

	<h1 style="margin: 0;">Council Communication</h1> <p style="margin: 0;">Office of the City Manager</p>	Date June 18, 2007
		Agenda Item No. <u>36</u> Roll Call No. <u>07-</u> Communication No. <u>07-365</u> Submitted by: Tom Turner, Human Resources Director

AGENDA HEADING:

Renewal of the following items with Wellmark Blue Cross and Blue Shield of Iowa.

- (A) Health Plans for the period July 1, 2007 through June 30, 2008.
- (B) Administrative Services Only Agreement for dental plan.

SYNOPSIS:

Recommend approval to authorize the Mayor to execute a binder extending the health insurance coverage (all health coverage including the Blue Choice network and the Blue Access HMO) with Wellmark Blue Cross and Blue Shield of Iowa (John Forsythe, CEO) for the period from July 1, 2007 through June 30, 2008 and to execute an agreement for administrative services only for the dental plan.

FISCAL IMPACT:

Amount: \$20,857,000. The anticipated cost for health insurance in FY 2007-08 is \$19,190,000 (the budgeted amount is \$18,917,000). The anticipated cost for dental insurance is \$1,667,000 (the budgeted amount is \$1,784,000). The premium increase is 7.77% versus a budgeted increase of 5%. Dental insurance will see no change in current rates.

Funding Source: Fiscal Year 2007-08 Operating Budget, Human Resources Department, Principal Health and Dental Fund, IS301 HRS960100, page 187 and HMO Health Plans, IS304 HRS960400, page 188. The total amount budgeted for health/dental insurance for FY 2007-08 is approximately \$20,701,000. The additional \$156,000 anticipated by this action will be included in the Fiscal Year 2007-08 Amended Budget. Reductions over the budgeted costs of both dental insurance and long-term disability insurance substantially cover this slight shortfall. It is important to note that this action still represents an approximately \$6.75 million savings in our health insurance costs for next year.

ADDITIONAL INFORMATION:

The City of Des Moines provides health insurance to its employees through a plan insured by Wellmark. This plan essentially provides the same level of benefits across the employee groups with slight differences in office visit and prescription drug co-payments. Coverage is also provided as mandated by Iowa Code Section 509A for retirees under the age of 65. The chart below shows the current and new premiums for each plan. Dental insurance is provided to substantially all employees of the City through a self-insured plan administered by Wellmark. Favorable experience permits no increase in funding for this plan in FY08.

PREVIOUS COUNCIL ACTION(S):

Date: November 20, 2006

Roll Call Number: [06-2331](#)

Action: [Blue](#) Choice Managed Care as Health Insurance Network. ([Council Communication No. 06-739](#)) Moved by Hensley to adopt. Motion Carried 6-0.

Date: April 10, 2006

Roll Call Number: [06-712](#)

Action: [Contract](#) with Wellmark Blue Cross and Blue Shield of Iowa (John Forsythe, CEO) for health insurance coverage for City employees with a retiree option July 1, 2006 through June 30, 2007. ([Council Communication No. 06-192](#)) Moved by Vlassis to adopt. City Manager will appropriate up to \$100,000 to fund an Employee Wellness Program and will deposit the remainder into the fund balances of the City. Motion Carried 5-1. Council Member Brooks declares a conflict of interest and abstains from voting.

Date: February 20, 2006

Roll Call Number: 06-406

Action: Labor Agreement with the American Federation of State, County and Municipal Employees (AFSCME), Council 61 and its Affiliated Local 3673. ([Council Communication No. 06-077](#)) Moved by Kiernan to adopt. Motion Carried 7-0.

Date: December 19, 2005

Roll Call Number: [05-2998](#)

Action: Approve agreements with Municipal Employees Association (MEA), Central Iowa Public Employees Council (CIPEC) and the Des Moines Police Bargaining Unit Association, and authorize the Mayor to sign formal agreements when available. Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 7, 2005

Roll Call Number: [05-354](#)

Action: Approving new bargaining agreement with Des Moines Association of Professional Fire Fighters, Local No. 4. SPONSOR: Vlassis. ([Council Communication No. 05-065](#)) Moved by Coleman to adopt. Motion Carried 6-1. Nays: Kiernan

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Adoption of the Fiscal Year 2007-08 Amended Budget to incorporate changes in budgeted amounts.