

COUNCIL ACTION FORM

SUBJECT: HEALTH INSURANCE – SUMMARY PLAN DOCUMENTS AMENDMENT

BACKGROUND:

As a self-funded health insurer, the City of Ames has the ability to select from among qualifying events that allow employees to enroll in health benefits. This criterion is defined in the Summary Plan Descriptions which are provided through Wellmark each year.

Under these Summary Plan Descriptions, employees are able to sign up for health insurance and qualify for a City premium contribution when they experience a “qualifying event,” such as when they are initially hired. In the past, these qualifying events have not included a change in status that occurs when an employee is promoted from a less than full-time position to a full-time position. In those cases, employees must wait until the following year’s open enrollment period to elect health coverage.

One exception to this policy has been at CyRide, where transit drivers sometimes move from .75 FTE (full-time equivalent) positions to full-time positions. In those instances, past practice has been for employees to elect health coverage upon moving into a full-time position.

It is within the City’s power to alter this enrollment process and allow employees to elect coverage upon promotion into full-time positions. **The current policy denies employees the opportunity to have an expanded City contribution to their health premiums until the following year. To eliminate this hardship, the attached amendment is proposed to expand the qualifying event criterion for all Summary Plan Descriptions.**

The City’s annual open enrollment period begins on July 1st. The proposed amendment applies to the City’s plan document effective December 1, 2015. This change will apply to all promotions that occur moving forward. It is also staff’s request that the change apply retroactively to one position where the employee was promoted to full-time in 2015. The retroactive application will allow this one full-time employee to elect health insurance effective December 1, 2015. This is the only individual to whom this change will apply retroactively.

ALTERNATIVES:

1. Approve the attached amendment to the City’s health insurance Summary Plan Descriptions.

2. Do not approve the attached amendment.

MANAGER'S RECOMMENDED ACTION:

This amendment will introduce a greater measure of equity into the relatively rare situations where employees are promoted into full-time positions, but who currently have to wait until the following calendar year to enroll in health care and qualify for an increased City contribution to their health care premium.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.



Wellmark Blue Cross Blue Shield of Iowa
Wellmark Health Plan of Iowa, Inc.

Independent Licensees of the Blue Cross and
Blue Shield Association

Amendment to Your Coverage Manual

This amendment applies to your coverage manual, effective December 1, 2015. The headings refer to coverage manual sections. Please review the amendment and keep it with your coverage manual.

Coverage Changes and Termination

Coverage Change Events

The following provision is added to your coverage:

Significant Cost Changes. Significant cost increase or decrease in the amount of the elective contributions that results from an action taken by the employee such as switching between full-time and part-time status.

All other terms and provisions of your coverage manual, including any amendments we may have issued previously, remain unaltered and in effect.

David S. Brown
Executive Vice President, Chief Financial Officer and
Treasurer
Wellmark Blue Cross and Blue Shield of Iowa;
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