriers (HP/BC/P1).
2. The alternative programs we explored were estimated to cost four to five times more than the fitness center reimbursement programs.
3. Only 9.4% of eligible contract holders received a health club reimbursement during the quarter ending June 30, 2019.
4. The IRS ruling that clarified that monetary incentives are taxable has reduced the benefit to the member by about one third.
5. The work required to include the fitness award for tax purposes has placed a large burden on employer groups, the carriers, and PEIP staff.

COMING SOON!! In early 2020 PEIP will offer online enrollment access for all groups. You will receive more information soon about this new administrative tool.

During the next six weeks, your insurance eligible employees will have the opportunity to change health plans and carrier networks. Updated plan summaries and an employee Enrollment Form is attached as well as a new Group Application. Forms can also be found on PEIP's website at www.innovomn.com. For 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 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 Enrollment Forms and any changes to your group's eligibility requirements must be submitted to Innovo Benefits Administration, PEIP's administrator, by November 12, 2019 (please plan your open enrollment to meet that deadline).

****** Please send forms for those employees making a plan, carrier or family change 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.

We have attached a PowerPoint presentation that explains the plan choices and instructions on completing the employee Enrollment Form.

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

AGB PEI: ✓

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,

Shawn Byrne
Manager

CC: Agent (if applicable)
Enc: benefit charts, enrollment forms, renewal rate

**City of Lake Elmo
1/1/2020 Renewal Rates
Advantage Plans**

In accordance with Chapter 488, renewal rates for retirees who are under age 65 are blended with the rates for active employees. Eligible retirees currently on continuation have been included in the retiree rate structure.

2019 vs 2020 MEDICAL RATES

		<i>Current Rates</i>	<i>Renewal Rates 2020</i>
Advantage High Option	Single	\$ 523.00	\$ 543.78
	Family	\$1,355.10	\$1,410.46
Advantage Value Option	Single	\$ 471.78	\$ 490.92
	Family	\$1,218.40	\$1,269.34
Advantage HSA Option	Single	\$ 364.14	\$ 386.70
	Family	\$ 930.32	\$ 990.30

2020 DENTAL RATES (NO CHANGE FROM 2019 RATES)

		<i>Monthly Rate If Employer Pays 90% or More of Cost</i>	<i>Monthly Rate If Employer Pays 50-89% of Cost</i>
Preventive	Single	\$11.30	\$12.29
	Family	\$34.27	\$38.02
Comprehensive	Single	\$38.70	\$42.81
	Family	\$92.24	\$101.15

2020 LIFE RATES

Basic Life/AD&D	Not currently participating with PEIP		
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 LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2019-080

A RESOLUTION APPROVING HEALTH CARE PLAN AND ESTABLISHING CITY CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE BENEFITS FOR 2020.

WHEREAS, the Lake Elmo City Council has determined that it is 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; and

WHEREAS, it is now necessary to determine the insurance plan and contributions to premium costs for the period from 1/1/2020 to 12/31/2020;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE ELMO, WASHINGTON COUNTY, MINNESOTA, that it should and hereby does approve the PEIP Advantage Plan for the period of 1/1/20 to 12/31/20; and

FURTHER BE IT RESOLVED, that for calendar year 2020, the City of Lake Elmo's contribution to the total cost of providing health insurance benefits shall be as follows:

Advantage Plan: 90% of premium for single coverage and 80% of premium for family coverage.

Value Option: 100% of premium for single coverage and 90% of premium for family coverage

HSA Compatible: 100% of premium for single coverage and \$100/month to HSA; 95% of premium for family coverage and \$200/month to HSA.

This resolution was adopted by the City Council of the City of Lake Elmo on this ____ day of _____, 2019.

Mike Pearson, Mayor

ATTEST:

Julie Johnson, City Clerk