



Legislation Text

File #: 17-0151, **Version:** 1

ITEM TITLE:

Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: N/A
Unencumbered Balance: N/A.
Funding Source: N/A

RECOMMENDATION:

Approve the *status-quo* annual plan renewal and broker contract for twelve months beginning April 1, 2017

SUMMARY STATEMENT:

The 2017-2018 plan renewal includes 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 \$115k surplus *carry-forward* in calendar 2018 resulting from this discrepancy.

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

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