

**CITY OF WASILLA  
RESOLUTION SERIAL NO. 11-21**

**A RESOLUTION OF THE WASILLA CITY COUNCIL AUTHORIZING THE MAYOR TO EXECUTE A TWO-YEAR AGREEMENT WITH MERITAIN HEALTH, DELTA DENTAL, AND LIFEWISE ASSURANCE FOR GROUP HEALTH, DENTAL AND LIFE INSURANCE BENEFITS.**

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WHEREAS, the City of Wasilla currently provides health, dental and life insurance benefits through the State of Alaska Group Health Care and Life Insurance Benefits Plan, "Aetna"; and

WHEREAS, Aetna has requested an increase of 36 percent or \$555,787 over that of FY2011 for FY2012; and

WHEREAS, the City wishes to maintain the current level of benefits to its employees and as such has solicited proposals with Meritain Health, Delta Dental and Lifewise Assurance providing the lowest preliminary cost of \$1,887,438; and

WHEREAS, a two-year contract incents the insurance company to provide competitive pricing and provides sufficient time to assess the quality of service received and claims history under the partially self-insured plan.

NOW, THEREFORE, BE IT RESOLVED, that the Wasilla City Council authorizes the Mayor to execute an agreement with Meritain Health, Delta Dental and Lifewise Assurance for two-years.

ADOPTED by the Wasilla City Council on June 13, 2011.

  
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VERNE E. RUPRIGHT, Mayor

ATTEST:

  
\_\_\_\_\_  
KRISTIE SMITHERS, MMC, City Clerk

[SEAL]

VOTE: Harris, Holler, Menard, Katkus, Sullivan-Leonard and Woodruff in favor.

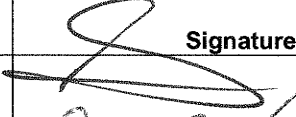

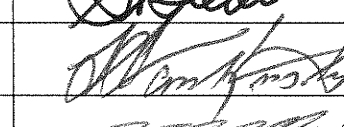

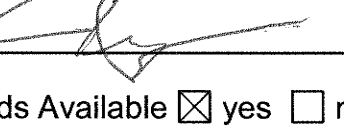
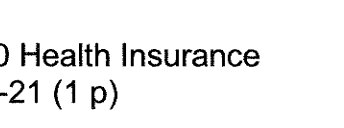



**CITY OF WASILLA  
LEGISLATION STAFF REPORT**

**Resolution Serial No. 11-21: AUTHORIZING THE MAYOR TO EXECUTE A TWO-YEAR AGREEMENT WITH MERITAIN HEALTH, DELTA DENTAL, AND LIFEWISE ASSURANCE FOR GROUP HEALTH, DENTAL AND LIFE INSURANCE BENEFITS.**

**Agenda of:** June 13, 2011  
**Originator:** Finance Director

**Date:** June 1, 2011

Route to:	Department	Signature/Date
X	Director of Public Works	 6/6/11
X	Recreation & Cultural Services Manager	 6/6/11
X	Chief of Police	 6/6/11
X	Finance Director	 6/2/11
X	Temporary Deputy Administrator	 6/2/11
X	City Clerk	

**REVIEWED BY MAYOR VERNE E. RUPRIGHT:** 

**FISCAL IMPACT:**  yes\$ or  no      Funds Available  yes  no N/A

**Account name/number:** Various xxx-xxx-xx.20-10 Health Insurance

**Attachments:** Resolution Serial No. 11-21 (1 p)

**SUMMARY STATEMENT:** On May 12, 2012, the City officially received the final premium increases from Aetna (the City's current health insured provider), which included a premium increase in excess of 36% or \$555,787 (City portion) for FY2012.

In conjunction with Combs Insurance (the City's insurance broker), the City placed Aetna on notice of the City's intent to solicit proposals from other insurance providers and as such received proposals with the following annual premiums. These quotes are preliminary until the City provides some additional information relating to risk, coverage and benefits. These amounts include health, prescription and dental coverage.

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|-------------------------------------|-------------|
| 1) Meritain Health and Delta Dental | \$1,887,438 |
| 2) Aetna                            | \$2,229,085 |
| 3) Premera                          | \$2,881,138 |

Both Aetna and Premera provided quotes for a traditional, fully-insured plan. Meritain's proposal is a partially self-insured plan whereby a portion of the premiums paid goes directly to Meritain for administering the plan and another portion is applied to the City's reserve to pay claims for those individuals covered under the City's plan. Symetra Financial would provide excess loss coverage at the individual level and aggregate level which caps the maximum risk to the City. For example, the City's reserve would cover claims on an individual until they reached \$50,000 and then the policy with Symetra would cover any claims in excess of that amount in a calendar year. Additionally, there would be an aggregate limit of ~\$1.2M such that if all claims exceeded the limit in one year, Symetra would cover any claims in excess of that amount. These individual and aggregate limits are subject to further negotiation.

The detailed benefits provided under the Meritain plan are still under review but are considered comparable to those provided under the current insurance policy. Management is also pursuing an internal change in policy whereby the premium payments for dependent coverage (spouse and children) would be split 80% and 20% by the City and employee respectively. The City's current policy includes a 90% and 10% split by the City and employee respectively. The employee's coverage would remain funded 100% by the City as the employee is not provided the option to opt out of the plan but dependant coverage is elected by the employee. This change is prompted by the continually increasing cost to provide insurance as a benefit to employees. This change would lighten the burden to the City and better position the City to maintain the benefits employees are accustomed to receiving. All unions have been notified as to the City's intent to change this percentage split.

With respect to life insurance, Aetna currently provides \$2,000 of the \$50,000 coverage offered to employees at no cost to the employee. The remaining \$48,000 in coverage is currently purchased from Lifewise Assurance. The City has received an estimate of \$16,125 to provide all \$50,000 life insurance coverage as the City would not be eligible for coverage under the Aetna plan if a contract with Meritain is pursued.

Management believes that a two-year contract is the appropriate direction to pursue. A two-year agreement incents the insurance company to deliver reasonable pricing knowing that they have our business for two years. And, it is reasonable to believe that at least two years history on claims is necessary to evaluate the benefit or burden of a partially self-insured policy

**STAFF RECOMMENDATION:** Approve the adoption of Resolution Serial No. 11-21 and in accordance with Wasilla Municipal Code 5.08.115, administration requests Council to authorize the Mayor to negotiate and enter into an agreement with Meritain Health, Delta Dental and Lifewise Assurance for health, dental and life insurance benefits for city employees.