

AGENDA ITEM #: \_\_\_\_\_

DATE: April 24, 2017

COAC #: 17-6062

**CITY OF GOODYEAR  
CITY COUNCIL ACTION FORM**

**SUBJECT: Ordinance No. 17-1349  
Authorizing Self-Funded Healthcare  
Benefit Plans**

**STAFF PRESENTER:** Lyman Locket –  
Human Resources Director

**CASE NUMBER:** None

**OTHER PRESENTER:** None

**PROPOSED ACTION:**

ADOPT ORDINANCE 17-1349 AMENDING CHAPTER 3, CODE OF THE CITY OF GOODYEAR, BY ADDING ARTICLE 3-14; CREATING THE CITY OF GOODYEAR HEALTH CARE BENEFIT TRUST FUND; AND CREATING A CITY OF GOODYEAR HEALTH CARE TRUST BOARD TO ADMINISTER THE HEALTH CARE BENEFITS TRUST FUND.

**BACKGROUND AND PREVIOUS ACTIONS:**

As part of our ongoing cost containment efforts related to maintaining high quality sustainable benefits that position the city to attract and retain a high quality workforce, we presented City Council with a plan to move to self-insured medical and dental plans. Pursuant to A.R.S. § 11-981 which authorizes the City of Goodyear to establish a self-funded insurance program for healthcare benefits for its employees, this proposed action to adopt an ordinance for self-insured healthcare plans is the next step in the process.

**STAFF ANALYSIS:**

The ordinance addresses establishing self-funded insurance plans for healthcare benefits including the following:

- Purpose of Health Care Benefits Trust
- Appointment/establishment of a Trust Board to administer the Trust Fund
- Powers and duties of the Trust Board
- Risk management requirements of the plan

The fiscal impact of moving to self-funded healthcare insurance plans is expected to be budget neutral. Premium costs per plan will remain unchanged for the new plan year. Based on current staffing levels and plan distribution, expected costs are as follows:

**Fixed costs:**

Admin Fees -	\$ 215,024
Individual Stop Loss -	\$ 604,510
Aggregate Stop Loss -	<u>\$ 39,770</u>
Total Fixed Costs	\$ 859,304

**Variable costs:**

Expected Claims - \$ 6,431,750

Total Expected Costs - \$ 7,291,054

Under a worst case scenario, our costs are estimated at \$8,647,900. Our budgeted premium costs are sufficient to cover worst case scenario.

If we had elected to remain on fully insured healthcare plans, our costs were estimated at \$8,140,000. At the end of the plan year, excess budget capacity up to the costs of remaining on a fully insured plan (\$8,140,000) will be evaluated for use to fund reserves.

**RECOMMENDATION:**

Staff recommends adopting Ordinance 17-1349 to authorizing the City to establish self-funded healthcare plans.

**ATTACHMENTS:**

Ordinance 17-1349