

## **CITY OF LANSING**

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## **WORK SESSION AGENDA**

**April 27, 2017  
Thursday  
7:00 p.m.  
Lansing City Hall**

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### **Call To Order:**

- I. Health Insurance Renewal for 2017 – 2018 Plan Year
  - II. Pay Compression Budget FY 2018
  - III. Adjournment
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# WORKSESSION ITEM

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TO: Tim Vandall, City Administrator  
FROM: Sunshine Petrone, HR Director X  
DATE: April 24, 2017  
SUBJECT: Health Insurance Renewal for 2017 – 2018 Plan Year

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The City's health insurance plan renews in July of each year. To ensure that we are receiving the best coverage and rates, quotes are requested from various carriers. Quotes are only valid for 90 days from the renewal date, and are based on the exposure indicated by conditions listed on the employee's health profiles or usage from the current carrier. The process began in March with employees completing online health profiles that asked questions about their health and previous health conditions. This year, quotes were requested from MPR (Municipal Public Risk), Blue Cross and Blue Shield of Kansas, Humana, Aetna, and the City's current carrier, UHC (United Healthcare).

On Friday, April 21, 2017 I met with the City's current benefit broker, Mike Muldoon of Bukaty Companies, to discuss the quotes received. MPR declined to quote, AETNA and Humana were higher than UHC, and UHC's initial quote was an increase of 17%. At this time I am still waiting for a quote from Blue Cross and Blue Shield of Kansas. All of the quotes include a 3.5% broker fee. One of the major factors that contribute to rate increases are the exposures indicated on the employee health profiles and prior usage. Unfortunately, due to the size of the City's plan and HIPPA regulations, carriers are unable to provide detailed information on the exposures that led to the quotes provided.

Alternate plan options provided by United Healthcare were discussed to determine the best plan design and how to reduce any rate increase. Ultimately, we were able to reduce the overall rate increase for the city's plan. The plan design changes include eliminating one of the buy up options and a slight increase in deductibles, co-insurance, and specialty drug co-pays, reducing the increase from 17% to 8.13%.

Currently, the City pays 80% of the cost of the base HSA plan for each plan option. If an employee selects one of the buy up options they pay the cost above the base plan amount covered by the City. A recommendation is being made to change the percentage the City pays for all non-HSA plans to 75%.

If implemented as proposed, the City's cost would only increase approximately \$7,000.

**Action:**

Attached is a breakdown of the increase for each plan. Staff is recommending the council accept the quote from United Healthcare as presented.

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## WORKSESSION ITEM #

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**City of Lansing - Renewal 07/01/2017**

