



Request for City Council Committee Action from the Department of Human Resources

Date: May 1, 2014

To: The Honorable Council Vice President Elizabeth Glidden,
Chair, Committee of the Whole

Referral to: City Council

Subject: Single Employer Employee Benefit Plans

Recommendation: That the City Council Adopt, by Resolution, a transition plan for the City to implement single employer, employee benefit plans effective January 1, 2015, and single-employer, self-insured medical plan commencing as early as January 1, 2015.

Previous Directives: None

Department Information

Prepared by: Joyce Traver, Benefits Manager
Susan Trammell, Assistant City Attorney

Approved by: Patience Ferguson, Director Human Resources
Paul Aasen, City Coordinator

Presenters in Committee: Joyce Traver and Susan Trammell

Reviews

- Permanent Review Committee (PRC): N/A
- Civil Rights Approval: N/A
- Policy Review Group (PRG): N/A

Financial Impact

- Other financial impact – will need to align funding arrangements for claims and other expenses with City budgeting and financial reporting processes, may need to establish dedicated reserves.

Supporting Information

- For several years the City has been considering the option of self-insurance for its medical plan.
- Compared to a fully insured plan; a self-insured plan requires increased employer responsibilities related to funding and financial reporting as well as compliance with certain federal and state laws. However, a self-insured plan also allows for greater flexibility in plan management and provides the opportunity for avoiding certain taxes, assessments and administrative costs.
- There are complications if non-City entities were to be included in a self-insured medical plan. Such an arrangement would be subject to numerous State requirements that apply to “self-insurance pools.” These requirements eliminate some the advantages of self-insurance and would generate significant administrative expenses. A self-insurance pool is not a viable option for the City.
- With this policy decision, YCB, MBC and MPHA will no longer be covered under the City’s employee benefits plans. Human Resources and Finance staff will also work with these entities to develop a process to transition payroll services at an appropriate date.
- The City’s benefits consultant received initial quotes for benefit options for each of the three entities. These quotes compare very favorably with current benefit costs. The City will provide reasonable assistance to the entities during the transition process.