

BILL NO. \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION DIRECTING THE CITY MANAGER TO REVIEW AND RECOMMEND MODIFICATIONS TO THE CITY'S SELF-FUNDED HEALTH INSURANCE PLAN TO PRODUCE STRUCTURAL CHANGES TO ENSURE STAY WELL FUNDING IS WITHIN THE APPROVED BUDGET FOR FISCAL YEAR 2022-23 BY AUGUST 1, 2022.

WHEREAS, the City of Independence provides a self-funded health insurance plan for its employees, spouses, eligible dependents, and non-Medicare eligible retirees; and

WHEREAS, the City of Independence funds 80% of the health insurance premium for each member, spouse, and dependent(s) of the health insurance plans; and

WHEREAS, an ever-increasing portion of the City's budget is dedicated to health insurance expenses, which reduces the amount of taxpayer dollars that are available to provide the basic services citizens expect of their municipal government; and

WHEREAS, City expenditures for city health insurance coverage in Fiscal Year 2021-22 represented \$146 per capita (123,000 population); and

WHEREAS, though maintenance of City streets, bridges curbs and sidewalks was the top priority over the next 24 months in the citizen's budget priorities survey, City expenditures for Street Maintenance in Fiscal Year 2021-22 only represented \$75 per capita, which is nearly half the amount being allocated for health insurance coverage; and

WHEREAS, \$6.25 million of the City's \$20.3 million allotment (approximately 31%) from the American Recovery Plan was allocated to subsidize the Staywell Plan; and

WHEREAS, \$3.9 million of American Recovery Plan funds are budgeted for the Stay Well Fund in FY 2022-23 and

WHEREAS, City Council Resolution 6690 increased health insurance premium rates mid-year by 10% effective July 1, 2021 and directed the City Manager to work with the Stay Well Committee on plan redesign and plan sustainability; and

WHEREAS, recommendations supported by the Stay Well Committee and implemented have not been sufficient to ensure the financial sustainability of the Stay Well Fund; and

WHEREAS, a 10% premium increase was included in the Fiscal Year 2022-23 Submitted Budget, despite the infusion of cash and premium increases in Fiscal Years 2021-22 and 2022-23; and

WHEREAS, the proposals related to health insurance included the need to identify structural changes to the Staywell plan resulting in a total budget of \$22,837,000 and a City contribution of \$14,085,000; and,

WHEREAS, the Stay Well Committee met on June 14<sup>th</sup> and again on June 16<sup>th</sup> and have deferred any recommendations until no later than July 31, 2022; and,

WHEREAS, it is apparent that additional study and analysis of the Staywell Fund and any

proposed changes to the plans are needed to make an informed decision on appropriate changes as it relates to the financial sustainability of the fund and to ensure the City provides competitive health benefits to employees; and,

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI, AS FOLLOWS:

SECTION 1. That the City Manager will implement changes to the Stay Well Fund to provide for a minimum savings of \$1,030,000 in the Approved FY 2022-23 Budget.

SECTION 2. The City Council recognizes that \$3.9 million of American Recovery Plan funds are being used to subsidize the Staywell Fund in Fiscal Year 2022-23. The savings in Section One of this resolution is insufficient to produce long-term financial sustainability. To account for the loss of this subsidy, the City Council directs the City Manager to evaluate and recommend other viable options in addition to those contemplated in Section One of this resolution to ensure the long-range financial sustainability of the Staywell Fund for Fiscal Year 2022-23 and beyond and to ensure the City is able to maximize taxpayer dollars in pursuit of the delivery of basic services on behalf of the citizens of Independence. These recommendations shall be presented to the City Council by August 1, 2022 in order to meet the Open Enrollment period in the fall of 2022 (anticipated to be October and November 2022) and made effective for the 2023 Staywell Plan year commencing January 1, 2023.

SECTION 3. The Proposed Budget includes a 10 percent premium increase for Fiscal Year 2022-23. In the event health insurance savings for employees and non-Medicare eligible retirees that meet the Approved Budget for Fiscal Year 2022-23 are not identified and implemented prior to August 1, 2022, the City Manager shall propose to the City Council approximately \$1 million dollars in structural reductions among all general fund departments for the 2022-23 Fiscal Year.

PASSED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2022, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

\_\_\_\_\_  
Presiding Officer of the City Council  
of the City of Independence, Missouri

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
City Counselor

REVIEWED BY:

\_\_\_\_\_  
City Manager