

MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers

Date: April 12, 2016

From: Mike Kinney

Subject: Benefits Summary

Background/Discussion

There are several items included in this item for the Board's review. These are sourced from both past Board discussions as well as multiple examples of similar city, county, watershed district, and state government entities.



insurance | financial strategies

RISK

INVESTMENTS

COMMUNICATIONS

CONSULTING

OUTSOURCING



EMPLOYEE BENEFIT HIGHLIGHTS

2016

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Redefining
Risk

This document contains a brief overview of coverage. It is informational only, is not all-inclusive and is not an insurance policy or an insurance binder. Actual coverage afforded by any policy are controlled solely by the provisions of the policy and not by any language contained in this document.

COMFORT LAKE FOREST LAKE WATERSHED DISTRICT

EMPLOYEE BENEFIT HIGHLIGHTS

Group Medical Insurance

HealthPartners Empower HSA Gold 2000-100

<i>Highlights</i>	<i>HealthPartners Empower HSA Gold 2000-100</i>
DEDUCTIBLE Person/Family (Medical)	\$2,000/\$4,000 (Non-Embedded)
OUT-OF-POCKET MAX Person/Family (Medical)	\$2,000/\$4,000
COINSURANCE	0%
OFFICE VISITS & URGENT CARE COPAY	Ded & Coins
EMERGENCY ROOM	Ded & Coins
INPATIENT/OUTPATIENT HOSPITAL	Ded & Coins
PRESCRIPTION DRUG	Ded & Coins

See HealthPartners summary of benefits for out-of-network coverage.

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COMFORT LAKE FOREST LAKE WATERSHED DISTRICT

EMPLOYEE BENEFIT HIGHLIGHTS

Group Life/AD&D Insurance

Principal Financial Group

- Death benefit of: One times annual Salary to a maximum of \$10,000.
- Accidental Death and Dismemberment benefit equal to Life Insurance benefit

**100% employer paid*

See Principal Financial Group summary of benefits for coverage description.

Group Short Term Disability

Principal Financial Group

- Benefit : 60% up to \$500 weekly
- Benefits start: 7th Day accident/ 14th day illness
- 26 Weeks duration

**100% employer paid*

See Principal Financial Group summary of benefits for coverage description.

Group Long Term Disability

Principal Financial Group

- Benefit level: 60% up to \$5,000 monthly
- Benefits start: 180 Days
- 24 month own occupation Definition
- Social Security Normal Retirement Age (SSNA) duration

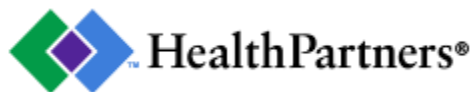
**100% employer paid*

See Principal Financial Group summary of benefits for coverage description.

COMFORT LAKE FOREST LAKE WATERSHED DISTRICT

EMPLOYEE BENEFIT HIGHLIGHTS

Benefit Information Resources



www.healthpartners.com

Customer Care Center: 952-883-5000

- Locate Doctors and hospitals
- Setup your own page and view:
 - Medical information
 - Order prescriptions online
 - Refill prescriptions online
 - Consult with your doctor through a privacy protected email
 - Manage your family medical account information
 - Check medical records or test results
 - Health Support resources



www.principal.com

Customer Care Center: 800-986-3343



www.bearence.com

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Welcome to the City of Forest Lake!

