



DATE: March 3, 2022  
TO: Zach Walker, City Manager  
CC: Adam Norris, Deputy City Manager  
FROM: Bryan Kidney, Director, Finance and Administration  
SUBJECT: Stay Well Recommendations

You sent me the recommendation your office received from the Stay Well Committee in regards to a potential audit of the City's self-insurance fund. You asked me to give you my thoughts on the memo and to also make suggestions on what I feel would be the best use of funds to help alleviate concerns being brought forward by the Council.

Although the Council approved a resolution calling for an external forensic audit of the Stay Well Fund, the Committee felt "that was not warranted at this time." Instead they recommend to have a:

*"Comprehensive Financial Audit conducted by a third party CPA firm and reported to the Audit and Finance Committee for the following term of January 1, 2016 through December 31, 2021 with a scope of work to include a traditional Comprehensive Financial Audit as well as payment of claims and the changes to the healthcare plan over the last 5 years with an emphasis on looking at alternative funding measures to pay for the audit other than [sic] the Stay Well Fund"*

The Committee is requesting a "comprehensive" financial audit and appears to be referencing the similar audit that we already do through our Annual Comprehensive Financial Report. This would be the same opinion we have already received, paid for and presented to the Audit and Finance Committee on February 25, 2022. While limiting the audit to the one fund may give the committee some additional assurance, an actual audit that is in accordance with industry and professional standards may be considered excessive, redundant, and more expensive than is warranted. An audit of just the staywell fund would essentially be taking the monthly reports that the Committee approves and make sure the end of year amounts were reported accurately and were free from material misstatements. Again, this has already been completed and presented to the Audit and Finance Committee.

If we send out a request for proposals to auditors to perform a "Comprehensive Financial Audit" of the staywell fund, as the Stay Well Committee recommends, the firms will reply that they need to understand the question that is being asked before they respond. We believe the City should instead consider a "performance audit."

As management, we have the goal of ensuring we provide competitive benefits and a strong financial position over the long-term. Further, we want to ensure the performance based on our decisions have added value.



There has been a lot of large decisions made over the years that have had major impacts to the plan. Therefore, I recommend a performance audit that would address the following questions:

- What has been the Long-term impact moving post-65 retirees into a Medicare plan?
- How has discontinuing the Stay Well Clinic and subsequent transition to Hy-Vee clinics impacted the plan?
- How has the incentivizing consumer-driven plan enrollment through HSA contributions over the last several plan years impact the plan?
- What are the major impacts been to the plan of key Stay Well Committee recommendations from January 1, 2016 to December 31, 2021?
- What recommendations have been brought to Stay Well Committee from the City's consultant and staff but have not yet been adopted?

I believe it is important to make sure everyone has a clear understanding of the impacts to these changes. I'd be happy to discuss this and any other questions you may have.