

RESOLUTION NO. 2302

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND AUTHORIZING THE MAYOR TO SIGN AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING FOR THE WICOMICO COUNTY PUBLIC ENTITIES HEALTH INSURANCE CONSORTIUM CHANGING THE "CALL" PERCENTAGE FROM 7% TO 8%.

WHEREAS, the Mayor and City Council of the City of Salisbury have authorized the City to participate in the Wicomico County Public Entities Health Insurance Consortium and to enter into a memorandum of Understanding with the other members of the Consortium; and

WHEREAS, one of the features of this agreement is a stop-loss provision referred to as the "call" which is the annual amount of additional premium that the health insurance provider, CareFirst, can collect in a plan year. Any claims costs that exceed the amount of premiums paid by the City plus the call, are covered by the members of the consortium up to the call of all three entities. Claims costs that exceed the call- currently 7% - are covered by Blue Cross, for that plan year; and

WHEREAS, the City has recently been advised of an increase of 21.2% in its health insurance premium rates for the plan year beginning September 1, 2013; and

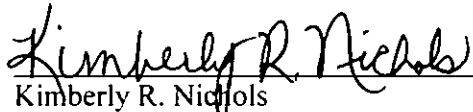
WHEREAS, the City has also been advised that, if it agrees along with the other members of the consortium to increase the amount of the "call" from 7% to 8%, the amount of the premium rate increase can be reduced to 20.4%; and


WHEREAS, the Mayor and Council believe that this change would be in the best interests of the City.


NOW, THEREFORE, BE IT RESOLVED that the Salisbury City Council hereby authorizes the Mayor to sign the attached amendment to the Memorandum of Understanding for the Wicomico County Public Entities Health Insurance Consortium changing the call from 7% to 8

THE ABOVE RESOLUTION was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on 8th day of July, 2013 and is to become effective immediately upon adoption.

ATTEST:


Kimberly R. Nichols
CITY CLERK


Jacob R. Day
PRESIDENT, City Council

APPROVED by me this 15th day of July, 2013

James Ireton Jr.
MAYOR, City of Salisbury

INTER

OFFICE

MEMO

Office of the Mayor

To: City Council
From: John R. Pick
Subject: Addendum to Wicomico County Public Entities (Health Insurance Consortium) Memorandum of Understanding
Date: June 26, 2013

During the course of the Council's budget discussions, you were briefed on a potential change to the Memorandum of Understanding for the Wicomico County Public Entities. This change involved increasing the "call" from 7% to 8%.

The "call" is the annual amount of additional premium that CareFirst can collect in a plan year. Any claims costs that exceed the amount of premiums we have paid plus the call, are covered by the members of the consortium up to the call of all three entities. Claims costs that exceed the call- currently 7% - are covered by Blue Cross, for that plan year. By increasing the call to 8%, we are exposing ourselves to having to pay a greater amount at the end of the year when we settle with Blue Cross and the other members of the consortium. However, increasing the call also reduces the amount of the premium increase by approximately the same amount. Therefore, we would save throughout the year with the possibility of having to make a larger payment at the end of the year.

This change, along with several other changes that are not reflected in the Memorandum of Understanding, will reduce the increase in our health insurance premiums for the plan year beginning September 1, 2013, from 21.2% to 20.4%.

Following the discussion, the Council, by consensus agreed to this change. Attached is a resolution for your consideration that will authorize the Mayor to sign the attached amendment to the Memorandum of Understanding making this change.

cc: Mayor Ireton
Tom Stevenson
Keith Cordrey
Jeanne Loyd
Lore' Chambers
Kim Nichols