

**CITY OF JOPLIN
COUNCIL AGENDA ITEM**

ITEM

Council Bill 2020-525 – Approving a one-year Contract with UMR to provide stop loss coverage for the City’s health self-insurance coverage

MEETING DATE

October 19, 2020

ORIGINATING DEPT

Finance

ATTACHMENTS

CB 2020-525 Ordinance; Exhibit “A”-UMR Agreement

REVIEWED BY

Department Head: Leslie Haase; Human Resources Director: David Allgood; City Attorney: Peter Edwards; City Manager: Nick Edwards

SUMMARY

This Council Bill approves a one-year contract with UMR to provide stop loss coverage for the City’s health self-insurance coverage for City employees.

BACKGROUND

In early 2020, the City let a bid for dental, vision, life and health insurance services for a five-year period. UMR provided the lowest and best bid for insurance coverage and third-party administrative services. In September, the stop loss contract is negotiated based on actual claims experience. It was determined that the current stop loss coverage of \$150,000 per claim is still the appropriate level of protection.

UMR submitted an increase of 13.7% in the overall stop loss fee. During 2020, our plan has had two large claims that have reached the stop loss coverage level. The single fee will increase from \$65.73 to \$67.38 per employee per month. The family fee will increase from \$141.40 to \$168.45 per employee per month. The annual premium will be approximately \$694,500, which is an increase of about \$83,500.

As a result of actual claims costs, the bid process, the stop loss fees and administrative fees, the health insurance premiums will be increasing 1.1% for 2021. Since the City returned to self-insured coverage, the City’s eleven-year health insurance cost trend is an increase of 5.2%. During this same eleven-year time period, the national trend increase for health insurance costs has been 6.8%. Claims costs are a function of both utilization and prices. The Joplin Health Nuts continues to work with city employees to decrease utilization and become better “consumers” of health products, in order to try to stay below national trends for health insurance increases.

The City provides single health insurance to employees. The monthly premium will increase from \$498.88 to \$504.14 per employee. For family coverage, the City covers 75% and the employee is responsible for 25% of the monthly premium, as well as usage costs set forth in the plan design. The City's monthly premium will increase from \$1,047.68 to \$1,058.72 per employee. The employee's monthly premium will increase from \$349.24 to \$352.92. The total estimated increase to the City for this benefit is around \$48,000.00.

The contract will begin on January 1, 2021.

FUNDING SOURCE

This item is expensed to all funds based on where employees are charged.

RECOMMENDATION

Staff recommends approval of this council bill on an emergency basis.