

MEMORANDUM:

To: Winnefox Library System Board of Trustees
From: Mark Arend, Assistant Director
Re: Proposed change to health insurance co-pay
Date: 12 May 2008

The current policy on health insurance co-pays was adopted in 2002. It reads:

XIX. HEALTH INSURANCE

Effective January 1, 2003, the System will pay 97% of the full premium equivalent for health coverage for the single, dual or family plan, for employees working full-time.

The maximum premium co-pay, for 2003, shall be \$15 per month for single plan; \$30 per month for the dual plan; and \$45 per month for the family plan. The health coverage plan is that plan that is provided through the City of Oshkosh.

I am proposing that the board adopt two changes, effective in 2009. The first would eliminate the maximum dollar amount for the premium co-pay and require that employees pay 3% of the insurance premium with no maximum dollar amount. When this policy was adopted the 3% employee co-pay was below the maximum dollar amount for all of the insurance plans offered. As insurance costs have increased the maximum dollar amount is now less than 3% of the cost of most of the plans with the result that the system pays greater than 97% of the insurance premium for most employees.

This chart shows the *current* costs for each plan and what the costs would be if this change were in effect in 2008. We have not yet received estimated costs for 2009 from the city.

| | Number of Employees on Plan | Basic Premium | Current Monthly Employee Cost | Current Monthly System cost | Monthly Employee Cost Under Proposed Plan | Monthly System Cost Under Proposed Plan |
|---------------------|-----------------------------|---------------|-------------------------------|-----------------------------|---|---|
| Single Health - PPO | 2 | 710.43 | 15.00 | 695.43 | 21.31 | 689.12 |
| Dual Health - PPO | 3 | 1,280.44 | 30.00 | 1,250.44 | 38.41 | 1,242.03 |
| Family Health - PPO | 4 | 1,775.48 | 45.00 | 1,730.48 | 53.26 | 1,722.22 |
| Single Health - EPO | 2 | 533.12 | 15.00 | 518.12 | 15.99 | 517.13 |
| Dual Health - EPO | 1 | 960.33 | 28.81 | 931.52 | 28.81 | 931.52 |
| Family Health - EPO | 4 | 1,331.61 | 39.95 | 1,291.66 | 39.95 | 1,291.66 |

The second change would encourage staff to participate in the City's Health Risk Assessment (HRA) program by having the system pay an additional 1% of the cost of the health insurance premium for staff who participate in the HRA program. The HRA is a program offered through

Aurora Health Care which helps employees assess and monitor their health and improve their habits and lifestyle. Because it helps lower insurance costs the city would like as many employees as possible to participate in HRA.

The revised policy would read:

XIX. HEALTH INSURANCE

The health coverage plan is that plan that is provided through the City of Oshkosh.

Effective January 1, 2009, the System will pay 97% of the full premium equivalent for health coverage for the single, dual or family plan, for employees working full-time.

If an employee participates in the City's Health Risk Assessment program the System will pay 98% of the full premium equivalent for health coverage.