Legislation Text

File #: 35048, **Version:** 1

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 12,715 employees from municipalities and school districts throughout the state; the City of Madison represents approximately 21% 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 Co-insurance plan offered by the WPE. The Co-insurance plan is the same as that which is currently offered to State of Wisconsin employees. Under the Co-insurance plan, employees pay 10% of the discounted cost of health care services until the amount paid reaches the maximum out-of-pocket amounts. Maximum out-of-pocket amounts are currently $500 for a single plan and $1,000 for a family plan. Certain preventative visits and tests would not be subject to the Co-insurance requirements.

According to ETF, the Co-insurance plan has premiums that are 5% less than the Traditional Option. Based on actual health insurance premiums paid by the City in 2013 and expected health care cost inflation, the Co-insurance 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. Out-of-pocket costs would increase for employees depending on utilization of health care services. 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.

Title

Authorizing the City of Madison to move certain groups of employees into the 90/10 co-insurance plan.

Body

WHEREAS, all participants in the WPE Group Health Insurance program will need to be enrolled in one of the options offered by the Group Health Insurance Board by January 1, 2015, and

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

WHEREAS, The City of Madison has chosen to participate in the following insurance plans in 2015, broken down by employee group:

1. Coinsurance HMO program Option 6 paired with Standard PPO addendum-All City bargaining units and unrepresented employees except Metro Teamsters.

2. Traditional HMO Option paired with the Classic Standard Plan-Metro Teamsters, 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.

NOW, THEFORE 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, 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.