

To: Northfield Township Board
From: Steven Aynes
Date: 10/15/19
Re: 2019-2020 Health Insurance Renewal and HSA Contribution

Dear Township Board,

It is the time of year to once again take a look at the health insurance options the township provides for our employees. Our health insurance plan year runs from December 1st through November 30th each year, with our open enrollment period being the month of November. MCL 15.563, as amended by 2013 Public Act 270, sets a limit each year on the amount that a public employer may contribute to a medical benefit plan, commonly known as the "hard cap". The township has the option to opt out of staying within the hard cap limits set by the state. In years past, we have opted out of the hard caps and have covered the full cost of health insurance premiums for our employees. If we choose to once again opt out of the hard caps, we are required by Public Act 152 of 2011 to opt out in the form of a resolution.

- * It is my recommendation that the township continues to cover the full health insurance premium costs for our employees by approving Resolution 19-614 to opt out of the 2019 hard caps.

Marlene, Jennifer and I met with Jack Schmitz from Burnham & Flower to review the township's health insurance options. His summary is attached. We had asked him to give us pricing on both PPO and HMO options. While the HMO and POS options listed are less costly, they do require the individual to have a Primary Care Physician and to get referrals from that Physician for any outside care (i.e. specialists). When we polled the individuals who currently take the township's insurance, more than half of those individuals' doctors were not listed as a Primary Care Physician under the plans being considered.

The benefits offered by our two current PPO plans are remaining the same for the next year with a 9.2% increase in premium costs. We had budgeted for a 7% increase in premiums for this upcoming year.

- * I am recommending that we continue with the two plans currently being offered to our employees: Simply Blue HSA Silver \$2700, and Simply Blue HSA Bronze \$6300.

The Board also needs to determine what the township's contribution toward our employee's Health Savings Accounts (HSAs) will be for this year.

- * I am recommending that we continue to offer our employees an Employer Contribution to their HSAs at the same rates as last year.

	Single	Couple	Family
Silver	\$1300	\$2625	\$3950
Bronze	\$2070	\$4150	\$6200

Respectfully Submitted,

Steven Aynes, Township Manager

RESOLUTION NO. 19-614

**A RESOLUTION OF THE NORTHFIELD TOWNSHIP BOARD OF TRUSTEES TO OPT OUT
OF THE RESTRICTIONS MANDATED BY PUBLIC ACT 152 OF 2011
ON PUBLIC EMPLOYER'S PAYMENTS FOR MEDICAL BENEFITS PLANS**

WHEREAS, on September 28, 2011, Governor Rick Snyder signed Senate Bill 7 into law, which created Public Act 152 of 2011; and

WHEREAS, Public Act 152 of 2011 provides for certain limitations on the amount that public employers may contribute toward the annual cost of medical benefit plans that cover their employees as follows:

- for plans beginning on or after January 1, 2019, restricts public employers from paying an aggregate annual amount (hard cap) of no more than \$18,232.31 per family, \$13,980.75 per couple and \$6,685.17 for individuals for employee plans; and
- allows that a governing body may choose to implement a 20% employee copayment for the total cost of the plan instead of the hard cap; and
- allows that by a two-thirds majority vote, the governing body may opt out of the hard cap and 20% copayment required by the Act and not incur any penalties; and

WHEREAS, the Township of Northfield Board of Trustees approved providing medical benefit plans to Township employees at a cost that exceeds the hard cap, and does not require a 20% employee copayment; and

NOW, THEREFORE, BE IT RESOLVED BY THE NORTHFIELD TOWNSHIP BOARD OF TRUSTEES, that pursuant to the provisions of PA 152 of 2011, Section 8(1), the Township of Northfield exercises its right to opt out of the requirements of the Act for the plan year beginning December 1, 2019 by two-thirds majority vote of this Board in support of this resolution.

ROLL CALL VOTE:

AYE: _____

NAY: _____

ABSENT: _____

PASSED AND RESOLVED by the Northfield Township Board of Trustees, Northfield Township, Michigan, on this 22nd day of October, 2019.

