



Finance Department
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To: Councilor – Jack Sweeney (Chair)
Councilor – Keith Kern
Councilor – Tylor Elm (Co-chair)
Councilor – Ruth Ludwig (Alt)

October 5, 2020

From: Deb Kamunen – Assistant Finance Director

Finance Committee Mission Statement: To have broad oversight of financial policies and procedures, and to provide the City Council and management with such financial expertise, opinion, and recommendations as will be helpful for the Council to make decisions regarding the financial stability of the City of Superior.

****** SPECIAL FINANCE COMMITTEE MEETING AGENDA ******

A Special Finance Committee meeting is scheduled for Thursday, **October 8, 2020 at 3:30 p.m.** in **Room 204** of the Government Center. **Due to the current COVID-19 emergency**, this meeting can also be accessed online with **Google Meet** by entering the following information:

Go to: [meet.google.com/ kjz-ohcy-usu](https://meet.google.com/kjz-ohcy-usu)

Navigate to: meet.google.com and use video meeting code: [kjz-ohcy-usu](https://meet.google.com/kjz-ohcy-usu)

Dial the following phone number: [1 617-675-4444](tel:16176754444)

When prompted, enter the following pin: [829 229 069 3445#](tel:8292290693445)

The following items will be discussed at the Finance Committee meeting.

1. Held from the September 30, 2020 Special Finance Committee meeting - Request for Approval of the 2021 HealthPartners Group Insurance renewals.

If you are unable to attend this meeting, please contact Deb Kamunen at 715-395-7293.

Cc: Mayor Jim Paine
City Council Members
City Clerk's Office
Bulletin Board
Department Heads
KDAL Radio
WDSM Radio
WEBC Radio
Duluth News Tribune
Superior Telegram
Taylor Pedersen
Peter Luke
Kyle Hawley

Notice is hereby given that a quorum of the City Council may be present. No action will be taken other than the items listed on this agenda.

Pursuant to the Americans with Disabilities Act of 1990, if you are in need of an accommodation to participate in the public meeting process, please contact the City Clerk's Office at (715) 395-7200 prior to the scheduled meeting. The City will attempt to accommodate any request depending on the amount of notice received. TDD (715) 395-7521.

In compliance with Wisconsin Open Meetings Law, this agenda was:

Posted: Government Center, Court House, Public Library, & Super One Foods
Faxed to: Daily Telegram, Public Library, October 5, 2020
Media notified and mailing list: October 5, 2020

Superior Telegram to sign and fax verification of receipt to fax number (715-395-7292)

Name

Date



SUPERIOR

W I S C O N S I N

Living up to our name.

Finance Department
Ashley Puetz, Finance Director

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1316 North 14th Street, #235
Superior, WI 54880
Website: www.ci.superior.wi.us

October 5, 2020

Special Finance Committee Meeting Date: October 8, 2020

TO: Mayor Jim Paine and Members of the Finance Committee
FROM: Ashley Puetz, Finance Director
RE: 2021 Health and Dental Plan Renewal Recommendation

Introduction/Background

The Health Insurance Committee is recommending 2021 renewal of our self-insured health plan with HealthPartners. On July 15, 2020 Marsh & McLennan Agency (MMA) requested self-funded and fully-insured quotes from carriers. By August 15, 2020 they had received over 15 different plan options for consideration.

MMA narrowed the list down to three providers for the Health Insurance committee to consider. Medica, HealthEZ and HealthPartners, our current carrier. On September 17th, the three finalists were interviewed by the Health Insurance Committee. After the interviews, the committee had open discussion about the three remaining carriers and voted to recommend renewing with HealthPartners.

HealthPartners was selected for the following reasons:

1. Current HealthPartners plan participants have been satisfied with their coverage and service, and there are efficiencies gained in keeping our existing relationship with Health Partners.
2. HealthPartners network includes key medical providers that the committee and plan participants value.
3. HealthPartners came in with competitive cost renewal rates and also offered six months of runout coverage. The committee feels this plan is the best value for the price.

Budget Source/Fiscal Impact

Health Insurance fees are paid out of Fund 817, Self-Insured Health Fund. The rates set for Health Insurance cover the expenses. This recommended Health plan has an expected cost of \$5.30 Million with a maximum cost of \$6.48 Million. The recommended Dental plan has an estimated expense of \$202,603.

Recommendation

I am requesting that the Finance Committee recommend the HealthPartners renewals to the City Council for approval.