Summary of Employee Benefits January 1, 2016

Health Insurance

The City offers health insurance to all regular full-time employees through **Health Partners**, with the exception of members of I.U.O.E. Local 49 Group who are insured through the **Local 49 Health & Welfare Fund**. Part-time employees working a minimum of 20 hours per week have the option of receiving health insurance benefits at a pro-rated amount. The monthly rates shown below are effective for deductions in January of 2016 for coverage beginning January 1, 2016. Employees have the option of choosing one of the following three plans:

Option 1:

Health Partners \$1,500 HDHP/HSA Plan	Employee Share	City Contribution	Total Premium
Single Coverage	\$ 0.00	\$ 857.68	\$ 857.68
Employee + Children	\$ 363.30	\$ 1,170.00	\$ 1,533.30
Employee + Spouse	\$ 869.72	\$ 1,170.00	\$ 2,039.72
Family Coverage	\$ 1,201.84	\$ 1,170.00	\$ 2,371.84

Option 2:

Health Partners \$2,600 HDHP/HSA Plan	Employee Share	City Contribution	Total Premium
Single Coverage	\$ 0.00	\$ 886.59	\$ 886.59
Employee + Children	\$ 437.60	\$ 1,170.00	\$1,607.60
Employee + Spouse	\$ 921.18	\$ 1,170.00	\$2,091.18
Family Coverage	\$1,238.42	\$ 1,170.00	\$2,408.42

Option 3:

Health Partners \$5,000 HDHP/HSA Plan	Employee Share	City Contribution	Total Premium
Single Coverage	\$ 0.00	\$ 848.15	\$ 848.15
Employee + Children	\$ 407.90	\$ 1,170.00	\$1,577.90
Employee + Spouse	\$ 766.46	\$ 1,170.00	\$1,936.46
Family Coverage	\$1,001.64	\$ 1,170.00	\$2,171.64

Option 4:

Health Partners \$15-100% Plan	Employee Share	City Contribution	Total Premium
Single Coverage	\$ 0.00	\$ 868.30	\$ 868.30
Employee + Children	\$ 346.80	\$ 1,170.00	\$ 1,516.80
Employee + Spouse	\$ 918.36	\$ 1,170.00	\$2,088.36
Family Coverage	\$1,293.24	\$ 1,170.00	\$2,463.24

Local 49 Members:

Local 49 Health Plan	Employee Share	City Contribution	Total Premium
Single Coverage	\$ 0.00	\$ 1,110.00	\$ 1,110.00
Employee + Children	\$ 0.00	\$ 1,110.00	\$ 1,110.00
Employee + Spouse	\$ 0.00	\$ 1,110.00	\$ 1,110.00
Family Coverage	\$ 0.00	\$ 1,110.00	\$ 1,110.00

Life Insurance

The City provides all regular full-time employees with a \$50,000 term Basic Life policy through **Sun Life**. Up to an additional \$300,000 of supplemental life insurance may be purchased by the employee and may be subject to underwriting. Dependent Life coverage, which provides \$10,000 per dependent child, may be purchased at a cost of \$1.30/month. Optional Life/AD&D coverage is also available through the National Conference of Public Employee Retirement Systems (NCPERS) at a cost of \$16/month, with the benefit amount varying by age. Part-time employees working a minimum of 20 hours per week have the option of receiving Basic Life Insurance benefits at a pro-rated amount.

Dental Insurance

Dental Insurance is available through **Health Partners Dental** to all regular full-time employees. Part-time employees working a minimum of 20 hours per week have the option of receiving dental insurance benefits at a pro-rated amount. The monthly rates

shown below are effective for deductions in January of 2016 for coverage beginning January 1, 2016. One plan is available in the Health Partners network. Out-of-network coverage is provided with a \$25 deductible. The rates for the dental plan are as follows:

Health Partners Dental	Employee Share	City Contribution	Total Premium
Single Coverage	\$ 0.00	\$ 30.93	\$ 30.93
Employee + One	\$ 0.00	\$ 58.65	\$ 58.65
Family Coverage	\$ 0.00	\$ 92.14	\$ 92.14

Disability Insurance

The City provides Long-Term Disability (LTD) Insurance to all regular full-time employees through **Sun Life**. The amount of the benefit varies with the employee's salary. Part-time employees working a minimum of 20 hours per week have the option of receiving LTD insurance benefits at a pro-rated amount. Employees have the option of purchasing additional Short-Term Disability Insurance (STD) at varying rates to cover the first 13 weeks of a qualifying disability. Premiums are deducted in the month that they are due.

