



MEMO

TO: President Gardiner and the Members of Town Council

FROM: Dustin Anderson, Town Manager

SUBJECT: Medical, Dental, and Vision Rates

DATE: November 9, 2023

Medical Rates for 2024

Munster is a member of the AIM Medical Trust. This is a collection of municipalities within the State that pool their risk together in order to mitigate the negative effects of potential heavy usage. The Trust sets 60% of the renewal based upon the Trust's increase which is determined by the total claims experience of all municipalities and 40% is based upon each individual municipality's claims experience as calculated by the Trust's actuary.

One benefit of being a member of the Trust is that the Trust can choose to strategically allocate reserves to further decrease premiums in some circumstances. This was the case for the 2024 renewal year. Many communities in the Trust have had consecutive good years. Because we are our own stewards, we are able to reevaluate base rates in a manner that the market would not tolerate. In 2024, if a community's loss ratio was below what actuarially projected for three consecutive years, that community received a significant rate discount. Alternatively, if a community had a particularly challenging year, the Trust placed a maximum premium increase of just over 8%.

Munster was one of two communities in the Trust that will experience the rate discount in 2024. As a result, the health insurance premiums we pay to the Trust will decline by 13.6%.

The rates presented include a 1.25% increase beyond that 13.6 % to account for the administrative costs of providing dental coverage, long-term disability insurance, our Section 125 Flexible Spending Arrangement (FSA), and our employee assistance program (EAP).

Through our membership in the Trust, we will have avoided millions of dollars as compared to industry medical trend.

A comparison of expiring and proposed monthly rates is shown in the following table.

| | 2022 | | 2023 | | 2024 | |
|-----------------|-------------|-----------|-------------|-----------|-------------|-----------|
| | Town | Employee | Town | Employee | Town | Employee |
| | 82.50% | 17.50% | 90.00% | 10.00% | 90.00% | 10.00% |
| Employee Only | \$ 865.74 | \$ 183.65 | \$ 913.64 | \$ 101.52 | \$ 789.39 | \$ 87.71 |
| EE + Spouse | \$1,764.46 | \$ 374.28 | \$ 1,872.68 | \$ 208.08 | \$ 1,617.99 | \$ 179.78 |
| EE + Child(ren) | \$ 1,592.93 | \$ 337.89 | \$ 1,689.63 | \$ 187.74 | \$ 1,459.83 | \$ 162.20 |
| Family | \$ 2,491.66 | \$ 528.53 | \$ 2,648.66 | \$ 294.30 | \$ 2,288.42 | \$ 254.27 |
| | | | | | | |
| | Town | Employee | Town | Employee | Town | Employee |
| | 82.50% | 17.50% | 90.00% | 10.00% | 90.00% | 10.00% |
| Employee Only | \$ 812.22 | \$ 172.29 | \$ 856.56 | \$ 95.17 | \$ 740.05 | \$ 82.23 |
| EE + Spouse | \$1,654.78 | \$ 351.02 | \$ 1,755.64 | \$ 195.07 | \$ 1,516.85 | \$ 168.54 |
| EE + Child(ren) | \$1,493.97 | \$ 316.90 | \$ 1,584.04 | \$ 176.00 | \$ 1,368.59 | \$ 152.07 |
| Family | \$2,336.52 | \$ 495.62 | \$ 2,483.12 | \$ 275.90 | \$ 2,145.39 | \$ 238.38 |

As you can see in the tables above, our premium position is quite good. Of equal importance, our employees are taking home more money per month as well. Between the favorable claims years and decision of Council to increase the Town share of health insurance, an employee with family coverage a little less than half of what they paid two years ago. In this particular example the employee takes home an additional \$257 per month (or \$3,086 per year) in addition to the annual salary increases awarded.

Dental Rates for 2024

One notable difference last year that continues this year is that the Trust again offered a competitive rate for our dental insurance. Our expiring coverage in 2022 was through Delta Dental and the recommended coverage through the Trust is also through Delta.

Rates are shown in the table below.

| Tier | 2024 Rates | Monthly Town | Monthly Employee |
|-------------|------------|--------------|------------------|
| EE/ Only | \$ 26.32 | \$ 26.32 | \$ - |
| EE/Spouse | \$ 52.66 | \$ 26.32 | \$ 26.34 |
| EE/Children | \$ 71.12 | \$ 26.32 | \$ 44.80 |
| EE/Family | \$ 106.88 | \$ 26.32 | \$ 80.56 |

Vision Rates for 2023

Employees do not have to contribute to the cost of the vision premium. Indiana State Law requires the Town Council to accept the specific rates for each line of coverage. To that end, please review the 2024 Vision Rates as proposed by The Trust. There was no change in the cost of providing vision insurance this year.

| Tier | 2024 Rates | Monthly Town | Monthly Employee |
|-------------|---------------|-----------------|---------------------|
| EE/ Only | \$ 4.59 | \$ 4.59 | \$ - |
| EE/Spouse | \$ 9.20 | \$ 9.20 | \$ - |
| EE/Children | \$ 9.80 | \$ 9.80 | \$ - |
| EE/Family | \$ 15.70 | \$ 15.70 | \$ - |

Recommendation

By motion and roll call vote authorize the Town Manager to adopt the health and vision rates for the Town of Munster as presented.