

TAB 1

## **POINT PAPER**

### **FY 2009 Health Insurance Renewal**

#### **PROBLEM:**

Rising insurance costs and the dependant care subsidy amounts should be reviewed annually to determine if plan changes are necessary.

#### **BACKGROUND:**

Staff will review the proposed renewal for health insurance and discuss the dependant care subsidy amounts. The following documents will be discussed:

Attachment 1- Health Insurance Renewal assuming no plan changes and current employee census data.

Attachment 2- Budget amounts for health insurance and premiums collected for dependant care and retirees.

Attachment 3- Dependant Care subsidy amounts.

Staff will review the attachments with Commission and determine if any changes should be made. We are still waiting on Mike Towns to provide another option which includes some minor plan changes to our current plan. We are optimistic that the minor changes will reduce the overall cost to the City. However, at the time of agenda publication, this option is not available. Staff will forward you the information as soon as it is received and it will be discussed on Monday

#### **ALTERNATIVES:**

1. Make no changes to the health insurance plan.
2. Implement changes as presented to the health insurance plan.

#### **RECOMMENDATION:**

Commission and staff to discuss alternatives.

**Health Insurance Renewal (No Change in Coverage)**

	2008	2009
<b>Admin Rates (Fixed)</b>		
Medical Plan Admin	\$ 16.25	\$ 16.25
Wrap Fee	\$ 6.00	\$ 6.00
Broker Fee	\$ 6.00	\$ 6.00
Utilization Management	\$ 2.50	\$ 2.50
Dental	\$ 2.15	\$ 2.15
Run-In	\$ 1.35	\$ -
	\$ 34.25	\$ 32.90
Aggregate Premium	\$ 14.33	\$ 6.82
Specific Premium (Employee Only)	\$ 103.08	\$ 81.31
Specific Premium (Employee+Dep)	\$ 289.65	\$ 184.63
<b>Attachment</b>		
Employee Only	\$ 436.00	\$ 505.70
Employee + Dependent	\$ 1,092.00	\$ 1,148.39

**Census Data**

Employee Class	# of Employees
Employee Only Coverage	103
Employee plus Dependant	33
Retirees Only Coverage	8
	144

  

Dependent Care Detail	# of Employees
Employee +Spouse	14
Employee+Child	11
Employee+Family	8
	33

	2008 Cost/Mo.	2009 Cost/Mo.	Annual Cost/per employee
Employee	\$ 587.66	\$ 626.73	\$ 7,520.76
Employee +Dependant	\$ 1,430.23	\$ 1,372.74	\$ 16,472.88

Total Fixed Costs	Number of Employees	per/mo.	per/yr
Employee Only	103	\$ 12,466.09	\$ 149,593.08
Employee + Dependent	33	\$ 7,403.55	\$ 88,842.60
Retirees Only Coverage	8	\$ 968.24	\$ 11,618.88
	144	\$ 20,837.88	\$ 250,054.56

Variable Costs	Number of Employees	per/mo.	per/yr
Employee Only	103	\$ 52,087	\$ 625,045
Employee + Dependent	33	\$ 37,897	\$ 454,762
Retirees Only Coverage	8	\$ 4,046	\$ 48,547
	144	\$ 94,030	\$ 1,128,355

<b>Max Exposure</b>	<b>\$ 1,378,409</b>
Expected (90%)	1,240,568

*Attachment 1*

**2009 City of Palmetto Health Insurance Analysis  
Revenues Collected**

Category	Employees	\$ budgeted/employee/per month	# of months	\$ budgeted per employee	\$ budgeted/per year
Employee Only	103	\$ 700.00	12	8,400	\$ 865,200
Employee + Dependent	33	\$ 700.00	12	8,400	\$ 277,200
	136				\$ 1,142,400
			<b>City Budget Amount</b>		
		Amount collected per pay period/per month	# of months		
Employee +Spouse	14	\$ 265.00	12		\$ 44,520
Employee+Child	11	\$ 237.10	12		\$ 31,297
Employee+Family	8	\$ 534.00	12		\$ 51,264
	33				\$ 127,081
			<b>Employee Contributions</b>		
Retirees					
<65 years	4	\$ 626.73	12		\$ 30,083
>65 or disability	4	\$ 313.37	12		\$ 15,042
	8				\$ 45,125

<b>Total Budgeted/Collected</b>	\$ 1,314,606
<b>Maximum Out of Pocket</b>	\$ 1,378,409
<b>Expected Out of Pocket 90%</b>	\$ 1,240,568
<b>Surplus/Deficit @ Maximum</b>	\$ (63,804)
<b>Surplus/Deficit @ Expected</b>	\$ 74,037

*Attachment 2*

**City Of Palmetto Health Insurance FY 2009  
Dependant Care Subsidy Amounts**

	Insurance Premium (Empl + Dep)		Insurance Premium (Empl Only 100% paid by City)		Insurance Premium Remaining		Premium Paid by Employee		Premium Paid by City		% of Subsidy from City	# of Empl	Annual Employee Contribution		Annual Cost to City	
	\$		\$		\$		\$		\$				\$			\$
Employee +Spouse	\$	1,373	\$	627	\$	746	\$	265	\$	481	64%	14	\$	44,520	\$	80,810
Employee+Child	\$	1,373	\$	627	\$	746	\$	237	\$	509	68%	11	\$	31,297	\$	67,176
Employee+Family	\$	1,373	\$	627	\$	746	\$	534	\$	212	28%	8	\$	51,264	\$	20,353
Retiree <65	\$	627	\$	-	\$	627	\$	627	\$	-	100%	4	\$	30,083	\$	-
Retiree >65	\$	627	\$	-	\$	627	\$	313	\$	313	50%	4	\$	15,042	\$	15,042
													\$	172,206	\$	183,380

	% of Dep Care paid by Employee	% of Dep Care paid by City	Total Cost
Employee +Spouse	36%	64%	100%
Employee+Child	32%	68%	100%
Employee+Family	72%	28%	100%
Retiree <65	100%	0%	100%
Retiree >65	50%	50%	100%

*Attachment 3*