

**SPECIAL MEETING MINUTES  
BOARD OF ALDERMEN OF THE CITY OF CUBA, MISSOURI  
WEDNESDAY – NOVEMBER 10, 2021 – 5:00 P.M.  
CUBA CITY HALL COUNCIL ROOM**

Mayor Cody Leathers called the meeting to order. Aldermen present: Kevin Copling, Sam Black, Dave Honea, Curtis Holt. Aldermen absent: Warren Graddy and Jeff Bouse. Public Works Director present: Craig Bouse. Police Captain present: Ben Scharfenberg.

**Motion by Holt, seconded by Honea, to approve the agenda. Vote: All ayes. Graddy and Bouse absent.**

**Health and Life Insurance renewal 2022 discussion:**

Comptroller Christine Nash presented the council with two different insurance plans provided by the city's broker, Wallstreet Insurance. One plan is the current plan being used now with an increase in cost, and the second plan is a new one with savings to the city. Comptroller Nash with permission from Mayor Leathers spoke to all employees regarding the new plan to see if there was any interest. After meeting with the Public Works and Police Department for discussion and questions, there was good feedback. There was also an additional meeting with all departments invited with again, good response and only a few not interested.

Comptroller Nash presented the two different plans. \*\*\*See attachment\*\*\*

**Motion by Black, seconded by Honea, to approve the Anthem Blue Preferred HAS plan with \$1200 as of January 1, 2022. Roll call vote: Copling-yes, Black-yes, Honea-yes, Holt-yes. Graddy and Bouse absent.**

**Motion by Honea, seconded by Holt, to approve Comptroller Nash to work with Peoples Bank for the HSA program. Vote: All ayes. Black abstain. Graddy and Bouse absent.**

**Motion by Holt, seconded by Honea, to approve the executive session minutes from October 19, 2021. Vote: All ayes. Graddy and Bouse absent.**

**Motion by Honea, seconded by Holt, to approve the bills to be paid. Vote: All ayes. Graddy and Bouse absent.**

**Motion by Holt, seconded by Honea, to have the first reading of Bill No. 2033 by caption only. Vote: All ayes. Graddy and Bouse absent.** City Clerk Garbo read Bill No. 2033 – An ordinance authorizing the Mayor of the City of Cuba, Missouri, on behalf of said city, to enter into an agreement with Hancock Foundations & Flatwork, LLC for the foundation work related to construction of a new salt building.

**Motion by Honea, seconded by Black, to approve the first reading of Bill No. 2033. Roll call vote: Holt-yes, Honea-yes, Black-yes, Copling-yes. Graddy and Bouse absent. Motion by Black, seconded by Honea, to have the second reading of Bill No. 2033 by caption only. Vote: All ayes. Graddy and Bouse absent.** City Clerk Garbo read Bill No. 2033 a second time. **Motion by Holt, seconded by Honea, to**

**CITY OF CUBA – BOARD OF ALDERMEN MINUTES – WEDNESDAY – NOVEMBER 10, 2021**

**approve the second reading of Bill No. 2033. Roll call vote: Copling-yes, Black-yes, Honea-yes, Holt-yes. Graddy and Bouse absent.** Mayor Leathers declared Bill No. 2033 become Special Ordinance 841 this 10<sup>th</sup> day of November 2021.

**Motion by Honea, seconded by Black, to have the first reading of Bill No. 2034 by caption only. Vote: All ayes. Graddy and Bouse absent.** City Clerk Garbo read Bill No. 2034 – An ordinance authorizing the Mayor of the City of Cuba, Missouri, on behalf of said city, to enter into an agreement with Bouse Contracting, LLC for concrete flatwork related to construction of a new salt building. **Motion by Black, seconded by Honea, to approve the first reading of Bill No. 2034. Roll call vote: Holt-yes, Honea-yes, Black-yes, Copling-yes. Graddy and Bouse absent. Motion by Holt, seconded by Black, to have the second reading of Bill No. 2034 by caption only. Vote: All ayes. Graddy and Bouse absent.** City Clerk Garbo read Bill No. 2034 a second time. **Motion by Honea, seconded by Holt, to approve the second reading of Bill No. 2034. Roll call vote: Copling-yes, Black-yes, Honea-yes, Holt-yes. Graddy and Bouse absent.** Mayor Leathers declared Bill No. 2034 becomes Special Ordinance No. 842 on this 10<sup>th</sup> day of November 2021.

**Motion by Black, seconded by Holt, to adjourn. Vote: All ayes. Graddy and Bouse absent.**

**Lainie Garbo, City Clerk**

**SUMMARY**

	<b>UHC</b>	<b>*Current plan</b>	<b>Anthem</b>	
	<b>Balanced 100</b>		<b>Blue Preferred HSA</b>	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
Deductible - Individual	\$7,300	\$12,000	\$2,900	\$5,800
Deductible - Family	\$14,600	\$24,000	\$5,800	\$17,400
Out of Pocket Max - Indiv	\$8,100	\$14,400	\$4,500	\$9,000
Out of Pocket Max - Family	\$16,200	\$28,800	\$9,000	\$27,000
Co-insurance	NA/50%	30%	\$0%	30%
Primary care visit	\$35	30% after ded	\$15 after ded	30% after ded
Specialist	\$70	30% after ded	\$45 after ded	30% after ded
x-ray	Ded/50%	30% after ded	\$0% after ded	30% after ded
Lab	Ded/50%	30% after ded	\$0% after ded	30% after ded
Inpatient hospitalization	\$500 after ded	\$500+30% after ded	\$0% after ded	30% after ded
Outpatient surgery	\$250 after ded	\$250+30% after ded	\$0% after ded	30% after ded
ER	\$0 after ded	\$0 after ded	\$300 after ded	\$300+ded+coins
Urgent Care	\$50	30% after ded	\$75 after ded	30% after ded
<b><u>Rx</u></b>				
Tier 1	\$10/Rx		\$10/Rx after ded	
Tier 2	\$125/Rx		\$35/Rx after ded	
Tier 3	\$300/Rx		\$70/Rx after ded	
Tier 4	\$10-\$500/Rx		25% co-insure-\$350 after ded	