Marlene Chockley, Supervisor

ATTEST:

Kathleen Manley, Clerk

Medical Plan Group

Current
Current
\$ 239,392⁷²

Proposed
Renewal
\$ 256,327²⁴ +7.1%

Medical Plan Design

Blue Cross/Blue Shield
Simply Blue HSA PPO Silver \$2700

Blue Cross/Blue Shield
Simply Blue HSA PPO Bronze \$6350

BlueCross BlueShield of Michigan
Simply Blue HSA PPO Silver \$2700

BlueCross BlueShield of Michigan
Simply Blue HSA PPO Bronze \$6650

	Single		Family		Single		Family		Single		Family		Single		Family	
Deductible	\$	2,700	\$	5,400	\$	6,350	\$	12,700	\$	2,700	\$	5,400	\$	6,650	\$	13,300
Employee Coinsurance		20 %		20 %		0 %		0 %		20 %		20 %		0 %		0 %
Out-of-Pocket Max	\$	5,000	\$	10,000	\$	6,350	\$	12,700	\$	5,000	\$	10,000	\$	6,650	\$	13,300
Employer Funding	\$ -	1,300	\$ -	3,950	\$ -	2,070	\$ -	6,200	\$ -	1,300	\$ -	3,950	\$ -	2,070	\$ -	6,200
Net Out-of-Pocket Max	\$	3,700	\$	6,050	\$	4,280	\$	6,500	\$	3,700	\$	6,050	\$	4,580	\$	7,100
Employee Annual Prem	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0
Employee Max Ann. Cost	\$	3,700	\$	6,050	\$	4,280	\$	6,500	\$	3,700	\$	6,050	\$	▲4,580	\$	▲7,100

Medical Copays

Primary Care	\$ -- 20% After Deductible
Specialty Care	\$ -- 20% After Deductible
Urgent Care	\$ -- 20% After Deductible
Emergency	\$ -- 20% After Deductible
Out-Patient Hospital	\$ -- 20% After Deductible
In-Patient Hospital	\$ -- 20% After Deductible

Rx
Integrated with Medical
Tiers \$15, \$50, 50%, 20%

Copay

Primary Care	\$ -- 0% After Deductible
Specialty Care	\$ -- 0% After Deductible
Urgent Care	\$ -- 0% After Deductible
Emergency	\$ -- 0% After Deductible
Out-Patient Hospital	\$ -- 0% After Deductible
In-Patient Hospital	\$ -- 0% After Deductible

Integrated with Medical
-- , -- , -- , --

Copay

Primary Care	\$ -- 20% after deductible
Specialty Care	\$ -- 20% after deductible
Urgent Care	\$ -- 20% after deductible
Emergency	\$ -- 20% after deductible
Out-Patient Hospital	\$ -- 20% after deductible
In-Patient Hospital	\$ -- 20% after deductible

Integrated with Medical
\$15*, \$50*, 50%*, 20%*, 25%*

Copay

Primary Care	\$ 0 \$0 after deductible
Specialty Care	\$ 0 \$0 after deductible
Urgent Care	\$ 0 \$0 after deductible
Emergency	\$ 0 \$0 after deductible
Out-Patient Hospital	\$ 0 \$0 after deductible
In-Patient Hospital	\$ 0 \$0 after deductible

Integrated with Medical
\$0*, \$0*, \$0*, \$0*, \$0*

	8	Prem	ER	EE	6	Prem	ER	EE	8	Prem	ER	EE	6	Prem	ER	EE
Enrollment																
Employee Only	1	\$ 500 ⁵³	100 %	\$ 0 ⁰⁰	1	\$ 421 ⁶⁰	100 %	\$ 0 ⁰⁰	1	\$ 722 ²⁸	100 %	\$ 0 ⁰⁰	1	\$ 281 ³⁹	100 %	\$ 0 ⁰⁰
Employee + Spouse	2	\$ 1,051 ¹⁰	100 %	\$ 0 ⁰⁰	2	\$ 885 ³²	100 %	\$ 0 ⁰⁰	2	\$ 1,307 ⁷⁸	100 %	\$ 0 ⁰⁰	2	\$ 1,390 ⁵⁹	100 %	\$ 0 ⁰⁰
Family	5	\$ 1,401 ⁴⁶	100 %	\$ 0 ⁰⁰	3	\$ 1,180 ⁴³	100 %	\$ 0 ⁰⁰	5	\$ 1,437 ¹⁴	100 %	\$ 0 ⁰⁰	3	\$ 1,056 ²²	100 %	\$ 0 ⁰⁰
Ann. Insurance Premium		\$ 115,320 ³⁶				\$ 68,802 ³⁶				\$ 126,282 ⁴⁸ ▲				\$ 74,774 ⁷⁶ ▲		
Employer Prem Contribution	\$			115,320 ³⁶	\$			68,802 ³⁶	\$			126,282 ⁴⁸	\$			74,774 ⁷⁶
Budgeted HRA + HSA	\$			+ 0 ⁰⁰ + 26,300 ⁰⁰	\$			+ 0 ⁰⁰ + 28,970 ⁰⁰	\$			+ 0 ⁰⁰ + 26,300 ⁰⁰	\$			+ 0 ⁰⁰ + 28,970 ⁰⁰
Employer Ann. Cost	\$			141,620³⁶	\$			97,772³⁶	\$			▲152,582⁴⁸	\$			▲103,744⁷⁶

