



Agenda Statement

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Title: Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017, and the Business Associate Agreement (Postponed from Regular Meeting of March 21, 2017)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Renewal Summary & Exhibits.pdf, 2. One Digital Client Services Consulting Agreement (002).pdf, 3. City BAA (002).pdf

Date	Ver.	Action By	Action	Result
3/28/2017	1	City Council	approved	Pass

ITEM TITLE:

Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017, and the Business Associate Agreement (*Postponed from Regular Meeting of March 21, 2017*)

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: \$3,025,059

Unencumbered Balance: \$3,187,500

Funding Source: Distributed among all departments with personnel in "benefits" code 41300

RECOMMENDATION:

Approve the annual plan renewal and broker contract for twelve months beginning April 1, 2017, and the Business Associate Agreement.

SUMMARY STATEMENT:

Council postponed action on this item during their regular meeting of March 21, 2017

The 2017-2018 plan renewal contains a **4.38% increase** in *total expected cost*, which is the basis of the City's payroll deductions and monthly premiums. The bulk of this increase (65%) is driven by increased prescription drug costs and utilization. The rest of the increase is split evenly between stop-loss premiums, dental coverage, and plan administration.

The Broker's fee is unchanged from 2016-2017, and is articulated in a separate attached contract.

The 2017 City Budget assumed a 7.5% annual increase, which is effectively a 10% increase when pro-rated for a partial year, as the plan renews in April. Staff anticipates a \$162k surplus *carry-forward* in calendar 2018 resulting from this variance. Any variance between the *total expected cost* and *total actual cost* will be reflected in changes to the *health insurance reserve* balance.

The **Valdez City Schools renewal contains a 1.14% increase**, driven primarily by increases to dental coverage and stop-loss premiums, roughly equally.

The *Business Associate Agreement* articulates the City's and Broker's obligations under the Health Insurance Portability and Accountability Act of 1996. This is an update to a preexisting contract which is revised to reflect the broker's relationship with *One Digital*.

The broker contract and the Business Associate Agreement have been reviewed by the City Attorney.

Craig Kestran will join the meeting by telephone to answer council questions.