



## Legislation Text

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### *Department of Administrative Services*

Reference: Benefits 2020

**To:** Mayor Kenneth J. Kreutzer and Members of City Council

**Through:** Marv Falconburg, Acting City Manager

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

**Date Prepared:** 10/8/2019

### **PURPOSE**

To establish employee benefits for 2020.

### **STRATEGIC FOCUS AREA**

Financially Responsible

### **BACKGROUND**

The City of Brighton contracts with HUB International, our benefits brokers, to assist us in achieving our goal of providing our employees a comprehensive, high quality benefits package. In 2019, the City successfully changed to UMR and RX Benefits. This proved to be cost effective for the City and employees and staff recommends continuing with UMR/United Healthcare for our medical benefits and RX Benefits for prescription services.

The cost to the City to provide benefits for 2020 is \$5,488,582. The fund currently has reserves of \$1,800 to cover expenses that may be incurred above the expected claims. The current reserve gives sufficient security for 2020 and will allow us to utilize some of those funds to enhance the benefits package. Our partnership with UMR, which is United Health Care's wholly owned Third Party Administrator, has allowed us to manage costs. United Healthcare providers and system will remain the same.

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

The City utilizes Delta Dental for dental benefits and VSP for vision benefits. There have been no significant issues with these programs and staff recommends continuing with these providers. The City is self-funded for dental benefits and retains Delta Dental as the Third Party Administrator. The entire cost for both vision and dental insurance for each employee. The cost for employees electing dental coverage for their eligible family members is \$23.10 per month. The cost for employees electing to have vision coverage for their eligible family members is \$8.90 per month.

The City maintains stop loss coverage to protect against large benefits claims. The City has budgeted for FY 2020 \$1,350,000 for this protection.

The City will continue to contract with HUB for the Telehealth program. This program consists of Teladoc, Health Advocate and eDocAmerica. Teladoc gives employees 24/7 access to U.S. board-certified doctors and pediatrician for no cost per consultation and calls are returned on average in less than 20 minutes. If appropriate, the physician will prescribe

medication and call in the prescription to the member's pharmacy of choice. It is ideal for routine, non-emergency issues, such as colds, flu, bronchitis, sinus problems, allergies and more.

The Health Advocate program is available to employees and covered dependents at no cost and is also available 24/7. Health Advocates help employees and covered dependent coordinate care among doctors and medical institutions in various ways. This includes negotiating a reduction on the amount due to a provider if the balance is greater than \$400.

eDocAmerica provides 24/7 e-mail access to their medical team. Employees can ask any medical or health related question 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 money for the Telehealth program in 2020. Employees who utilize this program receive timely responses and usually save a trip for medical care. It saves the City money because phone consultations are not charged to the City health plan.

The City currently has coverage for **Life/AD&D, Long Term Disability and Short Term Disability** with Lincoln Financial.

The City allows employees to contribute up to the maximum amount allowed into the **Flexible Spending Account** for healthcare as well as eligible dependent care. 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 has historically been well utilized by our employees. The cost to the City for this program is included in the proposed FY 2020 budget.

The **Employee Retiree Health Care Savings Program** is in its third year for sworn officers.

Staff is recommending adding the **Zero Card** program for 2020. Council was introduced to this program at the Study Session on September, 2019. This is a voluntary program that allows employees that are referred by a physician for certain procedures and surgeries to contact Zero Card and agree to work with their network of providers for the entire medical procedure, to include medical imaging, anesthesiologist, rehabilitation, surgeon, etc., at no cost to the employee. It is projected that utilizing this program will save approximately 15% of what it would cost through UMR/United Healthcare. Employees would still have the choice to stick with the UMR/United Healthcare network with the applicable deductibles or the Zero Card network at no cost to them.

Staff is recommending reinstating the **Employee Buyback Program**. This allows employees with over 120 hours of Paid Time Off (PTO) to buy back up to 20 hours of PTO time one time per year. Employees would not be allowed to go below 120. With the lean staff in many departments and high turnover due to a thriving economy, it is sometimes difficult for employees to take time off. Employees are allowed to accumulate 2 years of PTO (Directors are allowed to accumulate 3 years of PTO). Once an employee reaches a cap, they are no longer allowed to accumulate PTO. Reinstating this program would help to increase morale and save the City money in the long run. When an employee leaves City employment, they are their PTO is paid at the salary they are currently making and not necessarily at the salary they were making when they earned it. We have been very conservative with our Benefits Reserve Fund and staff is proposing using this fund to offset this cost. This will require a \$120,000 transfer to the General Fund from the Benefits Reserve Fund to cover the estimated cost for this program.

Voluntary benefits offered that are not mentioned above include AFLAC, additional Life Insurance, and IDShield. These programs are provided to employees at a group discount and paid for by the employee.

The Ordinance is proposed as an emergency due to the timing of when staff receives bids and renewal costs from the providers as well as allow staff time to educate all of the employees, receive their benefits forms and upload all of the data.

## **FINANCIAL IMPACT**

City staff is projecting a 6% increase in benefits costs due to projected staffing increases for 2020 (19 new employees). The Benefits Reserve Fund transfer to the General Fund will cover the cost of the PTO Buyback Program. The total cost for fringe benefits in 2020 is \$5,488,582 and is included in the FY 2020 proposed budget.

**STAFF RECOMMENDATION**

Staff recommends approval of the proposed 2020 benefits package.

**OPTIONS FOR COUNCIL CONSIDERATION**

Council can approve the Emergency Ordinance as presented, request additional information or give further instruction to staff.

**ATTACHMENTS**

Emergency Ordinance