



## STAFF REPORT

DATE: November 4, 2020  
CONSENT

**TO:** Honorable Mayor and Council  
**AGENDA ITEM** 2021 Insurance Renewals  
**SUBMITTED BY:** Jake Dickson, Assistant City Administrator

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### **BACKGROUND:**

On October 12 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 21, 2020.

### **ISSUE BEFORE COMMITTEE:**

Should Council approve the insurance renewals as recommended?

### **PROPOSAL:**

The 2021 renewal rate for health insurance coverage from Minnesota Public Employee Insurance Program (PEIP) increased by 9.7%, which is less than the anticipated rate change of 10% but higher than last years 5.17% increase due to an anticipated increase in claims in 2021 as healthcare facilities make services available. PEIP has been well received by City staff, and offers a variable plan for differing levels of need.

### **FISCAL IMPACT:**

The 9.7% increase in rates from PEIP results in an annual increase in cost to the City of \$15,365.53.

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

### **OPTIONS:**

- 1) Approve Resolution No. 2020-91
- 2) Amend and approve Resolution No. 2020-91
- 3) Make no approval.

### **RECOMMENDATION:**

*“Move to approve Resolution No.2020-91”*

### **ATTACHMENTS:**

- 1) 2021 PEIP renewal letter
- 2) Resolution No. 2020-91



September 24, 2020

Kristina Handt  
 City Of Lake Elmo  
 3800 Laverne Avenue No  
 Lake Elmo, MN 55042

RE: January, 2021 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.

The January 2021 PEIP renewal of 9.7% is higher than the previous 10 year's average of about 3%. Groups being slotted for the first time could be slightly higher or lower than these figures. The reason for the higher increase this year is based largely on two factors:

1. PEIP added approximately 200 groups in the last three years. While claims overall have increased, the loss ratio of the new groups (2017, 2018 and 2019) is 113% (claims/premium). These groups have significantly increased the program's claims projections for 2020.
2. The COVID-19 virus has created a completely unforeseen claims impact. While short term claims (March – July) may have slightly decreased, the long term impact could result in significantly higher future claims. PEIP is taking a cautious view because it is so difficult to project what will happen with the COVID-19 virus. We hope this approach will get us back to the more traditional level of renewal increases.

While this is a difficult renewal, please remember the historical performance of the PEIP pool. Over the past 11 years program renewals have averaged 65% below annual trend/inflation figures. Even with the January renewal factored into PEIP, the average renewal increase has been 3.7% over 11 years. The State and Deloitte (plan actuaries) are reviewing the experience very closely and will react to any future changes in the plan experience.

History of PEIP Pool Renewals

July Group Average	January Group Average	<p style="text-align: center;"><b><i>By combining all PEIP groups into one pool, the risk is spread over a large group of members (54,000) , providing more stability of rates (historically below healthcare trends in Minnesota).</i></b></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%	
<b>Combined Pool Average = 3%</b> *History includes all ACA taxes		

**Plan Changes for 2021**

New to PEIP for 2021, the online enrollment portal is now available to be used for all groups. You should have received an email with the instructions for your group access.

There are no material plan changes for 2021.

**The PEIP 2021 clinic directory will be available on the PEIP website by October 15, 2020. 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 12, 2020. 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](http://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](http://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 12, 2020 (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.

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](mailto:service@innovomn.com)

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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](mailto: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 (if applicable)

Follow-up Email: benefit charts, enrollment forms, renewal rates

**CITY OF LAKE ELMO  
1/1/2021 Renewal Rates  
Advantage Plans**

In accordance with MN Stat.471., 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.

**2020 vs 2021 MEDICAL RATES**

		<i>Current Rates</i>	<i>Renewal Rates 2021</i>
Advantage High Option	Single	\$543.78	\$594.82
	Family	\$1410.46	\$1546.44
Advantage Value Option	Single	\$490.92	\$536.78
	Family	\$1269.34	\$1391.50
Advantage HSA Option	Single	\$386.70	\$422.36
	Family	\$990.30	\$1085.10

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

**2020 VS 2021 DENTAL RATES – PREVENTIVE PLAN (CLOSED TO NEW ENROLLMENT), if applicable**

	<i>Current</i>	<i>Renewal</i>
Monthly Rate - Employer Pays 90% or More of Cost	\$11.30	\$11.72
	\$34.27	\$35.57
Monthly Rate - Employer Pays 50-89% Of Cost	\$12.29	\$12.76
	\$38.02	\$39.48

**2020 VS 2021 DENTAL RATES – COMPREHENSIVE PLAN, if applicable**

	<i>Current</i>	<i>Renewal</i>
Monthly Rate - Employer Pays 90% or More of Cost	\$38.70	\$40.16
	\$92.24	\$95.73
Monthly Rate - Employer Pays 50-89% Of Cost	\$42.81	\$44.43
	\$101.15	\$104.95

**2021 LIFE RATES, if applicable**

Basic Life/AD&D		N/A
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. 2020-91**

*A RESOLUTION APPROVING HEALTH CARE PLAN AND ESTABLISHING CITY CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE BENEFITS FOR 2021.*

**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 1/1/2021 to 12/31/2021;

**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 1/1/21 to 12/31/21; and

**FURTHER BE IT RESOLVED**, that for calendar year 2021, 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 \_\_\_\_\_, 2020.

\_\_\_\_\_  
Mike Pearson, Mayor

ATTEST:

\_\_\_\_\_  
Julie Johnson, City Clerk