

Subject: Group Benefits Analysis**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2020-0034;

AND THAT Council direct the Human Resources Department and Treasurer to utilize the Town's Insurance Broker to obtain quotations for benefits coverage starting October, 2020;

AND THAT Council approve the extension of benefits coverage to include elected officials, while maintaining the capacity for elected officials to decline said coverage, starting October, 2020.

Background:

The Town of Pelham has not spent almost two years with its current benefits provider. This is an appropriate time to evaluate the package, costs, and the level of service being provided. In 2017, the Town opted to transition from its former benefits provider to the current benefits provider. This change took effect on June 1, 2018 and saved the Town approximately \$40,000 annually in premiums.

As demonstrated in the results of the Engagement Survey completed in late 2019, Town employees are satisfied with the existing range of benefits. However, the current provider is proving to be troublesome. Staff are experiencing significant difficulty submitting claims and being reimbursed for out of pocket expenses. This, in turn, has substantially increased the amount of time Human Resources must spend dealing with the provider to correct errors.

The Town currently provides benefits to all staff members working at least 30 hours per week and covers the full cost of the benefits provided to full time staff. Members of Council have the option to enroll in a 'Councilors' benefit class, but in doing so are responsible to cover all premiums. Historically, members of Council have paid their monthly premiums through bi-weekly payroll deductions, which are remitted to the insurance provider on the Councilor's behalf. The benefit class that is currently offered to councilors includes Extended Health Care, Dental Care, Group Life Insurance, and Accident and Serious Illness Insurance. There is no principled

reason to exclude Councillors from the provision of benefits, whereas inclusion is consistent with corporate values.

Analysis:

The Town's current benefit rates are up for renewal on October 1, 2020. As the problems staff are experiencing with the current provider have not subsided over the past 18 months, now is an appropriate time to go to market to determine if similar coverage, but with better service can be provided by another company. Pelham has a trusted relationship with its current insurance broke. It is possible to continue this relationship and have the brokerage complete the market analysis on Pelham's behalf. If the Town can provide staff with the same level of benefits while eliminating the frustration of dealing with the current provider, and also decrease the amount of staff time required to resolve claim issues then it is worthwhile engaging with this exercise. It is also possible that going to market will again produce cost savings, as occurred in 2018.

Town Councillors spend work significant hours on behalf of the community, in return for compensation of less than \$16,000 per year, essentially being paid less than minimum wage. To offset this unenviable level of compensation, and to provide an incentive for residents to run for office, it is appropriate to provide benefits coverage. Individual Councillors who have coverage elsewhere have the capacity not to enroll.

Financial Considerations:

There are no direct costs to the Town to have the current insurance broker test the market.

There will be a modest financial impact if Council members are enrolled in the Town's benefits plan. Councillors will not be offered the full range of benefits provided to full time staff, which means that the cost associated with the Councillor benefit class is significantly less than the staff cost. The monthly premium rate per Councillor (only) would be \$173.01 plus all applicable taxes, while the family rate for the benefits package per Councilor each month is \$448.36 plus all applicable taxes.

The monthly premium cost breakdown is as follows:

Group Life Insurance: \$4.44

Accident & Serious Illness Insurance: \$1.22

Extended Health (Single): \$124.63

Extended Health (Family): \$320.40

Dental Care (Single): \$42.72
Dental Care (Family): \$122.30

Please note that these are the premium costs under the current provider. It should also be noted that the Group Life Insurance and Accident and Serious Illness Insurance premiums are reduced by 50 percent if the member is over the age of 65.

The health and dental benefits can be waived if the plan member has alternate coverage in place. As such, the single and family premium amounts provided could be significantly less should the member not require all benefits. Accident and Serious Illness and Group Life Insurance are mandatory if enrolling into the benefit plan.

The cost of extending benefits to Council was not included in the 2020 budget. It is recommended that staff be instructed to obtain new quote's through the Town's insurance broker that include Council members. It is hoped that savings will be achieved (as occurred in 2018) and that said savings will offset for the two months of unbudgeted benefits participation by councilors. In the event that savings are not achieved, it is noted that two months of benefits provision for seven persons is not a material item for the Town's operating budget.

Alternatives Reviewed:

There are a number of municipalities in the Niagara Region in a consortium benefit plan. This would have been an ideal solution that allowed Pelham to work conjunctively with our community. Human Resources compared our plan against theirs to determine if joining was a viable alternative. Pelham's benefit package is superior in almost all categories. It is therefore not recommended that this option be considered.

Strategic Plan Relationship: Strong Organization

It is important that all those who work for the Town of Pelham have appropriate and easy to use benefit coverage for themselves and their loved ones. In keeping with the Town's basic value system, Council should extend benefits to themselves. Individual Councillors are free not to use the benefits, but the provision of benefits supports the health and well-being of community leaders and also supports the strategic plan by helping to attract future candidates to elected office.

Consultation:

Consultation with the Town's Client Service Lead at GroupHEALTH confirmed monthly benefit costs and the ability to opt out of health and dental coverage.

The Treasurer confirmed the annual benefit premium savings.

Other Pertinent Reports/Attachments:

Attached is a schedule of the benefits included in the Councilor benefit package.

Prepared and Submitted by:

Brianna Langohr
Human Resources/Health and Safety Coordinator