MEDICAL PROGRAM - July 1, 2017	UNITED HEALTHCARE Choice Plan 2T7/U		UNITED HEALTHCARE Choice Plus 2WS w/ 52 RX		UNITED HEALTHCARE Choice Plus AE30 HSA/NO	
UHC Alternate Options	Network	Non-Network	Network	Non-Network	Network	Non-Network
<b>BENEFITS</b>	Participant Pays		Participant Pays		Participant Pays	
<b>CALENDAR YEAR DEDUCTIBLE</b>						
• Individual	\$2,500	\$5,000	\$3,000	\$5,000	\$3,500	\$5,000
• Family	\$5,000	\$10,000	\$6,000	\$10,000	\$7,000	\$10,000
<b>PHYSICIAN OFFICE VISITS &amp; OTHER</b>	Participant Pays		Participant Pays		Participant Pays	
Primary Care Physician Office Visit	\$30 Copay, <19 \$0	Deductible; Co-Insurance	\$30 Copay, <19 \$0	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Specialist Physician Office Visit	\$50 Copay / \$30 Copay (DN)	Deductible; Co-Insurance	\$50 Copay / \$30 Copay (DN)	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Urgent Care Center Visit	\$75 Copay	Deductible; Co-Insurance	\$75 Copay	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Emergency Room Visit	\$250 Copay + Coinsurance	\$250 Copay + Coinsurance	\$250 Copay + Coinsurance	\$250 Copay + Coinsurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Lab Services	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
X-Ray Services	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Surgery	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Imaging (CT/PET scans, MRI's)	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Inpatient/Outpatient Hospital Services (General)	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
Other Covered Services (General)	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance
<b>PLAN CO-INSURANCE (General)</b>	80%	50%	50%	50%	80%	50%
<b>CALENDAR YEAR OUT-OF-POCKET MAX.</b> <i>(Includes The Deductible, Medical &amp; RX Copays)</i>	Participant Pays		Participant Pays		Participant Pays	
• Individual	\$6,000	\$10,000	\$6,000	\$10,000	\$6,350	\$10,000
• Family	\$12,000	\$20,000	\$12,000	\$20,000	\$12,700	\$20,000
<b>RETAIL PRESCRIPTION DRUGS COPAY</b>	Participant Pays		Participant Pays		Participant Pays	
<i>Mail Order - Please See Carrier/Vendor Detailed Summary of Benefits</i>					Deductible first then copays	
Additional RX Information	Tier 1 - \$15 Copay Tier 2 - \$40 Copay Tier 3 - \$75 Copay Tier 4 - N/A	Tier 1 - \$15 Copay Tier 2 - \$40 Copay Tier 3 - \$75 Copay Tier 4 - N/A	Tier 1 - \$15 Copay Tier 1 Specialty - \$15 Copay Tier 2 - \$40 Copay Tier 2 Specialty - \$100 Copay Tier 3 - \$75 Copay Tier 3 Specialty - \$300 Copay Tier 4 - N/A	Tier 1 - \$15 Copay Tier 1 Specialty - \$15 Copay Tier 2 - \$40 Copay Tier 2 Specialty - \$100 Copay Tier 3 - \$75 Copay Tier 3 Specialty - \$300 Copay Tier 4 - N/A	Tier 1 - \$10 Copay Tier 1 Specialty - \$10 Copay Tier 2 - \$35 Copay Tier 2 Specialty - \$100 Copay Tier 3 - \$60 Copay Tier 3 Specialty - \$300 Copay Tier 4 - N/A	Tier 1 - \$10 Copay Tier 1 Specialty - \$10 Copay Tier 2 - \$35 Copay Tier 2 Specialty - \$100 Copay Tier 3 - \$60 Copay Tier 3 Specialty - \$300 Copay Tier 4 - N/A
<b>COST</b>	Counts		Counts		Counts	
Employee Only	3	\$389.32	0	\$371.27	6	\$313.85
Employee Plus Spouse	2	\$919.97	1	\$877.31	3	\$741.63
Employee Plus Child(ren)	2	\$897.57	3	\$855.96	9	\$723.68
Employee Plus Family	1	\$1,389.06	6	\$1,324.66	7	\$1,119.78
Estimated Monthly Cost	\$6,192.10		\$11,393.15		\$18,458.87	
Estimated Annual Cost	\$74,306.20		\$136,717.80		\$221,504.04	
Increase/Decrease Over Current	8.6%		11.6%		5.6%	
<b>ADDITIONAL INFORMATION</b>						
Current Monthly Cost	\$5,651.39		\$10,211.06		\$17,471.74	
Annual Monthly Cost	\$67,816.68		\$122,532.72		\$209,660.88	
Current Cost for all Plans	\$33,334.19					
Annual Cost for all Plans	\$400,010.28					
Monthly Cost for all Optional UHC plans			\$36,043.92			
Annual Cost for all Optional UHC plans			\$432,527.04			
Increase/Decrease Over Current			8.13%			



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# WORKSESSION ITEM

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TO: Tim Vandall, City Administrator  
FROM: Sunshine Petrone, HR Director *SP*  
DATE: April 24, 2017  
SUBJECT: Pay Compression Budget FY 2018

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In 2016, a comprehensive compensation study was conducted to identify recommendations for achieving both internal and external equities that would place Lansing in a competitive position within the marketplace. The primary focus of the study was recruiting and retention of qualified employees. The City has taken great strides in implementing the following recommendations from the study:

- Each year the scale is adjusted based on recommendations given by The Austin Peters Group. The adjustment completed in April 2017 to the pay scale was 2%. This allows the City to remain competitive when recruiting new hires.
- Additionally, new hires are placed on the pay scale based on their education and experience. This can range anywhere from 5% to 10% from the grade minimum.
- Market adjustments were given to all employees based on the average 5 year adjustment to the pay scale to keep the scale in line with the market. The January 1, 2017 market adjustment amount was 1.64%.
- Employees that were not at the minimum of their respective grade were brought to the grade minimum.
- A Police Officer II position was implemented to promote tenured officers. The Police Officer position is a grade 10 and the Police Officer II position is a grade 11.

One element that was not able to be fully implemented was the funding of the pay compression recommendation, due to the significant impact funding at 100% would have on the budget. As such, the Austin Peters Group recommended funding one-fourth of the recommended total due to the large budget impact so the one-fourth was budgeted in the FY 2017 budget. Additionally, the council gave guidance to use remaining funds from the 3% budgeted for performance and market adjustments, however no funds were leftover to accomplish this. We were able to fund a total amount of \$115,562, which equates to approximately 44% of the market recommendation. This leaves 56% of the compression amount that needs to be funded. I am requesting that we fund an additional 25% in the FY 2018 budget, an approximate total of \$65,644.

Action:

Provide direction on the FY 2018 budget for pay compression.

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**WORKSESSION ITEM #**

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