



STAFF REPORT

DATE: October 3, 2023

CONSENT

TO: Mayor and City Council

FROM: Karissa Goers, Administrative Services Director

AGENDA ITEM: 2024 Medical Insurance Renewals

BACKGROUND: Staff have received 2024 renewal rates from Minnesota Public Employee Insurance Program (PEIP) - medical insurance, OCHS, Inc. - life insurance and long-term and short-term disability. We are still waiting for renewal rates for Health Partners – dental. We will meet with NFP Representative, Jolene Carlson to discuss renewal rates in early October. A renewal meeting for employees is scheduled for October 30th.

ISSUE BEFORE COUNCIL:

Should Council approve the insurance renewals as recommended?

PROPOSAL DETAILS/ANALYSIS:

The 2024 renewal rate for medical insurance coverage from Minnesota Public Employee Program (PEIP) decreased by 1.9% which was unexpected given recent trends and the information given to us from NFP last year. PEIP is the health insurance offered to non-represented employees working at least 30 hours per week. It includes three different plan options to allow for maximum flexibility in meeting staff needs. One major change is that in 2023 we had three insurance carrier options: Preferred One, Health Partners and Blue Cross Blue Shield. In 2024, Preferred One will be dropped as an insurance carrier and we will remain with Health Partners and Blue Cross Blue Shield.

Staff have reviewed the total premiums and potential costs to the City in order to recommend the City contribution amounts towards the medical premiums and Health Savings Accounts (HSAs). After this review, staff is recommending employer medical rate contributions remain at the same percentages as previous years. Staff is recommending an increase to the City's contribution to the Health Savings Account coinciding with the HSA plans. This would be an increase of \$25 for single coverage for a total of \$125 per month, and an increase of \$50 for family coverage for a total of \$250 per month. These rates can be seen in the "2024 Insurance Premium Rates" attachment.

Life Insurance, Short-Term and Long-Term Disability insurance rates have no change for 2024.

FISCAL IMPACT:

The preliminary 2024 budget included an increase for all insurance plans. The 1.9% decrease in rates, even with the increase to the Health Savings Account contributions, will result in cost savings of \$4,778.00 across all funds for the year.

OPTIONS:

1. Approve Resolution No. 2023-095
2. Amend and approve Resolution No. 2023-095
3. Make no approval.

RECOMMENDATION:

If removed from the consent agenda:

“Move to approve Resolution No. 2023-095

ATTACHMENTS:

1. 2024 PEIP Renewal Letter
2. 2024 Insurance Premiums Rates and Contributions
3. Resolution No. 2023-095



September 15, 2023

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

RE: January 1, 2024 PEIP Renewal for City Of Lake Elmo

Dear Kristina Handt:

Thank you for your participation in the Public Employees Insurance Program (PEIP). We hope the program continues to fulfill your insurance needs.

We are pleased that our revised underwriting guidelines have resulted in a significant improvement in the plan's finances. The average increase in rates for July and January renewals is approximately 3.6%. The January, 2024 renewals were calculated based on a combination of the pool's overall claims along with each group's own claims experience. The credibility of individual group claims is based on the size of the group. We hope to continue moving towards a higher level of "pooling" in future renewals. As always, the PEIP underwriters must make any changes necessary to protect the financial stability of the pool.

Earlier this year, MMB selected Blue Cross and Blue Shield of Minnesota and HealthPartners as plan administrators through a competitive bid process. Please note: PreferredOne will no longer be a plan administrator for the Public Employees Insurance Program (PEIP) beginning January 1, 2024. If you have any employees who are currently enrolled with PreferredOne they MUST complete a new enrollment form for January 1st. If they do not complete a new enrollment form their coverage will end 12/31/2023. Your prior invoice reflects those currently participating in PreferredOne.

This renewal will mark the end of your current two-year commitment in the program as required by the PEIP statute shown below and the group application. Your group will be automatically renewed for a new two-year commitment effective January 1, 2024, unless the exclusive representative, or the employer for unrepresented employees gives us notice of withdrawal on or before December 1, 2023.

43A.316 PUBLIC EMPLOYEES INSURANCE PROGRAM.