Retirement Plan

Almost all City employees are covered by the public pension system through the **Public Employees Retirement Association (PERA)**. The employee contributes 6.50% of payroll and the City contributes 7.50% of payroll. For police officers, the employee contributes 10.8% of payroll and the employee contributes 16.2% of payroll. Vesting occurs after five years and the pension is portable among public employers throughout the State of Minnesota.

Deferred Compensation Plans

All employees who qualify for PERA are also eligible to place a portion of their earnings into a pre-tax investment program. Generally, an employee can contribute up to \$18,000 annually to a deferred compensation (IRS 457) plan for the year 2016. Deferred Compensation plans are available through the **Minnesota State Deferred Compensation Plan**.

Flexible Spending Account

Employees can establish flexible spending accounts (FSA) through **TASC Benefits** and have pre-tax deductions taken from their payroll checks to pay for child care and medical expenses and the employee portion of the health and dental insurance premiums. The limit an employee can flex to the un-reimbursed medical account is \$2,550 and the limit for the dependent care expense reimbursement account is \$5,000. Employees who participate in a high deductible health plan (HDHP) with a health savings account (HSA) may only participate in a limited scope FSA. The limited scope FSA will revert to a full scope FSA once the HSA is exhausted.

Minnesota Benefit Association

All regular full-time employees may participate, through payroll deduction, in the financial and insurance programs offered through the **Minnesota Benefit Association** (MBA). You are automatically a member of MBA if you are a public employee or elected official in the State of Minnesota. MBA offers auto and homeowners insurance through MetLife, real estate services, mortgage services, auto lease/purchase services and scholarships.

Holidays

The City of Forest Lake recognizes 11 holidays and 2 floating holidays. Holidays vary by bargaining group and are specified in the respective labor contracts.

Vacation and Sick Leave

Vacation and Sick Leave is awarded to all regular full-time employees according to the appropriate labor agreement. Generally, employees will earn 8 hours of sick leave per month. Vacation Leave may also vary with each labor agreement. Generally, Vacation Leave will accrue annually according to the following schedule:

	Annual	Pay Period
Years 1 through 5	80 hours	3.0769 hours
After year 5 through year 10	120 hours	4.6154 hours
After year 10 through year 15	160 hours	6.1538 hours
After year 15 through year 20	176 hours	6.7692 hours
After year 20	200 hours	7.6923 hours

Post-Employment Health Care Savings Plan

The City sponsors a post-employment health care savings plan (HCSP) that allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. The contribution parameters vary by bargaining unit, but generally, employees are required to put all or a portion of their severance pay into the plan. Beginning January 1, 2012, the City will contribute \$10 monthly into each employee's HCSP account.

Credit Union

The City of Forest Lake is affiliated with the **Affinity Plus Credit Union**. Employees may choose from a wide variety of services and products including deposit services, loans, and convenience services.

Bargaining Units

Non-supervisory city employees are typically affiliated with one of the five following labor unions: **American Federation of State, Municipal and County Employees** (AFSMCE), **Law Enforcement Labor Services** (LELS), **International Union of Operating Engineers** (IUOE) Local 49. Police sergeants are affiliated with **Law Enforcement Labor Services** (LELS) and department heads are affiliated with the **Minnesota Association of Professional Employees** (MAPE). Enrollment forms can be obtained from the appropriate union steward.



Welcome to the Comfort Lake Forest Lake Watershed District!

Summary of Employee Benefits April 1, 2016

Health Insurance

The Comfort Lake Forest Lake Watershed District (CLFLWD) offers health insurance to all regular full-time employees through **Health Partners**. Part-time employees working a minimum of 20 hours per week have the option of receiving health insurance benefits at a pro-rated amount. The monthly rates shown below are effective for deductions in April of 2016 for coverage beginning April 1, 2016. Small group employer insurance allows for two different options. Option 1, in which all CLFLWD staff are currently enrolled is listed below. Other plan options may be discussed as desired by employees.

