



STAFF REPORT

DATE: November 3, 2021

CONSENT

TO: Honorable Mayor and City Council

AGENDA ITEM 2022 Insurance Renewals

SUBMITTED BY: Jake Dickson, Assistant City Administrator

BACKGROUND:

On October 8 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 26.

ISSUE BEFORE COMMITTEE:

Should Council approve the insurance renewals as recommended?

PROPOSAL:

The 2022 renewal rate for health insurance coverage from Minnesota Public Employee Insurance Program (PEIP) increased by 9%, which is higher than the 10-year average of 3.5% but lower than last year's 9.7% and the anticipated 10% increases.

FISCAL IMPACT:

The 9% increase in rates from PEIP results in an annual increase in cost to the City of \$14,974.55.

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. 2021-119
- 2) Amend and approve Resolution No. 2021-119
- 3) Make no approval.

RECOMMENDATION:

“Move to approve Resolution No.2021-119”

ATTACHMENTS:

- 1) 2022 PEIP renewal letter
- 2) 2022 Monthly Premiums
- 3) Resolution No. 2021-119



September 30, 2021

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

RE: January 1, 2022 PEIP Renewal for City Of Lake Elmo

Dear Kristina:

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 2022 PEIP renewal of 9.0% is higher than the previous 12 year's average of about 3.5%. Groups being slotted for the first time could be slightly higher or lower than this figure.

While this is higher than the 12 year pool average increase of about 3.6%, we are in the midst of very unique times. COVID has had a large impact on 2021 claims (procedures delayed from 2020). We have also seen some very expensive one-time prescription claims that have reached almost \$2 million dollars. We hope that 2022 will return to more normal claims usage and better renewals next year.

- The goal of the program is to pool all claims from all groups to spread risk over a very large member base. As in the past, groups renewing for the first time may see percentage changes different from the pool average if they are being placed in a premium tier for the first time (one-time event).
- Renewing groups that have experienced much higher claims or much lower claims than other groups in their premium tier for an extended period (3-4 years) may be moved up or down one tier level. Thus, a handful of groups may see rate changes above or below the pool average for the renewal. This will only affect a small number of groups.

As always, the PEIP underwriters will make any changes necessary to protect the financial stability of the pool.

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 (60,000 from 460 groups) , 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%	
July, 2020 = +10.7%	January, 2021 = +9.7%	
July, 2021 = +7.0%	January, 2022 = +8.96%	
Combined Pool Average = 3.6% *History includes all ACA taxes		

Plan Changes for 2022

There are a few plan changes for 2022. We are happy to announce these positive changes.

1. 3D mammograms may be obtained as preventive care.
2. In addition to an annual routine eye visit (preventive with no copay or coinsurance) an office visit to an in-network eye care provider for eye injury or illness will be covered at the cost level of the member's primary care clinic without needing a referral.
3. Emergency room copayments have increased for cost levels 2 thru 4 but are excluded from the deductible in the High and Value plans.

The PEIP 2022 clinic directory will be available on the PEIP website by October 15, 2021. 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 19, 2021. 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. 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 (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 19, 2021 (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.

Participation is automatically renewed for an additional two-year term unless the exclusive representative, or the employer for unrepresented employees gives the commissioner notice of withdrawal at least 30 days before expiration of the participation period.

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

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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. We look forward to another year of serving you.

Sincerely,

A handwritten signature in black ink that reads "Shawn Byrne". The signature is written in a cursive style with a large, stylized 'S' and 'B'.

Shawn Byrne
Manager

CC: Agent - NFP Corporate Services

City Of Lake Elmo
1/1/2022 Renewal Rates
Advantage Plans

In accordance with MN Stat.471.61, 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.

2021 vs 2022 MEDICAL RATES

		<i>Current Rates</i>	<i>Renewal Rates 2022</i>
Advantage High Option	Single	\$594.82	\$647.84
	Family	\$1546.44	\$1687.70
Advantage Value Option	Single	\$536.78	\$584.46
	Family	\$1391.50	\$1518.48
Advantage HSA Option	Single	\$422.36	\$459.60
	Family	\$1085.10	\$1184.12

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

2021 VS 2022 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	\$11.72 \$35.57	\$11.72 \$35.57
Monthly Rate - Employer Pays 50-89% Of Cost	\$12.76 \$39.48	\$12.76 \$39.48

2021 VS 2022 DENTAL RATES – COMPREHENSIVE PLAN, if applicable

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

2022 LIFE RATES, if applicable

Basic Life/AD&D		\$.18/1,000
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

Total Monthly Premiums

	<u>CURRENT</u>			<u>RENEWAL</u>		
	PEIP ADVANTAGE			PEIP ADVANTAGE		
	<u>HIGH</u>	<u>VALUE</u>	<u>HSA</u>	<u>HIGH</u>	<u>VALUE</u>	<u>HSA</u>
Single	\$594.82	\$536.78	\$422.36	\$647.84	\$584.46	\$459.60
Family	\$1,546.44	\$1,391.50	\$1,085.10	\$1,687.70	\$1,518.48	\$1,184.12

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2021-119

*A RESOLUTION APPROVING HEALTH CARE PLAN AND ESTABLISHING CITY
CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE BENEFITS FOR 2022*

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 1/1/2022 to 12/31/2022;

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 1/1/22 to 12/31/22; and

FURTHER BE IT RESOLVED, that for calendar year 2022, 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 3rd day of November, 2021.

Charles Cadenhead, Mayor

ATTEST:

Julie Johnson, City Clerk