



# City of Madison

City of Madison  
Madison, WI 53703  
www.cityofmadison.com

## Master

**File Number: 39320**

**File ID:** 39320

**File Type:** Resolution

**Status:** Council New Business

**Version:** 1

**Reference:**

**Controlling Body:** COMMON COUNCIL

**File Created Date :** 07/14/2015

**File Name:** Authorizing the City of Madison to move employees into the Deductible HMO-Standard PPO health insurance program option.

**Final Action:**

**Title:** Authorizing the City of Madison to move employees into the Deductible HMO-Standard PPO health insurance program option.

**Notes:**

**Sponsors:** Paul R. Soglin

**Effective Date:**

**Attachments:** Memo - Health Plan Design Change.docx

**Enactment Number:**

**Author:** Bradley Wirtz, Human Resources Director

**Hearing Date:**

**Entered by:** wwick@cityofmadison.com

**Published Date:**

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Human Resources Department	08/25/2015	Referred for Introduction				
	<b>Action Text:</b>		This Resolution was Referred for Introduction				
	<b>Notes:</b>	Board of Estimates 9/8/15					
1	COMMON COUNCIL	09/01/2015					

### Text of Legislative File 39320

#### Fiscal Note

The City of Madison currently participates in the Wisconsin Public Employers (WPE) Group Health Insurance Program operated by the Wisconsin Department of Employee Trust Funds (ETF). This program allows access to HMOs in Dane County, including Dean, Group Health Cooperative, Physicians Plus, Unity-UW Health, and WEA Trust. The WPE enrolls 12,000 employees from municipalities and school districts throughout the state; the City of Madison represents approximately 20% of the total enrollment. The City's share of the program is approximately 40% to 50% of the total enrollment in Dane County.

The resolution would shift the City's participation from the Traditional Option under the program to the Deductible Plan offered by the WPE. Under the Deductible Plan, participating employees

would pay the first \$500 of costs under the single plan and the first \$1,000 for a family plan. According to ETF, approximately 65% of WPE participants in the Deductible Plan pay the entire deductible amount. For a full-time City employee earning \$40,000, the deductible for a single plan would represent 1.25% of earnings and for a family plan would represent 2.5% of earnings. At the average salary of \$63,700, the deductible represents 0.8% of earnings for the single plan and 1.6% for the family plan. Since employees can choose to set-aside compensation in flexible spending accounts, up to federal tax law maximums, to pay out-of-pocket costs on a tax free basis, the share of earnings impact of deductibles can be reduced depending on an individual's tax status.

According to ETF, the Deductible Plan has premiums that are 5% less than the Traditional Option. Based on actual health insurance premiums paid by the City in 2014 and expected health care cost inflation, the Deductible Plan would save between \$1.5 million and \$1.9 million all funds (approximately 85% to 90% of the savings would be realized in the general fund) . The amount of premium paid by employees would also be expected to decline as well.

Title

Authorizing the City of Madison to move employees into the Deductible HMO-Standard PPO health insurance program option.

Body

WHEREAS, all participants in the Wisconsin Public Employer Group Health Insurance program will need to be enrolled in one of the program options offered by the Group Health Insurance Board by January 1 of the plan year, and

WHEREAS, it is possible that the employer may offer any health insurance program option by collective employee group or bargaining unit, and

WHEREAS, the City of Madison has chosen to participate in the following health insurance program option for all City bargaining units and unrepresented employees:

Program Option 4: Deductible Uniform Benefits Option paired with the Deductible Standard PPO, and

WHEREAS, the City of Madison's resolution must be received by the Department of Employee Trust Funds (ETF) no later than October 1 for coverage to be effective the following January 1, and

WHEREAS, The City will continue to meet and confer with employee associations to discuss ways to ease the impact of the implementation of deductibles on City employees.

NOW, THEREFORE BE IT RESOLVED, by the Common Council of the City of Madison, that pursuant to the provisions of Wis. Stat. Sec. 40.51(7) the City hereby determines to offer the designated Group Health Insurance program to eligible personnel through the program of the State of Wisconsin Group Insurance Board for the 2016 plan year, and agrees to abide by the terms of the program as set forth in the contract between the Group Insurance Board and the participating health insurance providers. The proper City Departments are authorized and directed to take all action necessary, and to make the appropriate salary deductions for premiums, and submit the appropriate payments required by the State of Wisconsin Group Insurance Board to provide such Group Health Insurance.



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