Option 1:

Health Partners \$2,000 HDHP/HSA Plan	Employee Share	CLFLWD Contribution	Total Premium*
Single Coverage	\$ 28.54	\$ 542.23	\$ 570.77
Employee + Children	\$ 81.47	\$ 1,548.02	\$ 1,629.49
Employee + Spouse	\$ 47.52	\$ 902.93	\$ 950.45
Family Coverage	\$ 100.46	\$ 1,908.71	\$ 2,009.17

*Assumes the highest rate for the current staff pool.

Life Insurance

The CLFLWD provides all regular full-time employees with a \$10,000 term Basic Life policy through **Principal Group**.

Dental Insurance

Dental Insurance is available through **Principal Group** to all regular full-time employees. Part-time employees working a minimum of 20 hours per week have the option of receiving dental insurance benefits at a pro-rated amount. The monthly rates

shown below are effective for deductions in April of 2016 for coverage beginning April 1, 2016. The rates for the dental plan are as follows:

Health Partners Dental	Employee Share	CLFLWD Contribution	Total Premium
Single Coverage	\$ 1.87	\$ 39.71	\$ 41.58
Employee + One	\$ 4.47	\$ 84.99	\$ 89.46
Family Coverage	\$ 7.83	\$ 148.78	\$ 156.61

In lieu of dental insurance, an employee may elect to receive an additional contribution of \$600 toward their HSA.

Disability Insurance

The CLFLWD provides both Short-Term Disability (STD) and Long-Term Disability (LTD) Insurance to all regular full-time employees through **Principal Group**. The amount of the benefit varies with the employee’s salary. Part-time employees working a minimum of 20 hours per week have the option of receiving LTD insurance benefits at a pro-rated amount. Employees have the option of purchasing additional Short-Term Disability Insurance (STD) at varying rates to cover the first 13 weeks of a qualifying disability. Premiums are deducted in the month that they are due.

Retirement Plan

All CLFLWD employees are covered by the public pension system through the **Public Employees Retirement Association (PERA)**. The employee contributes 6.50% of payroll and the CLFLWD contributes 7.50% of payroll.

Deferred Compensation Plans

All employees who qualify for PERA are also eligible to place a portion of their earnings into a pre-tax investment program. Generally, an employee can contribute up to \$18,000 annually to a deferred compensation (IRS 457) plan for the year 2016. Deferred Compensation plans are available through the **Minnesota State Deferred Compensation Plan**.

Holidays

The Comfort Lake Forest Lake Watershed District recognizes 11 holidays and 2 floating holidays as aligned with the City of Forest Lake.

Personal Time Off (PTO)

PTO is awarded to all regular full-time employees. Generally, PTO will accrue annually according to the following schedule:

	Annual	Pay Period
Years 1 through 2	198 hours	7.6154 hours
Years 3 through 5	204 hours	7.8462 hours
Years 5 through 10	223 hours	8.5769 hours

Years 10 through 15	255 hours	9.8077 hours
Years 15 through 20	271 hours	10.4231 hours
After year 20	302 hours	11.6154 hours

Post-Employment Health Care Savings Plan

The CLFLWD sponsors a post-employment health care savings plan (HCSP) that allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. The contribution parameters vary by bargaining unit, but generally, employees are required to put all or a portion of their severance pay into the plan. Beginning April 1, 2012, the CLFLWD will contribute 1% of their monthly salary into each employee's HCSP account which is consistent with State of MN employees.

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Health Savings Accounts

What is a Health Savings Account?

A Health Savings Account (HSA) is an account that can be funded with your tax-exempt dollars, by your employer, or both, to help pay for eligible medical expenses not covered by insurance plan, including deductible, coinsurance and, in some cases, may be used to pay health insurance premiums.

