



TO: President and the Members of the Town Council

FROM: Town Manager, Clerk-Treasurer

SUBJECT: Medical, Dental and Vision Rates

DATE: October 21, 2019

Medical Rates for 2020

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.

For example, this year the Trust as a whole had a very good claims year. Their market-based increase for premium is 3%. In Munster, we did not have a good claims year. If subject to either a self- or fully-insured product our market-based adjustment would be approximately a 35% increase. The bended rate the Trust offers is 15.3%. An additional 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 year, the Trust's Board (on which the Town Manager sits) voted to limit premium increases to 8%. The rates presented include a .04% increase beyond that 8% to account for the rising administrative costs of providing: dental coverage, long-term disability insurance, our Section 125 Flexible Spending Arrangement (FSA), and our employee assistance program (EAP).

Our membership in the Trust continues to provide significant value. The following table illustrates our projected expenses under both the private market-based approach and the Trust.

Projected 2020 Expenses	
MBRA	\$2,911,161.00
Trust	\$2,350,397.00
Difference	\$560,764.00

Through our membership in the Trust we will have avoided over \$550,000 in this year alone.

Town Employees currently share in the cost of health insurance by contributing 17.5% towards the total premium cost of the coverage they elect. The Town pays for the remaining 82.5% of the

cost of insurance. It is not suggested that this is proportional cost sharing change.

A detailed breakdown of the costs can be examined in the following tables:

PPO Plan B

Tier	2020 Rates	Monthly Town	Monthly Employee
EE/Only	\$999.41	\$824.51	\$174.90
EE/Spouse	\$2,036.90	\$1,680.44	\$356.46
EE/Children	\$1,838.88	\$1,517.08	\$321.80
EE/Family	\$2,876.37	\$2,373.01	\$503.36

HDHP Plan F

Tier	2020 Rates	Monthly Town	Monthly Employee
EE/Only	\$937.63	\$773.54	\$164.09
EE/Spouse	\$1,910.28	\$1,575.98	\$334.30
EE/Children	\$1,724.64	\$1,422.83	\$301.81
EE/Family	\$2,697.28	\$2,225.26	\$472.02

Vision Rates for 2020

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 2020 Vision Rates as proposed by The Trust. There was no change in the cost of providing vision insurance this year.

Tier	Enrollment	2020 Rates	Total Cost
EE/Only	34	\$4.59	\$156.06
EE/Spouse	19	\$9.20	\$174.80
EE/Children	14	\$9.82	\$137.48
EE/Family	32	\$15.70	\$502.40
Monthly Total			\$970.74
Annual Total			\$11,648.88

Dental Rates for 2020

Munster's network for the dental care is self-funded through Delta and will remain so. The proposed rates reflect actual claims experienced in 2019. The Town is only looking to have enough money to pay claims as they occur in 2020.

Tier	2020 Rates	Monthly Town	Monthly Employee
EE/Only	\$39.35	\$39.35	\$0.00
EE/Spouse	\$69.18	\$39.35	\$29.83
EE/Children	\$87.13	\$39.35	\$47.78
EE/Family	\$119.14	\$39.35	\$79.79

Recommendation

Authorize the Town Manager to adopt the health, vision, and dental rates for the Town of Munster as presented.