(d) Participation in the program is for a two-year term. 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 group that withdraws must wait two years before rejoining. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase 50 percent or more from one insurance year to the next.

Plan Changes for 2024

We are pleased to announce these positive benefit changes for 2024:

1. Enhanced coverage of infertility for Blue Cross members (similar to HealthPartners coverage)
2. \$0 or reduced office copays for mental health treatment.
3. Out of area care for members has changed (see attachment).

During open enrollment, your insurance eligible employees will have the opportunity to change health plans and carrier networks. (As a reminder, there is no open enrollment for dental coverage). Please have your open enrollment completed by November 15. Updated plan summaries and other enrollment information is

included in your email. Forms can also be found on PEIP's website at www.innovomn.com. Individual Medicare Advantage and Cost policies are available for your retirees over age 65. Please call Innovo Benefits Administration at 1-800-829-5601 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. **The PEIP 2024 clinic directory will be available on the PEIP website in mid-October. Please make sure members review their clinics for any cost level changes.**

All completed Enrollments and any changes to your group's eligibility requirements must be submitted to Innovo Benefits Administration, PEIP's administrator, by November 15, 2023. Please plan your open enrollment to meet that deadline. 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 the 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.

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

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)

City Of Lake Elmo
1/1/2024 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.

2023 vs 2024 MEDICAL RATES

		<i>Current Rates</i>	<i>Renewal Rates 2024</i>
Advantage High Option	Single	\$679.08	\$667.04
	Family	\$1770.94	\$1738.84
Advantage Value Option	Single	\$612.53	\$601.28
	Family	\$1593.25	\$1563.30
Advantage HSA Option	Single	\$481.43	\$471.70
	Family	\$1242.18	\$1216.30

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

2023 VS 2024 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	\$12.45	\$12.45
	\$37.71	\$37.71
Monthly Rate - Employer Pays 50-89% Of Cost	\$13.54	\$13.54
	\$41.88	\$41.88

2023 VS 2024 DENTAL RATES – COMPREHENSIVE PLAN, if applicable

	<i>Current</i>	<i>Renewal</i>
Monthly Rate - Employer Pays 90% or More of Cost	\$42.60	\$42.60
	\$101.51	\$101.51
Monthly Rate - Employer Pays 50-89% Of Cost	\$47.14	\$47.14
	\$111.30	\$111.30

2024 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

2024 City of Lake Elmo Insurance Premium Rates and Contributions

Medical Plan	Total Monthly Premium	City's Contribution	FTE Employee Monthly Cost	Employee Per Pay Period Cost	City HSA Contribution
PEIP - High - Single	\$ 667.04	\$ 600.34	\$ 66.70	\$ 33.35	
PEIP - High - Family	\$ 1,738.84	\$ 1,391.10	\$ 347.74	\$ 173.87	
PEIP - Value - Single	\$ 601.28	\$ 601.28	\$ -	\$ -	
PEIP - Value - Family	\$ 1,563.30	\$ 1,406.97	\$ 156.33	\$ 78.17	
PEIP - H S A - Single	\$ 471.70	\$ 471.70	\$ -	\$ -	\$ 125.00
PEIP - H S A - Family	\$ 1,216.30	\$ 1,155.49	\$ 60.81	\$ 30.41	\$ 250.00

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

RESOLUTION NO. 2023-095

*A RESOLUTION APPROVING HEALTH CARE PLAN AND ESTABLISHING CITY
CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE BENEFITS FOR 2024*

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 medical insurance plan and contributions to premium costs for the period from 1/1/2024 to 12/31/2024;

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 1/1/24 to 12/31/24; and

FURTHER BE IT RESOLVED, that for calendar year 2024, the City of Lake Elmo's contribution to the total cost of providing health insurance benefits through PEIP shall be as follows:

High 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 \$125/month to HSA;
95% of premium for family coverage and \$250/month to HSA.

BE IT FURTHER RESOLVED, that for the calendar year 2024

This resolution was adopted by the City Council of the City of Lake Elmo on this 3rd day of October, 2023.

Charles Cadenhead, Mayor

ATTEST:

Julie Johnson, City Clerk