

2019-2020 Health Insurance Proposal for Employees

Synopsis:

The bids for health insurance for CVPDC employees revealed Local Choice as the lowest bid for 2019-2020.

Staff proposes that the Council offer employees two plans:

- \$500 deductible plan with no change from current employee/employer contributions
- High Deductible Health Plan with CVPDC contribution to a Health Savings Account at the beginning of the fiscal year

Background:

Under the staff recommendation, there would be no change from the current year for those employees who choose the \$500 deductible insurance plan.

But for staff who are looking for a lower premium, especially younger employees with families, the High Deductible Health Plan (HDHP) may be a good choice. These HDHP programs require the subscriber to pay significant deductibles and it is recommended that the CVPDC put \$1,700.00 into a Health Savings Account for 2019-2020 in July for each subscriber choosing this plan.

Advantages:

- HDHP lowers monthly cost to employee
- Utilization rates are typically lower with a high deductible plan as people are more cost conscious.
- Impact of future percentage increases are less since the percentage increases are calculated on lower cost health insurance options.

Disadvantages:

- Employees would be responsible for Health Savings Account (HSA) fees.
- If an employee left our employment, the money placed in the Health Savings Account goes with them.
- It is likely that the CVPDC will continue to make some payment annually into an employee's HSA

Employees could also contribute to their Health Savings Account.

Procurement:

Mr. Sam Irby of Innovative Insurance Group was retained to procure health insurance bids. Bids came in from the following providers:

- Local Choice - \$37,296
- Optima Health Vantage HMO - \$46,413

- Anthem Healthkeepers HMO - \$47,718
- Anthem Keycare PPO - \$51,894
- Optima Health Plus - \$57,198

There was no increase, 0%, for 2019-2020 Local Choice in comparison to current rates.

Recommended Action:

Authorize staff to work with Local Choice for 2019-2020 offering the \$500 deductible and the High Deductible Health Plan (HDHP). For those subscribers selecting the HDHP plan the CVCC would contribute \$1,700.00 to a Health Savings Account (HSA) at the beginning of the fiscal year. The subscriber would pay fees related to the HSA. It was agreed that the 2019-2020 health insurance benefit package should not exceed the current year budget for health insurance.