

Attachment C – 05/06/14

Recommended Update To Health Insurance Contribution Rates

We recently received the updated health insurance rates. Because open enrollment is about to start, the Board will need to set employee contribution rates without the benefit of a Personnel Committee Meeting.

The number of policy types has doubled. Prior to last week, one HMO and two PPOs were offered to full-time employees. Our insurance carrier will now make two HMOs and four PPOs available to full-time employees. As you may expect, coverage differs in terms of out-of-pocket costs, copays, deductibles, prescription drug coverage, and other variables.

Of our current policies, the premium for the HMO has risen by 3% - 4% depending on whether the coverage is “single”, “single + 1” or “family”. Both PPOs will have 6% reductions in premiums for all categories.

Current employee contribution rates for health insurance are as follows:

HMO – Red:	5%
PPO – Blue:	7%
PPO – White:	8%

Additional Policies offered will now include:

HMO – Orange
PPO – Purple
PPO – Green

Administration has two recommendations:

1. Simplify the employee contribution schedule to accommodate the additional policy types now available without making a significant change to the contribution percentages until the Personnel Committee can thoroughly explore the best rate structure to use in this new healthcare environment. To this end, we suggest employee contribution rates for this year’s open enrollment be **6% for all HMOs** and **8% for all PPOs**.
2. Task the Personnel Committee with creating and analyzing other options for a logical, equitable, and sustainable employee contribution schedule. Any new schedule should be approved by the Board in time to be factored into the FY2015 budget.