Who is eligible for an HSA?

Anyone who is:

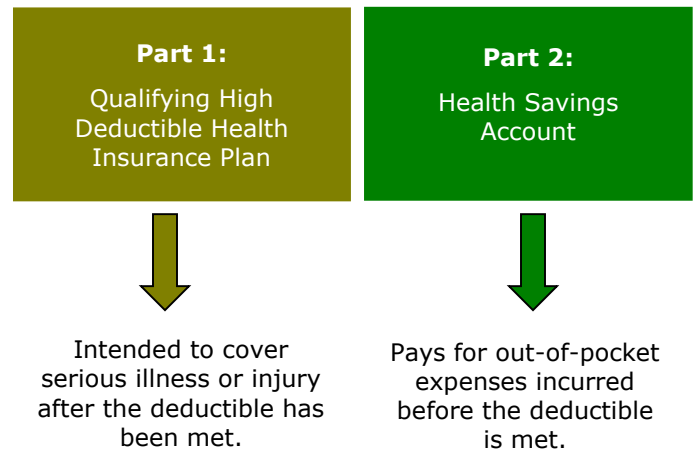
- Covered by a High Deductible Health Plan (HDHP);
- Not covered under another medical health plan that is not a High Deductible Health Plan;
- Not entitled to Medicare benefits; and
- Not eligible to be claimed on another person's tax return.
- Not eligible for Tricare or have received benefits from the Veterans Administration in the past three months

What is a High Deductible Health Plan (HDHP)?

A High Deductible Health Plan (HDHP) is a plan with a minimum annual deductible and a maximum out-of-pocket limit as listed below. These minimums and maximums are determined annually by the Internal Revenue Service (IRS) and are subject to change.

For Calendar Year 2015	Minimum Annual Deductible	Maximum Annual Out of Pocket
Individual - 2015	\$1,300	\$6,450
Family - 2015	\$2,600	\$12,900

How does an HSA work?



How does an HSA work?

1. Employee and/or employer funds HSA account.
2. Employee seeks medical services.
3. Medical services are paid by the HDHP, subject to a deductible and coinsurance.
4. Employee may seek reimbursement from their HSA account for amounts paid toward deductible and coinsurance.
5. Deductible and out-of-pocket maximum are fulfilled.
6. Employee may be covered for all remaining eligible expenses.*

Preventive care may be covered at 100%*

*Subject to plan design, check Summary Plan Description.



Health Savings Accounts

When do I use my HSA?

After visiting a physician, facility, or pharmacy your medical claim will be submitted to your HDHP for payment. Your HSA dollars can be used to pay your out-of-pocket expenses (deductibles and coinsurance) billed by the physician, facility, or pharmacy or you can choose to save your HSA dollars for a future medical expense.

If you choose to save your HSA dollars, be sure to save your receipts and explanation of benefits (EOB's) for future qualified distributions.

Note: You must keep records sufficient to prove that the distribution was used for a qualified expense.

What happens if I don't use the money in the HSA for medical expenses?

If the money is used for other than qualified medical expenses, the expenditure will be taxed and, for individuals who are not disabled or over age 65, subject to a **20%** tax penalty beginning January 1, 2011.

How do I know what is included as "qualified medical expenses"?

Unfortunately, we cannot provide a definitive list of "qualified medical expenses". A partial list is provided in IRS Pub 502 (available at www.irs.gov). There have been thousands of cases involving the many nuances of what constitutes "medical care" for purposes of section 213(d) of the Internal Revenue Code. A determination of whether an expense is for "medical care" is based on all the relevant facts and circumstances. To be an expense for medical care, the expense has to be primarily for the prevention or alleviation of a physical or mental defect or illness. The determination often hangs on the word "primarily."

Some premiums are considered a "qualified medical expense" – see Examples of Eligible Expenses for more information.

