



Memorandum

Date: 10/3/2023
Meeting of: City Council

File No. AM No. 23-137
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

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| Human Resources | Cathryn Laird | 425-556-2125 |
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DEPARTMENT STAFF:

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| Human Resources | Nicole Bruce | Benefits Program Manager |
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TITLE:

Approval of Recommended RedMed Plan Changes for 2024

- a. Resolution No. 1575: A Resolution of the City Council of the City of Redmond, Washington, Adopting a Revised Summary Plan Description for the City of Redmond Self-Insured Medical Plan

OVERVIEW STATEMENT:

The Red-Med Plan is the self-insured medical plan that is provided by the City for employees, spouses, state registered domestic partners, and eligible dependents. Periodically, the City's third-party administrator and broker recommend plan changes. In addition to ensuring that the Plan is legally compliant, these recommendations address evolving treatment options and protocols, as well as other issues and benefit clarifications that these parties deem necessary. Proposed changes in benefits are reviewed and discussed with the Employee Benefits Advisory Committee (EBAC) and any recommendations will be brought forward to Council for their approval.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information** ☐ **Provide Direction** ☒ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Any changes to Red-Med benefits are incorporated into a Summary Plan Description, which is the definitive description of the benefits that are covered by Red-Med. The Summary Plan Description for the Self-Insured Employee Health Benefits Plan, was adopted by Resolution No. 913 and last amended by Resolution No. 1537.
- **Required:**
The City of Redmond Personnel Manual, Section 1.40, requires Council approval of changes in the plan that increase benefits to employees.

- **Council Request:**
N/A
- **Other Key Facts:**
These changes are negotiated with bargaining units before they are incorporated into the Summary Plan Description as plan amendments.

OUTCOMES:

Three Red-Med changes for 2024 are to align the Plan with recent changes in the law. Two are to keep our plan limits in line with the market, member utilization, and member preference.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
EBAC meetings are held monthly and discussions regarding 2024 plan changes were/are to be discussed at the following meetings:
 - July 26, 2023
 - August 23, 2023
 - September 27, 2023 (Vote)
- **Outreach Methods and Results:**
EBAC meetings are held on a monthly basis and discussion around plan changes occur annually with a vote regarding recommendations to Council occurring at the September meeting.
- **Feedback Summary:**
Feedback from this outreach will occur through a vote on recommendations. This vote will occur at the September 27, 2023 EBAC meeting and will be included on Exhibit 1.

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: ☐ Yes ☐ No ☒ N/A

Budget Offer Number:
N/A

Budget Priority:
Responsible Government

Other budget impacts or additional costs: ☒ Yes ☐ No ☐ N/A

If yes, explain:

If all items are approved the plan changes are anticipated to have an increase in plan costs of \$13.83 PEPM (per employee per month) which is approximately \$102,800 per year. These costs are paid for out of the City's medical self-insurance fund and will stay within the costs of the plan that were approved in the budget. The overall increase in costs is less than 1% of the health plan budget. These impacts are individually outlined in Exhibit 1. We will continue to monitor the costs related to the changes and reassess as necessary.

Funding source(s):

Medical Self-Insurance Fund (511)

Budget/Funding Constraints:

N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

| Date | Meeting | Requested Action |
|-----------|----------------------------------------------------------------------|-------------------|
| 9/12/2023 | Committee of the Whole - Finance, Administration, and Communications | Provide Direction |

Proposed Upcoming Contact(s)

| Date | Meeting | Requested Action |
|------|----------------------------|------------------|
| N/A | None proposed at this time | N/A |

Time Constraints:

In order for Plan Changes to take effect at the beginning of a new plan year (January 1, 2024), the recommendations will need to be approved at the October 3, 2023, meeting to allow for appropriate lead time for the Benefits Plan Administrator to make adjustments for an effective date of January 1, 2024.

ANTICIPATED RESULT IF NOT APPROVED:

Our plan could be out of compliance with the latest law changes, and valuable programs offered by Premera would not be able to be utilized by members of the Red-Med Plan.

ATTACHMENTS:

Attachment A: Draft Resolution Amending the Red-Med Plan
Exhibit 1: 2024 Plan Change Summary