



**City of Duluth
Human Resources Office**

411 West First Street • Room 313 • Duluth, Minnesota • 55802-1195
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An Equal Opportunity Employer

November 17, 2011

Re: *2012 Open Enrollment (Starting November 21 and continuing through December 5, 2011, 4:30 p.m.)*

Dear City of Duluth Employee:

We are pleased to provide you with your 2012 Open Enrollment material. This is the time when you can make changes to your current benefit elections for health and dental coverage, and elect to participate in the Flexible Spending Account (FSA) plan for the 2012 plan year.

There is no question that the rising cost of health care has had an incredible impact on every individual, business, and government agency in our nation. The City of Duluth is committed to do everything it can to keep costs down and continue to offer comprehensive, competitive benefits. Now we need to do our part. If we focus on prevention, care for ourselves and remain actively involved in all matters regarding our wellness, we can achieve and maintain a healthier lifestyle. In the next year, you will receive additional communication about new programs and tools that will support your efforts to maintain a healthier lifestyle by raising awareness of your personal health status and addressing health risks and chronic conditions.

Following is a summary of the Open Enrollment highlights for 2012:

Health Plan Premium Increase Health plan premiums are increasing 15%. This increase follows three years of no premium increases. Strong plan performance and excess fund reserve balances were used during the past three years to offset increasing medical costs. Dental premium rates remain unchanged from last year.

The City pays 100% of the premium for employees enrolled in single health care coverage. Beginning January 1, 2012, employees with family coverage will see an increase of approximately \$35 per month for their share of health care premium costs.

The City of Duluth is part of a self-insured pool through a Joint Powers Enterprise (JPE) Agreement between the City of Duluth, Duluth Airport Authority (DAA), Duluth Entertainment and Convention Center (DECC) and Housing Redevelopment Authority (HRA). One of the outcomes of this Agreement is a change in the plan sponsor's name. The group health and dental plan sponsor name is the **Duluth Joint Powers Enterprise Trust**. In addition, there will be no changes to deductibles, co-insurance or co-pay for the health and dental plans.

The Duluth JPE Board, the City's Administration and Labor Management Committees will work together to find ways to continue providing members access to high quality health care despite an environment of rising costs. The goal is to manage and position the Trust to support our members' health and wellness while offering sustainable, affordable and comprehensive health plan choices.

The JPE Board, the City's Administration and Labor Management Committees will work jointly to:

- Encourage healthy lifestyles
- Provide you and your family financial protection and flexibility
- Evaluate the current plan offerings and propose programs that benefit all health plan members

Please stay tuned for additional information regarding our enhanced ***Wellness Program!***

New ID Cards for 2012 Due to the plan sponsor name change, from the City of Duluth to the Duluth Joint Powers Enterprise Trust, new medical, prescription drug and dental ID cards will be issued to employee's homes in December. You may continue using your current ID cards until you receive the new ID cards.

Cafeteria Plan Contribution By now, most of you have received notice from your Union that the City of Duluth will modify the method of making contributions to your Deferred Compensation Plan(s) or Flexible Spending Account (FSA) Plan in order to keep the plan compliant with applicable Federal and State tax and benefit laws. The City will no longer make "employer contributions" directly to your Deferred Compensation Plan(s) or Flexible Spending Account (FSA) Plan. Instead, the City will facilitate the same level of monthly contribution through a cafeteria plan arrangement. Effective January 1, 2012, employees will receive employer cafeteria plan contributions, which are the same as under the prior structure, as follows:

- Employees electing "Single" health coverage: \$304* (\$320 for Confidential Unit employees)
- Employees electing "Family" health coverage: \$229 (\$245 for Confidential Unit employees)

*Part-time employees receive a pro-rated contribution

Cafeteria plan contributions will automatically be applied to your share of health care premiums, if any. Remaining dollars will be provided to employees as cash.

How will this change affect my deferred compensation plan contributions? If you are presently directing "employer contributions" towards a deferred compensation plan(s), these contributions will end on the last paycheck for 2011. You can maintain the same level of contributions to your deferred compensation plan in 2012 by completing a Deferred Compensation Plan Enrollment/Change Form.

Please refer to your 2012 Open Enrollment Guide for further information regarding the cafeteria plan arrangement and your deferred compensation plan contributions.

Passive Enrollment The 2012 Open Enrollment is a "passive enrollment". Passive enrollment means that if you are satisfied with your health and dental benefit plan coverage and elections, you do not need to complete an enrollment form to make any changes. **However, you must complete and submit your 2012 enrollment form no later than 4:30 p.m. on Monday, December 5, 2011, if you wish to do any of the following:**

- Add or cancel coverage for a dependent
- Change your Dental Option from Low to High or vice versa
- Enroll in the health and/or dependent daycare Flexible Spending Account (FSA)

Important for FSA Participation

FSA participation requires "**positive enrollment**" because it does not carry over from year to year. You must complete an enrollment form and elect a contribution amount for 2012 to participate, even if you are currently enrolled.

FSA Administration is Going Green! Please read your 2012 Open Enrollment Guide for important information regarding this new feature!

Health Care Reform During last year's open enrollment period, we provided information regarding several changes to our health plans as a result of national health care reform known as the Patient Protection and Affordable Care Act (PPACA). **For 2012, there are no significant plan design changes or administrative changes that are required to be incorporated into our health plan designs.** The next wave of changes is set to take place in 2013, and we will ensure that our health plan members are kept informed of these changes and how they impact our health plan offerings.

Benefits Statement This year we are providing a Benefits Statement summarizing the status of your personal benefits. Due to the introduction of “cafeteria plan” contributions, we will also provide a Benefits Confirmation Statement in January 2012.

Schedule for Open Enrollment Meetings Representatives from HealthPartners, ClearScript, and CBIZ will present information. Human Resources representatives will also be available to assist with questions or completion of enrollment forms.

Date	Time	Location
Monday, November 28, 2011	7:30 a.m. to 9:00 a.m.	Public Works & Utilities Training Center (Garfield)
	9:30 a.m. to 10:30 a.m.	Library – Green Room (staff entrance off Michigan St.)
	11:00 a.m. to Noon	40 th Ave. West Tool House
	1:00 p.m. to 2:00 p.m.	City Hall – Council Chambers
Tuesday, November 29, 2011	8:00 a.m. to 9:00 a.m.	City Hall – Council Chambers
	11:00 a.m. to Noon	Public Works & Utilities Training Center (Garfield)
	12:30 p.m. to 1:30 p.m.	Main Fire Hall Training Center
	2:30 p.m. to 3:30 p.m.	Fleet Services

Open Enrollment Deadline Open Enrollment forms for the health, dental and the FSA plans are due in the Human Resources Office (Room 313 - City Hall) no later than 4:30 p.m. on Monday, December 5, 2011, in order to allow Human Resources staff sufficient time to accurately process benefit elections and communicate changes with benefit vendors for the coming year.

I encourage you to please carefully review and consider the information provided in the 2012 Open Enrollment Guide. Should you have questions or need clarification on any of the plan options, our Human Resources representatives are happy to assist you.

Happy Thanksgiving!

Sincerely,



Kim Hall, Manager
Human Resources, Healthcare, and Safety