



WEST DES MOINES WATER WORKS BOARD OF TRUSTEES MEETING COMMUNICATION

DATE: June 15, 2022

ITEM:

6. Recommendations from Staff
 - a. Motion – Approving the Monthly Health and Dental Insurance Premiums, Effective July 1, 2022, through June 30, 2023

FINANCIAL IMPACT:

Health insurance premiums will increase 5% for the Standard, Wellness, and Savers Plans for July 1, 2022, through June 30, 2023. Vision and dental premiums did not increase. Financial impact will change if another option is selected for employee contributions.

SUMMARY AND BACKGROUND:

In 2017, when bargaining laws changed in the State of Iowa, the Water Works Board worked to move topics that were no longer subject to bargaining to the employee handbook. At that time, a decision was made by the Board to increase employee contributions to health insurance costs so that employees had a higher stake in insurance costs, and it aligned more with the contributions seen in the private sector. New employees in 2018 paid 18% single and 20% for all other options. Over the next several years, existing employees' percentage shares were increased to equal new employees. As of January 1, 2022, all employees pay 18% for single coverage and 20% for all other types.

With the many recent changes in the health insurance plan (new prescription provider, new HSA and FSA provider, Iowa Clinic options, etc.), it was brought to the general manager's attention by staff that the employee contributions are higher than the City's and they sought to understand why the difference. For some employees particularly on family plans, the difference was over \$2,000 per year.

Currently the City requires 8% for single coverage and 14% for other options on the standard plan, and 7% for single coverage and 11% for other options on the wellness and savers plans. Other inquiries into other water utilities (DMWW, Urbandale, Ankeny, and Ames) found that a range of 5% to 10% employee contribution depending on the type of coverage and plan. Three of the four water utilities did not contribute towards dental or vision.

It is fair to state private sector employees do pay more for health insurance. According to information provided by True North, our insurance broker, private sector employees pay at least 20% and higher depending on the plan and type of coverage.

Some of our employee positions can only be found in municipal water utilities so consideration may be warranted to having comparable benefits to other municipal governments and utilities.

With the current workforce challenges in the water utility and other industries, scrutiny with the potential for regionalization and some of the recent cost of living increases impacting our employees, it seemed like an appropriate time to review the percentages to determine if the employee contributions continue to be in line with the board's vision.

Currently the Water Works pays \$471,238 annually towards health, dental and vision insurance for our employees. Option 1 outlines the current planned premiums and contributions:

Option 1 (Continues current policy)

Water Works employees would pay 18% of the cost of the single health insurance premium and 20% of the cost of the family, employee/spouse, and employee/child health insurance premiums. Water Works would pay the single coverage amount of \$34.43 for dental insurance under the Standard and Wellness Plans. The entire cost of dental insurance would be paid by the employee under the Savers Plan. Water Works under the Wellness Plan would pay the entire cost of vision insurance. The employee would pay the entire cost of vision insurance under the Savers Plan. Vision insurance is not offered to employees under the Standard Plan.

If the Water Works Board wishes to have percentages match the current City of West Des Moines plan for contributions, it would be outlined as described in Option 2.

Option 2 (same as City of WDM employees)

Water Works employees would pay 8% of the cost of the single health insurance premium and 14% of the cost of the family, employee/spouse, and employee/child health insurance premiums for the standard plan. Water Works employees would pay 7% of the cost of the single health insurance premium and 11% of the cost of the family, employee/spouse, and employee/child health insurance premiums for the wellness and savers plan. Water Works would pay the single coverage amount of \$34.43 for dental insurance under the Standard and Wellness Plans. The entire cost of dental insurance would be paid by the employee under the Savers Plan. Water Works under the Wellness Plan would pay the entire cost of vision insurance. The employee would pay the entire cost of vision insurance under the Savers Plan. Vision insurance is not offered to employees under the Standard Plan.

Moving to Option 2 would increase the Water Works portion of insurance by \$42,250.56 annually.

If the Water Works Board wishes to move to more align with other municipal utilities to remain comparable in this area, option 3 might be considered

Option 3 (Aligned with other municipal water utilities)

Water Works employees would pay 10% of the cost of the single health insurance premium and 10% of the cost of the family, employee/spouse, and employee/child health insurance premiums. Dental insurance would be offered but the entire premium would be the responsibility of the employee for all three plans. Vision insurance would be offered but the entire premium would be the responsibility of the employee for the wellness and savers plans.

Moving to Option 3 would increase the Water Works' portion of the insurance by \$19,703.57.

