



City Council and IMU Board of Trustees Joint Meeting  
April 23, 2018  
Immediately Following The IMU Board of Trustee Meeting At 5:30 p.m.  
City Council Chambers  
Agenda

1. Call to order
2. Roll call
3. Update regarding the Fiber Project
4. Update on IMU Building Project (Utility Billing Services and Electric Line Shop)
5. Update regarding health insurance renewals
6. Other Business
7. Adjourn

**City Council Special**

**3.**

**Meeting Date:** 04/23/2018

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**Subject**

Update regarding the Fiber Project

**Information**

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**Fiscal Impact**

**Attachments**

*No file(s) attached.*

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**City Council Special**

**4.**

**Meeting Date:** 04/23/2018

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**Subject**

Update on IMU Building Project (Utility Billing Services and Electric Line Shop)

**Information**

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**Fiscal Impact**

**Attachments**

*No file(s) attached.*

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**Meeting Date:** 04/23/2018

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**Subject**

Update regarding health insurance renewals

**Information**

In your packet is a memo from Melissa McCoy, HR Director, regarding health insurance updates.

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**Fiscal Impact**

**Attachments**

Memo

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— HUMAN RESOURCES —

**Date:** April 23, 2018

**To:** Mayor and Council and Board of Trustees

**From:** Melissa McCoy, Human Resources Director

**CC:** Ryan Waller, City Manager and Tom Gaffigan, General Manager

**RE:** Health Insurance Updates

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As we start to look at health insurance renewals for the new benefit plan, we'd like to provide you with an overview of where we are in the process.

## **Health Insurance**

### **Renewals**

- Our Broker, Holmes Murphy, is currently working on getting quotes from different health insurance companies to ensure that we stay competitive with the market but also have the best plan and rates for our employees and organization.
- Our current plan, a qualified high deductible health plan with a Health Savings Account (HSA) option, is governed by the IRS. The IRS sets guidelines that employers must follow when implementing and renewing a plan. The IRS says that any organization that has a qualified high deductible health plan with HSA option in 2018 must have a minimum single deductible of \$2700 (which makes the family deductible \$5400). This is a \$100 increase for the single deductible and \$200 increase for the family deductible.

### **Considerations**

- We have several members with high claims. As we have previously shared, because of the high claims, our current reinsurer has placed more of the claim responsibility back on the City in the form of lasers. The reinsurer has placed two lasers on two of our members for a total of \$305,000. Accordingly, the

City/IMU will be required to pay claims up to \$305,000 before the reinsurer will cover claims.

- While the modifications to the plan have helped, the fund is still not where we'd like it to be. Should we have to pay these lasers it will use a majority of our fund.

### **Health Reimbursement Account (HRA)**

The City of Indianola has had an HRA program in place for many years. The purpose of the HRA program at the time of implementation was to help employees pay for dental and vision expenses. This was due to a dental and vision plan not being offered. Employees were also told they can use their HRA to help pay for medical expenses upon retirement. This is not the correct vehicle for an HRA as an HRA is owned by the employer and typically the employer takes back any unused funds at the end of each year. Our plan was not developed this way.

Last July, we introduced the HSA with our new health insurance plan. Employees may use an HSA to help pay for medical, dental, vision and prescription expenses. HSA's are better for employees because the employees own the funds and are more convenient for employees as employees have an HSA debit card to use to pay for expenses and do not need to submit for reimbursement. With the HSA's in place, we need to eliminate the HRA accounts as we pay monthly fees on each of these accounts.

We have HRA accounts for active, terminated and retired employees. The total outstanding balance on these accounts is \$309,167. This is a combined total between the City and IMU. The City's balance is \$147,587 and IMU's balance is \$91,155.

We are currently developing recommendations for the health insurance renewal and HRA's. Staff requests a joint meeting to be scheduled around May 14, 2018 so that we may present the recommendations and receive formal direction.