



## Legislation Text

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**File #:** 15-0574, **Version:** 1

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Consider and take action to authorize an adjustment to the structure of the employee health insurance program for the period October 1, 2015 to September 30, 2016 (Director of Human Resources and Civil Services)

Approval of this item will authorize the adjustment to the employee health insurance program for the upcoming plan year to return the employee deductible and 'maximum out of pocket' time period to a calendar year, from the fiscal year basis.

Historically, the City's employee benefit plan has been maintained on a calendar year. With this schedule, the City received information on plan year cost changes after the budget had been developed. During 2014, the City made the decision to move the benefit program plan year from a calendar basis to a fiscal year basis. This was done in order to more accurately plan for costs during the preparation of the budget.

In order to transition from a calendar year plan to a fiscal year plan, the 2015 plan was changed to a 9-month plan (January through September). Deductibles and out of pocket maximums applied for this 9 month plan and would have begun again on October 1 for the new plan year (fiscal 2015-2016). During open enrollment for this new plan year, a concern was raised by an employee. In following up on that concern, there were some employees who were expecting the deductibles that had been paid thus far in 2015 to cover the entire calendar year. While staff had communicated the impact of an abbreviated plan year to the employees, over time that impact may not have been planned for by all employees.

This proposal will adjust the program to a calendar year deductible, and employees will not begin paying new deductibles and other out of pocket amounts until January 1, 2016. These employee costs will continue to be measured on a calendar basis for 2015, 2016 and going forward.

This was not considered in the pricing for the health insurance plan that was recently adopted by City Council, the benefits consultants estimate that this change will result in some minimal additional claims costs.

**Attachment:**

1. Data Sheet

**FUNDING**

{ } NOT APPLICABLE

{ X } Funds are available from Employee Benefits Fund, Health Insurance Account # 038-5509-603-54.65