

BILL NO. _____

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AND DIRECTING THE CITY MANAGER TO IMPLEMENT RECOMMENDED CHANGES TO THE CITY'S SELF-FUNDED HEALTH INSURANCE PLAN.

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, 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 while also requiring ever-increasing costs to the plan members; 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, the recommendations implemented to date 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, without significant structural and funding changes to the Stay Well Fund, the fund will go bankrupt; and,

WHEREAS, the City Council directed the City Manager to develop recommendations to ensure the long-range financial sustainability of the Staywell Fund; and,

WHEREAS, those recommendation were presented to the City Council on August 8, 2022 in the form of Resolution 22-799; and,

WHEREAS, on August 15th, 2022, the City Council voted to postpone a vote on Resolution 22-799 until the September 6th, 2022 City Council meeting; and,

WHEREAS, on August 15th 2022, the City Council took further action by appointing a subcommittee comprised of the Staywell Committee Chair, the Staywell Retiree Representative, the LAGERS Chapter 1 President, the City Manager, and the At-Large City Councilmember to further review structural and funding changes and make recommendations to ensure the long-range financial sustainability of the Staywell Fund; and

WHEREAS, this committee has met five times, including August 18th, August 23rd, August 25th, August 29th, and August 31st to review and discuss acceptable alternatives; and,

WHEREAS, on August 31st, the committee reached consensus on a series of recommendations that address the immediate funding needs of the Staywell Fund while also setting a course to provide for the long-term sustainability of the Stay Well Fund;

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

SECTION 1: The City Manager shall accept and implement the pharmacy benefit renewal made by Cigna that is projected to save the Staywell Fund \$479,000 for plan year 2023 as recommended by the Special Stay Well Sub-Committee on August 31st, 2022.

SECTION 2: The City Manager shall implement plan design changes as recommended by the Special Stay Well Sub-Committee on August 31st, 2022 as follows:

- OAP 1
 - 15% premium increase
 - Increase the following:
 - Deductible: \$2,500/\$5,500
 - OOP: \$5,500/\$11,000
 - OV Copay: \$45/\$80
 - Urgent Care/ER: \$100 copay/\$300 copay, then deductible then 20%
- OAP 2
 - 10% premium increase
 - Increase the following:
 - Deductible: \$2,000/\$4,000
 - OOP: \$4,000/\$8,000
- Local Plus
 - 8% premium increase
 - Increase the following:
 - Deductible: \$1,750/\$3,500
 - OOP: \$3,500/\$7,000

SECTION 3: The City Manager shall implement the addition of a new “Base Plan” as recommended by the Stay Well Sub-Committee on August 31st, 2022 as follows:

- Deductible: \$3,500/\$7,000
- OOP: \$7,000/\$14,000
- QHDHP with no City-sponsored HSA contribution
- “Low-cost” payroll deductions (\$0 for EE only coverage)

SECTION 4: The City Manager shall implement the expansion of a Client Specific Network through Cigna, to include retention of access to Hy-Vee clinics along with expanded access to include the University Health clinic at 606 South Hardy Avenue and virtual urgent care/preventive care through MDLive as recommended by the Stay Well Sub-Committee on August 31st, 2022

SECTION 5: The City Manager shall implement changes to City-sponsored HSA contributions to be made quarterly rather than annually as recommended by the Stay Well Sub-Committee on August 31st, 2022.

SECTION 6: The City Manager shall take the necessary steps to prohibit the City from sponsoring health benefits for any additional spouses after retirement when a spouse passes away.

SECTION 7: The Stay Well Sub-Committee will reconvene on December 20th, 2022, and as

needed thereafter, to review the fiscal impact of these changes to the Stay Well Fund. The Sub-Committee will specifically evaluate and deliberate the necessity for contribution changes to be made effective with the 2024 Plan Year.

SECTION 8: The Stay Well Committee will, on an ongoing basis, continue to evaluate the status of the Stay Well Fund and make recommendations for plan design changes, deductibles, and OOP changes as required to mitigate increases.

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