



**TO:** City Council  
**FROM:** Michelle Hayes – Finance Director  
**SUBJECT:** Employee Insurance Benefits  
**DATE:** July 11, 2023

**Update:**

At the June city council meeting, the clerk’s department was asked to collect information on the city’s short-term disability, long-term disability and life insurance practices. Below is the information received.

The city currently has a policy that all full-time benefited employees receive \$700 per month to use toward provided benefits. The employee is mandated to take short term disability, long term disability and life insurance. They must also take one of our offered health insurance policies if they are not currently covered under another group plan elsewhere. After this, they have the option if they choose, to take dental, HSA or FSA as well as the additional voluntary life benefit. If the cost of the elected benefits is less than \$700 per month, the remaining benefit will be deposited into a 457-retirement account for that employee. If the benefits total more than \$700 per month, the employee pays the additional from payroll deductions.

After speaking with our insurance agent, in order to offer these items (short term, long term, life and health), we must maintain a certain participation or qualified waiver of the item and this is a stipulation of our group plan. He suggested that many other cities that mandate short term, long term and life do so by saying that these are standard benefits and are provided at no cost to the employee. We do technically do that since we offer the \$700 per month benefit, but it could be stated a different way to eliminate any confusion. We could just pay for these benefits and then provide a specified amount that the employee would be able to use only for health, dental, HSA, FSA or the additional voluntary life if chosen. It would be up to the council to review this and determine the appropriate way to handle this.

*\*As a note, even with changing this, we would not be able to take off the stipulation that they be covered under another group plan to waive health insurance. This is required for our group plan.*

**Action Requested:**

No action is needed. This is just for giving the information that was requested.