Medical Plan Group

Proposed
BCN Options
\$ 220,345⁸⁴ -8.0%

Proposed
Priority POS Options
\$ 229,786⁸⁴ -4.0%

Medical Plan Design

BlueCross BlueShield of Michigan
BCN HSA Silver \$2700/20% (Employee)

BlueCross BlueShield of Michigan
BCN HSA Bronze \$6650/0% (Employee)

Priority Health
PriorityHSA POS 3000

Priority Health
PriorityHSA POS 6650

	Single		Family		Single		Family		Single		Family		Single		Family	
Deductible	\$	2,700	\$	5,400	\$	6,650	\$	13,300	\$	3,000	\$	6,000	\$	6,650	\$	13,300
Employee Coinsurance		20 %		20 %		0 %		0 %		30 %		30 %		0 %		0 %
Out-of-Pocket Max	\$	5,000	\$	10,000	\$	6,650	\$	13,300	\$	6,550	\$	13,100	\$	6,650	\$	13,300
Employer Funding	\$ -	1,300	\$ -	3,950	\$ -	2,070	\$ -	6,200	\$ -	1,300	\$ -	3,950	\$ -	2,070	\$ -	6,200
Net Out-of-Pocket Max	\$	3,700	\$	6,050	\$	4,580	\$	7,100	\$	5,250	\$	9,150	\$	4,580	\$	7,100
Employee Annual Prem	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0	\$ +	0
Employee Max Ann. Cost	\$	3,700	\$	6,050	\$	▲4,580	\$	▲7,100	\$	▲5,250	\$	▲9,150	\$	▲4,580	\$	▲7,100

Medical Copays

Copay	
Primary Care	\$ -- 20% after deductible
Specialty Care	\$ -- 20% after deductible
Urgent Care	\$ -- 20% after deductible
Emergency	\$ -- 20% after deductible
Out-Patient Hospital	\$ -- 20% after deductible
In-Patient Hospital	\$ -- 20% after deductible

Rx

Tiers

Integrated with Medical
\$4^{*}, \$15^{*}, \$40^{*}, \$80^{*}, 20%^{*}, 20%^{*}

Copay

\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible

Integrated with Medical
\$0^{*}, \$0^{*}, \$0^{*}, \$0^{*}, \$0^{*}, \$0^{*}

Copay

\$ -- 30% after deductible
\$ -- 30% after deductible
\$ -- 30% after deductible
\$ -- 30% after deductible
\$ -- 30% after deductible
\$ -- 30% after deductible

Integrated with Medical
\$5^{*}, \$60^{*}, \$80^{*}, 20%^{*}, 20%^{*}

Copay

\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible
\$ 0 \$0 after deductible

Integrated with Medical
\$0^{*}, \$0^{*}, \$0^{*}, \$0^{*}, \$0^{*}

Enrollment

Employee Only

Employee + Spouse

Family

Ann. Insurance Premium

Employer Prem Contribution

Budgeted HRA + HSA

Employer Ann. Cost

	8	Prem	ER	EE	6	Prem	ER	EE	8	Prem	ER	EE	6	Prem	ER	EE
Employee Only	1	\$ 595 ⁶⁵	100 %	\$ 0 ⁰⁰	1	\$ 238 ⁹¹	100 %	\$ 0 ⁰⁰	1	\$ 619 ³⁴	100 %	\$ 0 ⁰⁰	1	\$ 254 ⁶⁷	100 %	\$ 0 ⁰⁰
Employee + Spouse	2	\$ 1,078 ⁵¹	100 %	\$ 0 ⁰⁰	2	\$ 1,074 ²⁶	100 %	\$ 0 ⁰⁰	2	\$ 1,121 ³⁹	100 %	\$ 0 ⁰⁰	2	\$ 1,198 ⁴¹	100 %	\$ 0 ⁰⁰
Family	5	\$ 1,185 ¹⁹	100 %	\$ 0 ⁰⁰	3	\$ 896 ⁷⁵	100 %	\$ 0 ⁰⁰	5	\$ 1,232 ³³	100 %	\$ 0 ⁰⁰	3	\$ 955 ⁹³	100 %	\$ 0 ⁰⁰
Ann. Insurance Premium		\$ 104,143 ⁴⁴ ▼				\$ 60,932 ⁴⁰ ▼				\$ 108,285 ⁴⁸ ▼				\$ 66,231 ³⁶ ▼		
Employer Prem Contribution		\$		104,143 ⁴⁴		\$		60,932 ⁴⁰		\$		108,285 ⁴⁸		\$		66,231 ³⁶
Budgeted HRA + HSA		\$		+ 0 ⁰⁰ + 26,300 ⁰⁰		\$		+ 0 ⁰⁰ + 28,970 ⁰⁰		\$		+ 0 ⁰⁰ + 26,300 ⁰⁰		\$		+ 0 ⁰⁰ + 28,970 ⁰⁰
Employer Ann. Cost		\$		▼130,443 ⁴⁴		\$		▼89,902 ⁴⁰		\$		▼134,585 ⁴⁸		\$		▼95,201 ³⁶