OPTION 1 (current policy)**Contribution Changes Effective July 1, 2022 – June 30, 2023***Single Contribution – 18%, Non-Single Contribution – 20%*

Health – Standard Plan	Paid by Water Works	Paid by Employee
Single	\$540.86	\$118.73
Employee– Spouse	\$1,056.48	\$264.12
Employee–Child(ren)	\$1,003.70	\$250.93
Family	\$1,603.24	\$400.81
Health – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$508.68	\$111.66
Employee – Spouse	\$993.59	\$248.40
Employee – Child(ren)	\$943.98	\$235.99
Family	\$1,507.82	\$376.95
Health – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$432.92	\$95.03
Employee – Spouse	\$844.71	\$211.18
Employee – Child(ren)	\$802.49	\$200.62
Family	\$1,281.86	\$320.46
Dental – Standard Plan	Paid by Water Works	Paid by Employee
Single	\$34.43	\$0.00
Family	\$34.43	\$76.49
Dental – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$34.43	\$0.00
Employee – Spouse	\$34.43	\$34.41
Employee – Child	\$34.43	\$31.02
Family	\$34.43	\$91.52
Dental – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$34.43
Employee – Spouse	\$0.00	\$68.84
Employee – Child	\$0.00	\$65.45
Family	\$0.00	\$125.95
Vision – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$9.48	\$0.00
Employee – Spouse	\$18.96	\$0.00
Employee – Child	\$16.59	\$0.00
Family	\$21.33	\$0.00
Vision – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$9.48
Employee – Spouse	\$0.00	\$18.96
Employee – Child	\$0.00	\$16.59
Family	\$0.00	\$21.33

OPTION 2 (same as City of West Des Moines)**Contribution Changes Effective July 1, 2022 – June 30, 2023***Single Contribution – 8%, Non-Single Contribution – 14% - Standard**Single Contribution – 7%, Non-Single Contribution – 11% - Wellness and Savers*

Health – Standard Plan	Paid by Water Works	Paid by Employee
Single	\$606.82	\$52.77
Employee– Spouse	\$1,135.72	\$184.88
Employee–Child(ren)	\$1,078.98	\$175.65
Family	\$1,723.48	\$280.57
Health – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$576.92	\$43.42
Employee – Spouse	\$1,105.37	\$136.62
Employee – Child(ren)	\$1,050.17	\$129.80
Family	\$1,677.45	\$207.32
Health – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$490.99	\$36.96
Employee – Spouse	\$939.74	\$116.15
Employee – Child(ren)	\$892.77	\$110.34
Family	\$1,426.06	\$176.26
Dental – Standard Plan	Paid by Water Works	Paid by Employee
Single	\$34.43	\$0.00
Family	\$34.43	\$76.49
Dental – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$34.43	\$0.00
Employee – Spouse	\$34.43	\$34.41
Employee – Child	\$34.43	\$31.02
Family	\$34.43	\$91.52
Dental – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$34.43
Employee – Spouse	\$0.00	\$68.84
Employee – Child	\$0.00	\$65.45
Family	\$0.00	\$125.95
Vision – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$9.48	\$0.00
Employee – Spouse	\$18.96	\$0.00
Employee – Child	\$16.59	\$0.00
Family	\$21.33	\$0.00
Vision – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$9.48
Employee – Spouse	\$0.00	\$18.96
Employee – Child	\$0.00	\$16.59
Family	\$0.00	\$21.33

OPTION 3 (similar to other metro water utilities)**Contribution Changes Effective July 1, 2022 – June 30, 2023***Single Contribution – 10%, Non-Single Contribution – 10%, health insurance only**Dental and Vision – 100%*

Health – Standard Plan	Paid by Water Works	Paid by Employee
Single	\$593.63	\$65.96
Employee– Spouse	\$1,188.54	\$132.06
Employee–Child(ren)	\$1,129.17	\$125.46
Family	\$1,803.64	\$200.41
Health – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$558.31	\$62.03
Employee – Spouse	\$1,117.79	\$124.20
Employee – Child(ren)	\$1,061.97	\$118.00
Family	\$1,696.29	\$188.48
Health – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$475.15	\$52.80
Employee – Spouse	\$950.30	\$105.59
Employee – Child(ren)	\$902.80	\$100.31
Family	\$1,442.09	\$160.23
Dental – Standard Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$34.43
Family	\$0.00	\$110.92
Dental – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$34.43
Employee – Spouse	\$0.00	\$68.84
Employee – Child	\$0.00	\$65.45
Family	\$0.00	\$125.95
Dental – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$34.43
Employee – Spouse	\$0.00	\$68.84
Employee – Child	\$0.00	\$65.45
Family	\$0.00	\$125.95
Vision – Wellness Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$9.48
Employee – Spouse	\$0.00	\$18.96
Employee – Child	\$0.00	\$16.59
Family	\$0.00	\$21.33
Vision – Savers Plan	Paid by Water Works	Paid by Employee
Single	\$0.00	\$9.48
Employee – Spouse	\$0.00	\$18.96
Employee – Child	\$0.00	\$16.59
Family	\$0.00	\$21.33

The West Des Moines Water Works also offers annual contributions to an FSA (Flexible Spending Account) under the Wellness Plan or an HSA (Health Savings Account) if the employee participated in the Wellness Screening in 2022. The contribution amounts are determined by the City.

In addition to the health, dental and vision insurance, West Des Moines Water Works will be using the same Section 125 Cafeteria/Flex Plan provider as the City which is new this year. Voya Financial charges a monthly fee of \$3.50 per employee per month for those employees participating in the medical and/or dependent care Section 125 Cafeteria/Flex Plan.

RECOMMENDED ACTION BY THE BOARD OF TRUSTEES:

To Approve Option 1, 2 or 3 for Monthly Health and Dental Insurance Premiums, Effective July 1, 2022, through June 30, 2023.

Prepared by: Clara Murphy

Approved for Content by: Clara Murphy