

CITY OF APPLETON

HUMAN RESOURCES DEPARTMENT



100 N. Appleton Street
Appleton, WI 54911



(920) 832-6458



(920) 832-5845



humanresources@appleton.org

MEMO

December 2, 2020

To: Human Resources Committee

From: Sandy Matz, Human Resources Director

Re: HR Committee 12-9-2020 (Appleton Housing Authority Contract Terms)

The Appleton Housing Authority has a Memorandum of Understanding (MOU) with the City for provision of, and reimbursement for, certain insurance benefits. One of those benefits is the City's self-insured medical plan. The arrangement with the Housing Authority is long-standing, longer than my twenty plus year tenure with the City, but was only memorialized in a Memorandum of Understanding about six (6) years ago. In 2014 the MOU was approved by the Human Resources Committee and Common Council. Since 2014, the parties have continued to renew the MOU with the understanding of our need to periodically review the current arrangement. The current MOU is set to expire December 31, 2020. (I am attaching some of the historical documents for your review.)

During our annual renewal for the medical plan, the City and its benefit consultant reviewed alternatives for AHA for medical coverage that were presented to AHA. The City's Benefits Consultant is committed to assisting AHA with a transition to another medical plan. As a self-insured plan, the City carries specific stop loss protection to protect against large claims (losses). The current stop loss is \$250,000 which means that if an individual has a catastrophic medical claim, the City would pay \$250,000 of that claim before the stop loss insurer would pay. That risk is borne by the City for AHA employees and family members covered by the City's medical plan.

Because of the increased stop loss exposure, risk to the city and in preparation for some upcoming challenging budgets, my recommendation is to cease allowing AHA's participation in the City's medical plan but provide AHA adequate time to make alternative medical coverage arrangements. Specifically, I recommend renewing the MOU with AHA that continues allowing their participation in the dental, life, long-term disability insurance and HRA plans through December 31, 2022; and to allow adequate time to transition its medical coverage, AHA be allowed to participate in the City's medical plan through December 31, 2021 at which time AHA's participation in the City medical plan would conclude.