



**CITY OF STANWOOD
FINANCE COMMITTEE STAFF REPORT**

ITEM NUMBER: 3
DATE: February 26, 2015
SUBJECT: Vision Benefits for Part-time Employees
CONTACT PERSON: Greg Thramer, Finance Director
ATTACHMENTS: A – Notice of Vision Service Plan (VSP) Rate Structure Change for 2015
B – Section 809 of the Stanwood Personnel Policy Manual – Benefits for Part-time Employees

ISSUE

Should the city pay for vision benefits for the dependents of part-time employees for a one-year transition period (2015) due to a change in Vision Service Plan (VSP) rate structure, which became effective January 1, 2015.

RECOMMENDATION

The city should pay for vision benefits for the dependents of part-time employees for a one-year transition period (2015) due to a change in Vision Service Plan (VSP) rate structure, which became effective January 1, 2015.

SUMMARY STATEMENT

Last October the city received notice from its vision insurance provider, VSP, of a rate structure change for 2015 (Attachment A). Prior to 2015, VSP charged a single monthly rate of \$23.89 per employee, regardless of whether dependents were included. Following is a list of the monthly VSP rates since 2012:

Table 1 – VSP Monthly Rates

Description	2015	2014	2013	2012
Family	N/A	\$ 23.89	\$ 23.89	\$ 23.89
Employee	\$ 11.30	N/A	N/A	N/A
Employee + 1 Dependent	\$ 22.30	N/A	N/A	N/A
Employee + 2 or more Dependents	\$ 33.90	N/A	N/A	N/A

Per the city's personnel policy, Section 809 – Benefits for Part-time Employees (Attachment B), there is a provision that allows that in the event that there is a medical, dental, or vision plan where there is no difference between the employee only rate and employee plus dependent(s) rate, part-time employees will also be allowed to add dependents to that plan.

The city did not provide timely notice to its part-time employees during the open enrollment period. As such, those employees enrolled their dependents for vision coverage for the 2015 plan year relying on the assumption that they would continue to be covered as in the past as allowed by city policy.

FINANCIAL IMPACT

There are three (3) employees that are currently affected by the VSP rate change structure (one union and two non-represented). If the city were allow a one year transition period during 2015 and cover the full cost of VSP coverage for all three employees, the additional cost to the city would be \$813.60, computed as follows:

Table 2 – Additional Cost to City

Monthly Family Rate	\$ 33.90
Monthly Single Rate	\$ 11.30
Difference	\$ 22.60
Times # of PT Employees	3
Times months per year	12
Additional Cost to City - 2015	\$ 813.60

However, since the 2015 budget was built on using the \$23.89 monthly rate assumption, the additional cost over budget is just \$360.36.

Table 2 – Additional Cost Over Budget

Monthly Family Rate	\$ 33.90
Monthly Single Rate	\$ 23.89
Difference	\$ 10.01
Times # of PT Employees	3
Times months per year	12
Additional Cost to City - 2015	\$ 360.36

Since one of the part-time employees is a member of the bargaining unit, the city will have to bargain the effects of this change with the Teamsters union.

FINANCE COMMITTEE OPTIONS

1. Recommend to council the city pay vision benefits for dependents of part-time employees for the remainder of the 2015 plan year only, then pay employee only rates beginning with the 2016 plan year.
2. Recommend to council that part-time employees pay vision benefits for their dependents as soon as possible in 2015 and in the future according to adopted city policy.

RECOMMENDED MOTION

“I move to recommend to council the city pay vision benefits for dependents of part-time employees for the remainder of the 2015 plan year only, then pay employee only rates beginning with the 2016 plan year.”

Thrasher, Gregory

From: AWC Employee Benefit Trust <news@awcnet.org>
Sent: Thursday, October 16, 2014 3:05 PM
To: Thrasher, Gregory
Subject: VSP Premium Structure Change

If you have trouble viewing this email, click [here](#) to view this message in your Web browser:



VSP Premium Structure Change

Coverage & Billing for VSP – Impacts

The coverage for Vision Service Plan is remaining the same for 2015. However the premium structure is changing. Instead of having a single premium to cover everyone (full family coverage), we are shifting to a three-tier premium (similar to what is in place for Delta Dental). This change is necessary in order to consider this benefit as an "excepted" benefit under the Affordable Care Act.

New Premium Structure

For each of the [VSP plan options](#) (No Deductible, \$10 Deductible, \$25 Deductible, Low Option Plan and Second Pair Rider) the premium/coverage classifications are:

- Employee Only
- Employee +1 Dependent
- Employee +2 or More Dependents

Dependent Coverage – Use Report to Verify Coverage

Because of the previous full family premium structure, employees may be covering dependents they don't intend to. They also may think that they are covering dependents when they really aren't. (Under the old system, the eye doctor could add a dependent if they didn't show in the VSP system.)

To avoid coverage problems in 2015, we need you to have employees confirm the dependents they want to cover on VSP going forward. Getting the information is easy. You have access to a report in Online Billing to help.

- Log on to the Online Billing system
- Click on "Reports"
- Select "Vision Coverage Details By Department" from the drop down of available reports

Administrator or designee. Employees will not be required to explain or even will be asked about the reasons information about the EAP is being sought. Furthermore, any request for information about the EAP will be kept strictly confidential.

807 Continuation of Insurance Coverage

Workers Compensation Leave

The City will continue to pay for the employer's portion of health insurance premiums, provided that the employee continues to pay their share of premiums, if any, while the employee is not working and receiving worker's compensation. After six (6) months, the employee's benefits shall cease unless the City Administrator and/or the benefit provider approves an extension. The employee may continue health care benefits by self-paying insurance premiums for the remainder of the time they receive Worker's Compensation benefits, up to the maximum allowed by law.

COBRA Rights

Upon an employee's separation from City employment, an unpaid leave of absence, or other qualifying event, at the employee's option and expense, the employee may be eligible to continue City health insurance benefits to the extent provided under federal COBRA regulations. An administrative handling fee over and above the cost of the insurance premium may be charged the employee or their dependents that elect to exercise their COBRA continuation rights.

808 Unemployment Compensation

City employees may qualify for Washington State Unemployment Compensation after separation from City employment depending on the reason for separation and if certain qualifications are met.

809 Benefits for Part-time Employees

For part time employees normally scheduled to work half time (50%) or greater, the City will pay for the employee only rate for medical, dental, and vision coverage. In the event that there is a medical, dental, or vision plan where there is no difference between the employee only rate and employee plus dependent(s) rate, part-time employees will also be allowed to add dependents to that plan.

810 Benefits for Temporary Employees

Temporary employees usually are not eligible to receive benefits, unless otherwise authorized by the City Administrator and/or benefit providers, including

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