HealthPartners Self-Funded Cost Illustration

Company Name: City Of Superior WI - 20045
Proposed Effective Date: 1/1/2021
Contract Basis: 12/18
\$150,000 Specific Deductible per Member (Unlimited Lifetime Maximum)
Aggregate Attachment Point 125% of Expected Claims

	<u>Contracts</u>	<u>Members</u>	<u>Current</u>	<u>Renewal</u>	<u>Monthly Projected Cost</u>	<u>Increase</u>
Administrative Fee						
Single	99	99	\$11.70	\$5.85	\$579	
Single + 1	63	126	\$23.90	\$11.95	\$753	
Family	107	422	\$36.08	\$18.04	\$1,930	
Total	269	647	\$24.25	\$12.13	\$3,262	-50.00%
Specific Stop-Loss						
Single			\$75.64	\$75.64	\$7,488	
Single + 1			\$158.25	\$158.25	\$9,970	
Family			\$241.10	\$241.10	\$25,798	
Total			\$160.80	\$160.80	\$43,256	0.00%
Aggregate Stop-Loss						
Single			\$3.60	\$3.60	\$356	
Single + 1			\$7.53	\$7.53	\$474	
Family			\$11.46	\$11.46	\$1,226	
Total			\$7.65	\$7.65	\$2,057	0.00%
Fiduciary Fee						
				\$0.31	\$83	
Total Fixed Costs						
Single			\$90.94	\$85.40	\$8,455	
Single + 1			\$189.68	\$178.04	\$11,217	
Family			\$288.64	\$270.91	\$28,987	
Total			\$192.70	\$180.89	\$48,658	-6.13%

Fixed Costs will be billed monthly based upon actual enrollment.

Claim Cost:	<u>Contracts</u>	<u>Current Expected Claims Rates</u>	<u>Monthly Attachment Factors</u>	<u>Renewal Expected Claims Rates</u>	<u>Monthly Attachment Factors</u>	<u>Monthly Attachment Factors</u>	
WI175 HSA - Emb \$2800-100% - Creditable							3.00%
Single	99	\$668.52	\$835.65	\$688.58	\$860.72	\$85,211.23	
Single + 1	63	\$1,395.75	\$1,744.69	\$1,437.62	\$1,797.03	\$113,212.77	
Family	107	\$2,129.66	\$2,662.08	\$2,193.55	\$2,741.94	\$293,387.29	
Total	269	\$1,420.03	\$1,775.04	\$1,462.64	\$1,828.29	\$491,811.29	

* Rates assume group will be contributing \$2200/\$4400 toward the employee's HSA.

* Refer to healthpartners.com/creditable-coverage for creditable coverage determination method and details.

Annual Expected Claims Rate Costs:	\$4,721,389
Total Annual Expected Costs:	\$5,305,291
Total Annual Maximum Costs:	\$6,485,637

Minimum Annual Attachment Point (90% of Annual Attachment Point) will be determined based on first months enrollment.

* Excess Risk Insurance Coverage is provided by HealthPartners Insurance Company.
* Third Party Administrative Services provided by HealthPartners Administrators, Inc.
* Quote includes a variable administrative expense that is expressed as a percentage of claims paid by the employer and member for services provided by HPAI that includes: comprehensive health plan benefit administration, care and disease management programs, care improvement and other quality of care improvement initiatives, Pay for Performance provider bonus programs, network management services, and health improvement initiatives. These variable administrative services are charged as a percentage of paid claims at: 1% and are included in our estimated claim rates. These programs are designed to improve care and significantly reduce the employers' total cost of care.
* Quote will expire on: 1/1/2021
* Rebates are used to lower your administrative fee using the book of business estimated rebate value of \$21.14 PMPM.
* Quote is contingent upon the Underwriting Requirements and Provisions.



Self-Funded Renewal Calculation

Group Name: City Of Superior Wi [20045]
 Current Product: Open Access Choice SI

Current Packages: DW935

Claims Period: Sep 2019 through Aug 2020

Renewal Period: Jan 2021 through Dec 2021
 Date Prepared: 10/2/2020

Financial Summary

		In Network	Out-of-Network
Net Paid Claims	\$146,988	\$85,885	\$61,103
General Administration	\$15,555		
Total Expenses	\$162,543		

Renewal Calculation

	Projected <u>Expenses</u>
Net Paid Claims	\$146,988
Pandemic Utilization Adjustment Factor	<u>1.213</u>
Total	\$178,223
Adjusted Trend (Annual Trend: 3.50%)	4.99%
Expected Annual Claims	\$187,122
General Administration	\$15,481
Subtotal	<u>\$15,481</u>
Total Claims and Administration	\$202,603
Current Administrative Fee (PEPM or % of Claims)	\$5.17
Renewal Administrative Fee (PEPM or % of Claims)	\$5.32
Percentage Change	2.90%
0.0% broker commission	



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Renewal Fee Display

Enrollment

	<u>Average Contracts</u>	<u>Current Contracts</u>
Employee	89	90
<u>Family</u>	154	148
Total	243	238

	<u>Estimated Claim Rate</u>	<u>Admin Fee</u>	<u>Total</u>
Employee	\$25.23	\$5.32	\$30.55
Family	\$86.86	\$5.32	\$92.18

Renewal of this plan and rates are contingent upon meeting HealthPartners Dental underwriting requirements.

Underwriting Requirements - Large Group Contributory Plans

- Employer must have a group medical plan, preferably with HealthPartners
- Annual Open Enrollment required; if coverage is waived, employee must have a qualifying event to receive coverage prior to the next open enrollment period

Participation Requirement: Minimum of 51 enrolled employees to equal at least 75% of all eligible employees

Contribution Requirement: 50% employer contribution (or more) of the single premium
Rates assume employer maintains current contribution strategy for the duration of this agreement