Finance Report for Employee Benefits

Date: December 7, 2017

Purpose: Present information on the Employee Benefit Package Renewal for 2018

Recommendation: Authorize the Employee Benefit Package Renewal and Approve Resolution 2017-21R

Background:

The City currently has core employee benefits of medical, dental, and vision insurance, as well as long-term disability. These plans run on a calendar year basis and are up for renewal. The FY 2018 budget includes funds to cover these core benefits with a potential increase of up to 7% increase. The City's medical insurance has been provided by Altius, which was recently bought out by Aetna. This change to Aetna has brought about some changes in customer service, responsiveness, and coverage issues. Medical insurance is the driver of benefit costs to the City. Spectra Management, on behalf of the city, received the following bids:

Medical

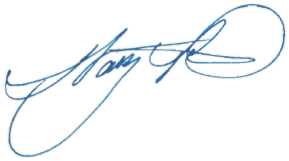
Company	Increase
Altius (same plan)	7.5%
SelectHealth (higher out of pocket/rates)	17.0%
Blue Cross (higher out of pocket/rates)	12.8%
Cigna (same plan/deductible included in out of pocket)	3.7%
PEHP (higher out of pocket/3 yr contract)	3.5%

Staff appreciates Spectra and the good job they have done in securing favorable rates for the city and maintaining the benefit level for the employees. The amount for these benefits has been included in the FY 2018 budget and is a planned expense in all of the departments.

Recommendation:

Staff recommends the City Council authorize maintaining the employee benefit level for calendar year 2018 with the change highlighted for medical insurance to Cigna. The costs for the benefits are within the budgeted amounts in the FY2018 budget and staff recommends approval of Resolution 2017-21R.

Respectfully,



Wally Ritchie
Director of Finance

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