



Finance Department  
 1316 N 14<sup>th</sup> Street  
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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.

**\*\*Amended – Closed Session\*\***  
**\*\*\*\* SPECIAL FINANCE COMMITTEE MEETING AGENDA \*\*\*\***

A 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.

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

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

**Closed under Wisconsin State Statute Section 19.85 (1) (e), which cites as follows:**

*“Deliberating or negotiating the purchasing of public properties, the investing of public funds or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.”*

Upon Motion and Second the Committee may reconvene into open session under Wis. Statute 19.85(2) to take action, if any, related to closed session.

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

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

**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.**

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*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.*  
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**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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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>
<b>Administrative Fee</b>						
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	
<b>Total</b>	<b>269</b>	<b>647</b>	<b>\$24.25</b>	<b>\$12.13</b>	<b>\$3,262</b>	<b>-50.00%</b>
<b>Specific Stop-Loss</b>						
Single			\$75.64	\$75.64	\$7,488	
Single + 1			\$158.25	\$158.25	\$9,970	
Family			\$241.10	\$241.10	\$25,798	
<b>Total</b>			<b>\$160.80</b>	<b>\$160.80</b>	<b>\$43,256</b>	<b>0.00%</b>
<b>Aggregate Stop-Loss</b>						
Single			\$3.60	\$3.60	\$356	
Single + 1			\$7.53	\$7.53	\$474	
Family			\$11.46	\$11.46	\$1,226	
<b>Total</b>			<b>\$7.65</b>	<b>\$7.65</b>	<b>\$2,057</b>	<b>0.00%</b>
<b>Fiduciary Fee</b>						
				\$0.31	\$83	
<b>Total Fixed Costs</b>						
Single			\$90.94	\$85.40	\$8,455	
Single + 1			\$189.68	\$178.04	\$11,217	
Family			\$288.64	\$270.91	\$28,987	
<b>Total</b>			<b>\$192.70</b>	<b>\$180.89</b>	<b>\$48,658</b>	<b>-6.13%</b>

Fixed Costs will be billed monthly based upon actual enrollment.

<b>Claim Cost:</b>	<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>	
<b>WI175 HSA - Emb \$2800-100% - Creditable</b>							<b>3.00%</b>
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	
<b>Total</b>	<b>269</b>	<b>\$1,420.03</b>	<b>\$1,775.04</b>	<b>\$1,462.64</b>	<b>\$1,828.29</b>	<b>\$491,811.29</b>	

\* Rates assume group will be contributing \$2200/\$4400 toward the employee's HSA.  
\* Refer to [healthpartners.com/creditable-coverage](http://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
<b>Net Paid Claims</b>	\$146,988	\$85,885	\$61,103
<b>General Administration</b>	\$15,555		
<b>Total Expenses</b>	\$162,543		

**Renewal Calculation**

	Projected <u>Expenses</u>
<b>Net Paid Claims</b>	\$146,988
<b>Pandemic Utilization Adjustment Factor</b>	<u>1.213</u>
<b>Total</b>	\$178,223
<b>Adjusted Trend (Annual Trend: 3.50%)</b>	4.99%
<b>Expected Annual Claims</b>	\$187,122
<b>General Administration</b>	\$15,481
<hr/> <b>Subtotal</b>	<hr/> \$15,481
<b>Total Claims and Administration</b>	\$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