

Memorandum 13-067 Personnel Report

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MEMORANDUM 13-067

TO: MAYOR WYTHE AND CITY COUNCIL
THRU: Walt Wrede, City Manager
FROM: Andrea Petersen, Personnel Director
DATE: May 8, 2013
RE: Report from the Personnel Office

Recruitment: Overall turnover has decreased

Overall turnover for 2012 decreased from 2011. There were 14 regular positions opened in 2012 compared to 25 regular positions available in 2011. Recruitment for Public Safety Dispatchers continues to be a challenge. City Manager Wrede, Chief Robl and I decided to expand the advertising of the positions to include the Anchorage Daily Newspaper (ADN) and Career Builder on the ADN website. The total number of applications for the Public Safety Dispatcher position has increased by 57%. The biggest challenge with filling these positions is finding qualified applicants with a clean background history. Recruitment for a Finance Director has ended and an offer of employment has been accepted pending the results of the candidate's credit history and background check. Recruitment for the Finance Director position was challenging due to the required knowledge, skills, abilities and experience candidates needed to possess.

Compensation: Longevity increases while wages are stagnant

Several employees and department directors are no longer eligible for wage increases due to maxing out on the current salary schedule. Although the last external parity study revealed the City's wages to be somewhat competitive, this is no longer the case due to other municipalities and boroughs giving a cost of living adjustment for its employees. It might behoove the City to review its current compensation philosophy and benefits package in order to remain competitive with other public entities.

Health Insurance: Continuing to be self-insured

Jeff Paxton and his team from Mercer initiated the 2013 renewal process for third-party administrators of health insurance in August. Requests for renewal proposals from incumbent vendors and proposals from new vendors were evaluated for competitiveness. During this self-insured renewal process, it was decided to seek a fully insured proposal from Premera. The Premera proposal showed costs for the plan to be about a \$500,000 increase over the self-insured plan cost estimates. The estimated total cost for Premera was approximately \$3 million and the actual health plan that Premera proposed for employees

was significantly higher than what is offered now with regards to deductibles, co-pays and out-of-pocket maximums.

Vendor negotiation & renewal results follow.

Claim Administration: Meritain continues to be Third Party Administer (TPA) for claims processing
Meritain, the current claims administrator, originally proposed renewal rates at the current 2012 level of \$30.73 per

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employee per month. However, Meritain, during the negotiation process revised their renewal offer twice, finalizing the renewal for a three year term at \$22.64 per employee per month. This revised offer was approximately \$10,000 less than the 2012 rates. EBMS was the most competitive contender of three other third party administrators (TPA) with a \$21.50 per employee per month rate. Although EBMS showed a slightly lower rate, over the course of a three year term it is expected that EBMS & Meritain costs would be very close to neutral. Continuing with Meritain creates stability for both employees & City administration. Additionally, Meritain's customer service level & responsiveness has dramatically improved and developed into a very good and collaborative working relationship. It could not be guaranteed that EBMS would provide the same level of service as Meritain currently provides.

Stop Loss Renewal: Symtera continues to provide Stop Loss coverage

Coverage purchased by employers in order to limit their exposure under self-insurance medical plans. This coverage is available in two types:

1. Specific Stop Loss —Coverage is initiated when a claim reaches the threshold selected by the employer. After the threshold is reached, the stop-loss policy would pay claims per employee for the self-insurance medical plan. The Specific Stop Loss deductible for the City is \$90,000/individual.

2. Aggregate Stop Loss —Coverage is initiated when the employer's self-insurance total group health claims reach a stipulated threshold selected by the employer. The Aggregate Stop Loss deductible for the City is \$50,000.

An RFP was developed and sent to four competing Stop Loss carriers. Including the current Stop Loss provider, Symetra, five providers were presented an opportunity to work with the City. Of the five providers, three chose to decline to quote based on the current price position with Symetra. The three declining to quote were unable to be competitive. The evaluation process showed Symetra continued to present the most favorable pricing.

Chartis, the nearest competitor, proposed annual premium at \$481,387 per year compared to Symetra at \$457,375 per year. Current premium is \$393,218. However, plan options to increase the specific individual coverage deductible were provided. Increasing the specific deductible to \$90,000 from the current \$75,000 reduced the annual premium to \$386,965 representing a premium savings of \$70,410 compared to the renewal and a savings of \$6,253 from the current premium level. City Manager Wrede, former Finance Director, Regina Mauras, and I evaluated the numbers and felt increasing the Specific Stop Loss deductible was financially the best option.

Just for the Health of It Wellness Program: Employees' physical activity increases

The Employee Wellness Program kicked off November 1, 2012. Although there is not 100% employee participation yet, most participants have positive feedback regarding the program. I have noticed several employees have even lost weight and/or began to realize how inactive they actually are! The Wellness Committee is in the beginning stages of reviewing the success of the program and hope to make some adjustments per the feedback received from participants. Also, please let me know if you are interested in participating in the program. I would be happy to give you a detailed tutorial of the program.

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