

**CITY OF MERRILL
COMMITTEE OF THE WHOLE
Tuesday, November 12, 2013 at 5:30 P.M.
City Hall Common Council Chambers
1004 East First Street**

AMENDED AGENDA

1. Call to order
2. *Per Alderman & Common Council President Steve Hass, the following is an amended agenda item: Consider and establish 2014 schedule for disbursing Health Saving Account "seed" funds to City employees*
3. Continue review and consideration of 2014 City budget
4. Public Comment
5. Adjournment

NOTE: It is possible that a quorum of the Common Council will be present at this meeting. However, no Common Council action will be taken.

Agenda prepared by City Clerk Bill Heideman
Agenda reviewed by City Administrator Dave Johnson

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Date and time agenda was posted: _____ *Posted by:* _____

City of Merrill - HSA Seeding for 2014 (Non-Union Employees)

Since the Internal Revenue Service (IRS) regulates HSA contributions, City first step will be to verify that appropriately coordinated with 2013 Flexible Spending Accounts (FSA) regulations. City of Merrill has allowed the 2 1/2 month grace period for FSA expenses/paperwork (i.e. through February 15th, 2014). It appears that there are IRS restrictions on employer/employee HSA contributions if prior-year FSA medical dollars are available. Need to verify/clarify.

City taxpayer/utility rate payer savings occur on future monthly basis since Security Health Plan insurance is paid monthly.

City management proposed paying the HSA seeding in two installments:

Mid-January [Need to get 2013 payroll processing completed first.]

Mid-July

With two installments, employees whom retire/resign prior to 6/30/2014 would **not** receive the second HSA installment amount. Thus, savings for City taxpayers and utility rate payers.

New hires during 2014?

By using two installments, there would be City funding available to pro-rate HSA seeding for new hires (such as if started May 15th, would be eligible for seven (7) months pro-rating seeding amount).

If paid as one lump sum in January 2014, are new hires ineligible for pro-rated HSA seeding? If so, these HSA contributions would be above the City 2014 savings and some departments might need General Fund Transfers to cover.

City of Merrill - Security Health Plan (SHP) - 2014

**HMO - High Deductible Health Plan
- HSA Eligible Option**

Deductible \$1,250/\$2,500 - then 80%/20% up to Maximum Out-of-Pocket \$1,650/\$3,300 Security Health Plan - HMO - HSA Eligible	Monthly Premium		Annual Premium		Employee %
	Single	Family	Single	Family	
Employee Co-Payment	\$757.04	\$1,514.08	\$9,084.48	\$18,168.96	8.98%
Net City Expense	(\$67.98)	(\$135.96)	(\$815.76)	(\$1,631.52)	
	<u>\$689.06</u>	<u>\$1,378.12</u>	<u>\$8,268.72</u>	<u>\$16,537.44</u>	

City of Merrill HSA "seeding" for Non-Union employees will be in two installments (mid-January and mid-July):

Total Non-Union Seeding:		Mid-January	Mid-July
Family	\$1,521.66	\$760.83	\$760.83
Single	\$760.83	\$380.42	\$380.42