What is a deductible?

A deductible is a set dollar amount, determined by your plan, that you must pay, out-of-pocket or from

your HSA account, before insurance coverage for medical expenses can begin.

How much can I contribute to an HSA?

As noted by federal law for the calendar year, the annual contribution limits are equal to:

- **2015-\$3,350 for individual coverage or \$6,650 for family coverage.**

Individuals that are age 55 or older may be eligible to make a catch-up contribution of \$1,000 in 2015.

Do my HSA contributions need to be made in equal amounts each month?

No, you can contribute in a lump sum or in any amounts or frequency you wish. However, your account trustee/custodian (bank, credit union, insurer, etc.) can impose minimum deposit and balance requirements.

Can the funds in an HSA be invested?

Yes, you can invest the funds in your HSA. The same types of investments permitted for IRAs are allowed for HSAs, including stocks, bonds, mutual funds, and certificates of deposit.

Can I borrow against the money in my HSA?

No. You may not borrow against it or pledge the funds in it.

Who will be the "bookkeeper" for my HSA?

It is your responsibility to keep track of your deposits and expenditures and keep all of your receipts. If you run out of HSA funds (and therefore need to use your HDHP), you may need to send those receipts to your insurer.

Will my bank notify me if I've exceeded my allowable contribution amount?

No, it is your sole responsibility to keep track of the amounts deposited and spent from your account, just like a normal savings or checking account.



Health Savings Accounts

What is the difference between an HSA and Flexible Spending Account (FSA)?

- An HSA can roll-over unused funds from year to year.
- An FSA cannot roll-over unused funds from year to year.

Can I contribute to both an HSA and a FSA in the same year?

Yes, a "limited FSA" is permissible. A limited FSA only allows reimbursement of expenses that are not eligible for payment under the HDHP or HSA. For example, an employer may establish a limited FSA to allow employees to contribute pre-tax dollars to an account which only reimburses expenses for dental services. Please ask your employer if a limited FSA is available to you.

If you are covered under a FSA plan that includes a grace period, you are eligible to establish an HSA in the following year if your FSA had a zero balance at the end of the plan year or if you transfer your unused balance into the HSA at the end of the FSA plan year.

What if I enroll in an HSA in the middle of a year?

If you enroll in an HSA in the middle of a year, you are allowed to make a full year's contribution, provided that you remain covered by the HSA for at least the 12-month period following that year.

Why should I elect an HSA?

1. Cost Savings

- Tax Benefits
 - HSA Contributions are excluded from federal income tax
 - Interest earnings are tax-deferred
 - Withdrawals for eligible expenses are exempt from federal income tax
- Reduction in medical plan contribution
- Unused money is held in an interest-bearing savings or investment account
- Employer contributions are not taxable income

Note: Many states have not passed legislation to provide favorable state tax treatment for HSAs. Therefore, amounts contributed to HSAs and interest earned on HSA accounts may be included on the employee's W-2 for state income tax purposes.

2. Long-Term Financial Benefits

- Save for future medical expenses
- Funds roll over year to year
- This is your account, you take it with you

3. Choice

- You control and manage your health care expenses.
- You choose when to use your HSA dollars to pay your health care expenses.
- You choose when to save your HSA dollars and pay health care expenses out of pocket.

I have an HSA but no longer have HDHP coverage. Can I still use the money that is already in the HSA for qualified medical expenses tax-free?

Once funds are deposited into the HSA, the account can be used to pay for qualified medical expenses tax-free, even if you no longer have HDHP coverage. The funds in your account roll over automatically each year and remain indefinitely until used. There is no time limit on using the funds.

What happens to the money in a HSA after you turn age 65?

You can continue to use your account tax-free for out-of-pocket health expenses. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare. The one expense you cannot use your account for is to purchase a Medicare supplemental insurance or "Medigap" policy.

Once you turn age 65, you can also use your account to pay for things other than medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties.