



MEMO TO: Members of the City Council

FROM: Mayor John Marchione

DATE: October 1, 2019

SUBJECT: Adoption of a Resolution for the Benefits and Wellness Recommended Plan Changes for 2020

I. RECOMMENDED ACTION

Approve Attachment A, a proposed resolution supporting amendment of the Red-Med Plan incorporating the proposed benefit recommendations; and authorize and direct the Mayor to implement these changes including the execution of any contracts and agreements to do so.

II. DEPARTMENT CONTACTS

Cathryn Laird, Human Resources Director	425-556-2125
Nicole Bruce, Interim Human Resources Program Manager	425-556-2124

III. DESCRIPTION/BACKGROUND

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. A third-party administrator and a healthcare broker assist with management and administration of the plan. 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.

Periodically, the City's third-party administrator, pharmacy benefits manager, 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. When these recommendations modify benefits, they are reviewed with Council and approval is obtained. These changes are negotiated with bargaining units before they are incorporated into the Summary Plan Description as plan amendments.

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 at the October 1, 2019 meeting.

A. Analysis

The EBAC has been working with our benefits broker Gallagher and Premiera to explore potential plan design changes. The EBAC meets monthly and reviews options as well as the financial impacts of each plan design modification. Members of EBAC then communicate to their respective groups to get feedback and to gauge interest level in the potential changes. The changes being considered for 2020 are recommendations from Premiera to allow for consistency in our plan and to avoid manual claims adjudication. None of the proposed changes from Premiera are anticipated to have any impact to claims costs.

IV. PREVIOUS DISCUSSIONS HELD

FAC Committee presentations occurred on August 27, 2019 and September 24, 2019.

V. IMPACT

A. Service/Delivery:

None.

B. Fiscal Note:

The plan changes that may result in a small fiscal impact, depending on usage, are paid for out of the City's benefit self-insurance fund and have already been budgeted for. These impacts are outlined in Exhibit 1. We will continue to monitor the costs related to the changes and reassess as necessary.

VI. ALTERNATIVES TO STAFF RECOMMENDATION

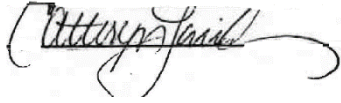
An alternative would be to not approve the amendment and make no changes to the Red-Med Plan.

VII. TIME CONSTRAINTS

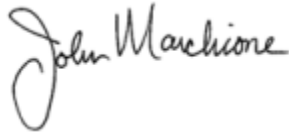
In order for Plan Changes to take effect at the beginning of a new plan year (January 1, 2020), the recommendations will need to be approved at the October 1, 2019 meeting to allow for appropriate lead time for the Plan Administrator to make adjustments for an effective date of January 1, 2020.

VIII. LIST OF ATTACHMENTS

Attachment A: Draft Resolution Amending the Red-Med Plan
Exhibit 1: 2020 Plan Change Summary

A handwritten signature in black ink, appearing to read "Cathryn Laird", with a stylized flourish extending from the end.

Cathryn Laird, Interim Human Resources Director

A handwritten signature in black ink, appearing to read "John Marchione", with a large, looping initial "J".

Approved for Agenda _____
John Marchione, Mayor