



Staff Report

Department: Administration
Staff contact: Eric Hardy, Town Administrator
Agenda title: Employee Health Insurance
Requested action: Approval to offer the proposed medical insurance plans

SUMMARY

During the regular meeting in June, the Board of Commissioners heard a request from Town staff to offer affordable health insurance options. The Board asked the Town Administrator to review the matter and improve the situation. This proposal is based on two primary objectives:

1. Increase employee affordability for dependent medical insurance.
2. Minimize the budgetary impact to the Town (taxpayers).

The benefit year for health insurance (medical, dental, vision, etc.) begins December 1st of each year. For the purposes of this report we are looking only at medical and dental insurance coverage. The current provider for both plans is BlueCross/BlueShield (BCBS), and the Town covers 100% of the premium for the employee only. Additional covered dependents are the responsibility of the employee. Of the 28 employees enrolled only 2 employees pay to cover their dependents. To understand the proposed changes, let's consider the following two examples under the existing plan:

	Monthly premium	Town share	Employee premium*
Young family of four	\$ 2,105.87	\$ 639.93	\$1,465.94
Older family of two	\$ 1,775.12	\$ 920.50	\$ 854.62

*employee premiums are deducted through payroll on a weekly basis

Under the current structure the Town's share (employee-only premium) varies with the age of that employee. In the example, the premium for the younger employee is \$639.93 and the premium for the older employee is \$920.50.

To increase employee affordability for dependent medical insurance, the Town's insurance agent and advisor recommends the following changes to the existing offering:

- A blended premium that does not differentiate between employees based on age. A blended rate has no bearing on the benefits provided under the plan(s).
- Two plans rather than one for medical insurance. One plan being a higher benefit/cost plan (BCBS Platinum) and the other a lower benefit/cost plan (BCBS Silver).
- Consider an additional subsidy from the Town for those employees electing to cover dependents.

The second objective – minimal budget impact – starts with a review of recent spending trends for employee health benefits. An average of the last three years of actual expenditures to the Town for medical and dental insurance is \$266,000. This amount of expenditure was considered a spending cap to develop this proposal.

The proposed solution keeps in place the “platinum” plan (requested by several staff members) and also offers a “silver” plan. It is based on the recommended changes to the cost-sharing structure and the Town’s capped expenditure of \$266,000.

The following example demonstrates monthly savings available to employees based on their plan choice and dependents covered:

	Monthly premium	Town share (employee cost only)	Additional Town subsidy	NEW employee premium*
Young family of four				
Platinum Plan + Dental	\$ 1,966.03	\$ 625.25	\$ 200.00	\$ 1,140.78
Silver Plan + Dental	\$ 1,375.17	\$ 625.25	\$ 200.00	\$ 549.92
Older family of two				
Platinum Plan + Dental	\$ 1,258.66	\$ 625.25	\$ 200.00	\$ 433.41
Silver Plan + Dental	\$ 877.46	\$ 625.25	\$ 200.00	\$ 52.21

*employee premiums are deducted through payroll on a weekly basis

BUDGET IMPACT

As designed, the proposal has no budget impact in the current fiscal year, and no budget amendment is required at this time.

PROCESS AND TIMELINE

If approved by the Board of Commissioners, the Town’s insurance agent will conduct open enrollment meetings with Town staff during the next 2-3 weeks. The new benefits will be available December 1.

STAFF RECOMMENDATION

Staff recommends approval of the proposal to:

- Offer 2 medical insurance plans.
- Provide an additional \$200 subsidy per month to employees electing dependent coverage.
- Reduce a new hire’s waiting period for enrollment in employee medical, dental, and vision insurance from 90 days to 30 days following date of employment.

Staff also recommends two changes to the Personnel Policy last amended by ordinance on June 20, 2017:

1. Article VII, Section 5 Group Health Insurance, paragraph A:
 - a. CURRENT: Employees in a regular position who work at least 1,560 hours per year (thirty hours per week) may participate in the group hospitalization and medical care plan

upon the completion of the first six months of continuous service and after ninety days of employment effective 01/01/2013, with costs borne solely by the Town of Woodfin.

- b. REVISED: Employees hired after 09/01/2020 into a regular position who work at least 1,560 hours per year (thirty hours per week) may participate in the group hospitalization and medical care plan upon the completion of the first six months of continuous service and after thirty ninety days of employment effective 12/01/2020 01/01/2013, with costs shared between the employee and the Town of Woodfin at the rates approved at the time of employment borne solely by the Town of Woodfin. These provisions apply only to active employees. Upon retirement, health insurance coverage is defined under Article VII, Section 4 Deferred Compensation, paragraph F.1.

Employees hired after 09/01/2020 into a regular position who work at least 1,560 hours per year (thirty hours per week) may participate in the group hospitalization and medical care plan after thirty days of employment effective 12/01/2020, with costs shared between the employee and the Town of Woodfin at the rates approved at the time of employment. These provisions apply only to active employees. Upon retirement, health insurance coverage is defined under Article VII, Section 4 Deferred Compensation, paragraph F.1.

2. Section 10. Dental Insurance

- a. CURRENT: Regular employees are automatically enrolled in the Town's dental insurance program with the Town paying 100% of the employee's premium. Employee dependents may enroll in the Town of Woodfin Dental Insurance Program with 100% of the cost of dependent coverage borne by the employee.
- b. REVISED: Regular employees hired after 09/01/2020 are automatically enrolled in the Town's dental insurance program after thirty days of employment effective 12/01/2020, with costs shared between the employee and the Town of Woodfin at the rates approved at the time of employment the Town paying 100% of the employee's premium. Employee dependents may enroll in the Town of Woodfin Dental Insurance Program with 100% of the cost of dependent coverage borne by the employee.

Regular employees hired after 09/01/2020 are automatically enrolled in the Town's dental insurance program after thirty days of employment effective 12/01/2020, with costs shared between the employee and the Town of Woodfin at the rates approved at the time of employment.