Medical Plan Group

Proposed
HAP PPO HSA Options
\$ 249,239⁶⁸ +4.1%

Proposed
VEBA
\$ 278,256⁴⁰ +16.2%

Medical Plan Design

	HAP HAP 2500 PPO (HSA)		HAP HAP 5500 PPO (HSA)		VEBA PPO HSA \$2700		VEBA PPO HSA \$6650	
	Single	Family	Single	Family	Single	Family	Single	Family
Deductible	\$ 2,500	\$ 5,000	\$ 5,500	\$ 11,000	\$ 2,700	\$ 5,400	\$ 6,650	\$ 13,300
Employee Coinsurance	20 %	20 %	20 %	20 %	20 %	20 %	0 %	0 %
Out-of-Pocket Max	\$ 5,500	\$ 11,000	\$ 6,650	\$ 13,300	\$ 5,000	\$ 10,000	\$ 6,650	\$ 13,300
Employer Funding	\$ - 1,300	\$ - 3,950	\$ - 2,070	\$ - 6,200	\$ - 1,300	\$ - 3,950	\$ - 2,070	\$ - 6,200
Net Out-of-Pocket Max	\$ 4,200	\$ 7,050	\$ 4,580	\$ 7,100	\$ 3,700	\$ 6,050	\$ 4,580	\$ 7,100
Employee Annual Prem	\$ + 0	\$ + 0	\$ + 0	\$ + 0	\$ + 0	\$ + 0	\$ + 0	\$ + 0
Employee Max Ann. Cost	\$ ▲4,200	\$ ▲7,050	\$ ▲4,580	\$ ▲7,100	\$ 3,700	\$ 6,050	\$ ▲4,580	\$ ▲7,100
Medical Copays	Copay		Copay		Copay		Copay	
Primary Care	\$ -- 20% after deductible		\$ -- 20% after deductible		\$ -- 80% Coverage after Deduc...		\$ --	
Specialty Care	\$ -- 20% after deductible		\$ -- 20% after deductible		\$ -- 80% Coverage after Deduc...		\$ --	
Urgent Care	\$ -- 20% after deductible		\$ -- 20% after deductible		\$ -- 80% Coverage after Deduc...		\$ --	
Emergency	\$ -- 20% after deductible		\$ -- 20% after deductible		\$ -- 80% Coverage after Deduc...		\$ --	
Out-Patient Hospital	\$ -- 20% after deductible		\$ -- 20% after deductible		\$ --		\$ --	
In-Patient Hospital	\$ -- 20% after deductible		\$ -- 20% after deductible		\$ --		\$ --	
Rx	Integrated with Medical		Integrated with Medical		Integrated with Medical		Integrated with Medical	
Tiers	20%*, 20%*, 20%*, 20%*		20%*, 20%*, 20%*, 20%*		\$15, \$50, 50%, 20%, 25%, --		--, --, --, --, --, --	
Enrollment	8	Prem	ER	EE	8	Prem	ER	EE
Employee Only	1	\$ 732 ⁵⁵	100 %	\$ 0 ⁰⁰	1	\$ 608 ⁵⁷	100 %	\$ 0 ⁰⁰
Employee + Spouse	2	\$ 1,326 ³⁸	100 %	\$ 0 ⁰⁰	2	\$ 1,661 ⁷²	100 %	\$ 0 ⁰⁰
Family	5	\$ 1,457 ⁵⁹	100 %	\$ 0 ⁰⁰	5	\$ 1,577 ⁰⁵	100 %	\$ 0 ⁰⁰
Ann. Insurance Premium	\$ 128,079³⁶ ▲		\$ 65,890³² ▼		\$ 141,807¹² ▲		\$ 81,179²⁸ ▲	
Employer Prem Contribution	\$ 128,079 ³⁶		\$ 65,890 ³²		\$ 141,807 ¹²		\$ 81,179 ²⁸	
Budgeted HRA + HSA	\$ + 0 ⁰⁰ + 26,300 ⁰⁰		\$ + 0 ⁰⁰ + 28,970 ⁰⁰		\$ + 0 ⁰⁰ + 26,300 ⁰⁰		\$ + 0 ⁰⁰ + 28,970 ⁰⁰	
Employer Ann. Cost	\$ ▲154,379³⁶		\$ ▼94,860³²		\$ ▲168,107¹²		\$ ▲110,149²⁸	