

MEMO

To: Board of Aldermen, Mayor Pogue

From: Bob Kuntz, City Administrator

Subject: Health Insurance Renewal

Date: May 6, 2013

Our July 1 renewal will reflect a 6% premium increase. Our 2013 budget did not factor for any rate adjustment but, as a result of turnover, we have estimated that our budgeted shortfall will only be \$5,000 through the remainder of 2013 provided there are no changes to our employee demographics.

In light of the financial commitment that was made to upgrade our pay plan, it is proposed that the City and the employees share the 6% premium increase in proportions that do not alter the current participation formula.

Currently, the City and employees share the cost of premiums as follows:

<u>Type of Coverage</u>	<u>Total Monthly Cost</u>	<u>City Portion</u>	<u>Employee Pays</u>
Single	\$377.15	\$358.21	\$18.94 (5% of total)
EE+1	\$718.11	\$617.59	\$100.52 (14% of total)
Family	\$1,158.61	\$941.33	\$217.28 (19% of total)

By sharing the cost of the increase in equal proportions, the new cost of premiums would be as follows:

<u>Type of Coverage</u>	<u>Total Monthly Cost</u>	<u>City Portion</u>	<u>Employee Pays</u>
Single	\$399.78	\$379.80	\$19.98 (5% of total)
EE+1	\$761.20	\$654.64	\$106.56 (14% of total)
Family	\$1,228.13	\$997.81	\$230.32 (19% of total)

Under this proposal, an employee who covers just his or her spouse or one dependent child would pay an additional \$72.48 per year in premiums and an employee with family coverage would pay an additional \$156.48 per year in premiums.