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# HUMAN RESOURCES OFFICE

**Reference:** *2018 BENEFITS*

**To:** **Mayor Richard N. McLean and Members of City Council**
**Through:** **Philip Rodriguez, City Manager**

☐ COUNCIL MEETING

**Prepared By:** **Karen Borkowski Surine, Administrative Services Director**

**Date Prepared:** **9/7/2017**

PURPOSE: To establish fringe benefits for regular full-time and regular part-time employees and City Council for fiscal year 2018.

BACKGROUND

The City of Brighton contracts with HUB International Southwest, Inc. for the purpose of helping us manage our self-funded benefits program, which is entering the fifth year.
HUB representatives Lynn Baker and Jakob Regaldo meet monthly with Finance and HR staff members to review claims performance, funding options and data projections. The goal of this review is to mitigate costs of the Patient Protection and Affordable Health Care Act and provide employees with coverage comparable to that which they have become accustomed to as well as come up with a financially viable benefits plan and training strategies.

The cost to the City to provide health benefits for 2018 is $4,605,600. The fund has projected reserves of $676,394 to cover expenses that may be incurred above the expected claims. Medical inflation increases benefits costs annually at approximately 6-7%. The insurance provider continues to be United Healthcare.

In order to assure that the City's health plan remains fiscally strong to address projected claims and to promote wise consumption of health care, it is recommended that individual full-time and part-time benefitted employees and spouses selecting coverage through the City be required to continue to each contribute $75.00 per month toward their premium for medical benefits for 2018. Employees and spouses on the medical plan who opt to participate in confidential biometric screening in the first quarter of 2018 and meet with a PVMC medical representative to review the results of the screening or provide verification that they are working with their own doctor on any health issues will each be eligible to receive a monthly $50.00 incentive reduction to their monthly insurance premium. Employees electing to cover dependent family members other than their spouse will pay the same premium as last year. Children on the City's healthcare plan will not be required to complete biometric testing. Newly hired employees and spouses if they choose to be take City health benefits will have 90 days to complete biometric screening through their own physician and verify with our PVMC representative that this testing has been completed in order for each to receive the $50.00 per month incentive.

Employees will have a choice of two United Healthcare options: In Network PPO only or a PPO allowing for higher In Network and Out of Network options.

With a self-funded medical benefits plan, one way to attempt to control costs is through the implementation of a Wellness Program. The City will continue with a wellness education campaign for employees and City staff will continue to partner

with PVMC for on-site health coaching in 2018. This program allows employees to confidentially work with a medical professional to receive input on ways to reach their healthcare goals.

The City will continue to contract with HUB for the **Telehealth** benefits package. Telehealth consists of Teledoc, Health Advocate and eDocAmerica at the same cost as 2017. Teledoc gives employees 24/7 access to U.S. board-certified doctors and pediatricians for no cost per consultation. If appropriate, the physician will prescribe medication and call in the prescription to the member's pharmacy of choice. It is ideal for routine, nonemergency issues (colds, flu, bronchitis, sinus problems, allergies and more). The Health Advocates is available to employees and covered dependents at no cost and is also available 24/7. The Health Advocates helps employees and covered dependents coordinate care among doctors and medical institutions in various ways, to include negotiating a reduction on the amount due to a provider if the balance is more than $400. eDocAmerica provides 24/7 e-mail access to this medical team. Employees can ask any medical or health questions and get a personal, direct answer. Members also have access to a video library and health tips sent out weekly via e-mail from doctors. The City has budgeted $27,000 for the Telehealth program. Employees that utilize this program receive timely responses and usually save a trip for medical care. It also saves the City money because the phone consultations are not charged to the City health plan. The City has saved approximately $72,000 to date in 2017 in healthcare costs not billed to the City plan.

The **Dental Insurance** provider this year is Delta Dental Plan. Since there have been no major issues with Delta Dental Plan and they have not increased the premium for participating in their plan, staff is recommending continuing with this Plan. The City of Brighton covers the entire cost for dental insurance for the employees. The cost for employees electing coverage for their family is $23.10 per month. The total cost to the City for dental coverage in 2018 is $189,940.

The **Vision Provider** is VSP. The budgeted cost in 2018 is $68,445. This is the sixth year in a row with the same cost to employees with family members on the plan. Staff recommends continuing with VSP.

The City currently has coverage for **Life/AD&D, Long Term Disability and Short Term Disability** with Lincoln through the end of this year. We are currently seeking bids from other providers. The budgeted amount for 2018 is $131,000.

The maximum contribution into the **Flexible Spending Account** in 2018 is $2,600 for healthcare. Eligible dependent care contributions and reimbursements may not exceed $5,000 each calendar year. These contributions follow IRS guidelines and allow employees to reduce their taxable income.

The **Anthem Pro Employee Assistance Program** provides up to five free consultations with professionals in counseling, legal, geriatric and financial services per incident per year for regular employees. This benefit is well used by our employees. The cost to the City for this program is $18,000.

Regular full-time and part-time benefitted employees and their families can obtain a **Family Pass** to the Brighton Recreation Center through the Employee Wellness Program at no cost. The cost for a Family Pass for a resident is $470 and for a non-resident is $595. This represents quite a savings for health conscious families. The Recreation Center Staff and Director Gary Wardle reported that the addition of this benefit has not caused a burden to the staff.

An **Employee Retiree Health Care Savings** program is being implemented in 2018 for sworn officers to assist this defined group of employees with healthcare premium costs in retirement. Staff is recommending the following retiree health savings account benefit for sworn police officers in order to address employees in different stages of their career:

1. For sworn police officers who have reached at least 60 years of age with 20 years of consecutive service in Brighton who were hired before 2008, and retire from the City, the City will contribute $500.00 (tax free) monthly into a Retiree Health Savings Account until the officer is Medicare eligible. The City contribution will be allocated in the budget annually, depending on resources.

2. For sworn police officers with PTO in excess of 200 hours at year end, the City will deposit the cash equivalent of up to 16 hours maximum into a Retiree Health Savings Account, after which time the PTO account will be reduced by the amount contributed from PTO to the RHS Account.

3. For each pay period, beginning in the first pay period of 2018, sworn police officers

   will be required to put 1% of their gross salary into a Retiree Health Savings Account and the City will contribute .5% of each officer's salary into their Retiree Health Savings Account. It is important to note that the


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monies in the Retiree Health Savings Account can only be used to pay premiums.

**Long Term Care Insurance** will be offered to City employees in 2018 as a voluntary benefit and at no cost to the City.

FINANCIAL IMPACT
The total benefits package for 2018 is 4,605,600.00. The City's cost for fringe benefits is included in the 2018 budget.

STAFF RECOMMENDATION
Staff recommends approval of the proposed Ordinance. The Wellness partnership with PVMC and the support of City Council has allowed us to keep the cost for benefits affordable and our overall benefits package competitive. Self-funding our benefits allows us an alternative to buying traditional health insurance with fewer state mandatory benefits, freedom to tailor the plan design to meet the City's loss history and future goals, eliminates insurance company overhead and fees, improves cash flow by allowing us to hold claims dollars until they are actually needed and gives the City better access to claims data to examine areas of utilization. Medical inflation increases on average 6-7% per year. Having employees and spouses on the City health care plan contribute to their premium at $12.50 per bi-monthly paycheck each if they elect to participate in biometric testing will assist the City in some absorption of the increase and incentivize them to be pro-active in their overall health.


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