**United Healthcare Plan – Current plan**

Renewal Plan Deductible - In Network  
\$7,300 – individual  
\$14,600 – family

Out of Network  
\$12,000 – individual  
\$24,000 – family

Employee count: 43

The cost is aged based – Average \$789/person  
Monthly: \$30,927  
Annual: \$371,124.00

Beneflex - TPA

Additional costs: \$5/employee for Health Reimbursement Account  
Monthly: \$215  
Annual: \$2,580

\$5/employee for Flexible Spending Account  
Monthly: \$65  
Annual: \$780

Total Annual Fixed Costs: \$374,484

Total Annual estimated HRA costs: \$19,000

*(\$14,544 so far thru 10/31)*

**Total probable cost to the City: \$393,484 – Annual**

**How this plan works:**

UHC Balanced 100 Plan is the current plan the employees have been utilizing. The City pays \$5/employee each month for a Third-Party Administrator (TPA)- Beneflex - to approve if a medical expense is eligible and allow the city to reimburse up to \$3,750 of the deductible. The employee is responsible for the first \$500 of the deductible, then the city will pay for up to the next \$3,750 of the deductible and then the employee is responsible for the last \$3,050 of their deductible on employee only. It is much higher for a family plan.

In addition, employees have the OPTION to enroll in a Flexible Spending Account (FSA) with a Benny Card (Credit Card). Currently there are 13 employee who utilize this benefit. Cost to

administer through Beneflex is \$5/month per employee for those who choose to utilize the FSA plan.

An example of the FSA - each year an employee can sign up for a Benny Card and request a certain amount they would like on their credit card for the year. That money can be used for medical expenses, dental, vision and Rx. The money can be used by anyone in their family whether-or-not they are on the UHC medical plan. The employee will have that amount "loaded" on to their credit card as of January 1. The city takes the total amount the employee signed up for and divides it by 26 (the number of pay periods) so that the employee has the year to pay back what they elected. The amount taken out is tax free. FSA plan are "use it or lose it". If the employee does not use the money they elected within the year, they can lose it. The money does not roll over. Also, there is risk involved for the city. Should an employee terminate their employment before the money has been paid back through payroll, the city will lose the difference in which was given on January 1 and time of termination.

**Anthem Blue Preferred**

	<u>In Network</u>
Plan Deductible	\$2,900 – individual \$5,800- family
	<u>Out of Network</u>
	\$5,800 - individual \$17,400 – family
Employee count:	43
The cost is composite	\$602/employee Monthly: \$25,886 Annual: \$310,632
Additional proposed cost:	\$300/employee per quarter for a Health Savings Account Quarterly: \$12,900 + \$7.50 upload charges to bank Annual: \$51,600 + \$30 upload charges to bank
<b>Total Fixed costs:</b>	<b>\$362,262</b>
<b><i>Savings:</i></b>	<b><i>Monthly: \$2,602</i></b> <b><i>Annual: \$31,222</i></b>

How this plan works:

All expenses are applied to the \$2,900 deductible at a contracted rate for medical services. There is not a co-pay for doctor office visits or Rx until after the deductible has been met. To help manage the costs of the deductible for the employee, I propose that the city put in \$300 into each employee's HSA at the beginning of each quarter to total \$1,200 per employee for the year. I suggest quarterly so that the city has a lesser chance of losing any money should an employee terminate their employment, since any money that has been put into an employee's HSA is the employee's money. Money that goes into an HSA is the employee's money to utilize toward medical expenses, vision, and/or dental for themselves or anyone in their family (whether-or-not a family member is on the Anthem insurance or not). The money in the HSA is not a use it or lose format. If the employee does not utilize the \$1,200, it can build each year by employer or employee and gain interest. However, only medical, dental and/or vision can be paid for from this account.

In addition, the employee can contribute to their own HSA by taking it out of their paycheck tax free; similar to the flexible spending account (FSA) the city currently offers. The only difference is that the employee will not get the money up front. The money they have in their account is the money that can be utilized.

Finally, the HSA is the employee's account. It can only be utilized for medical, vision and/or dental. If the employee spends the money on something other than that and they get audited, it is their responsibility, not the employer. It is also not considered salary; therefore, will not add to an employees income nor will it be considered income for Lagers.

Made up examples *HSA ACCA*.

A person takes a High Dollar medicine monthly, and needs a major surgery

	UHC		Anthem
Tier 4 Rx	6000 Copay	Tier 4 Rx	2900
Surgery	7300 deductible	Surgery	0
Total	13300	Rx * 9mos	3150
	-3750 City Contribution		6050 Total
	9550 City Employee cost		-1200 City Contribution
			4850 City employee cost

A person has the occasional doctor visit and Rx

	UHC		Anthem
Doc visit	\$35		\$100
Rx	\$10		\$10
	\$45 Total		\$110
	\$0 City Contribution		-1200 City Contribution
	\$45 Employee cost		(\$1,090) Employee cost - none

An employee with a high cost Rx monthly

	UHC		Anthem
Rx 12 mos	420	Rx * 5	2900
	840 Total	Rx * 7	490
	0 City Contribution		3390 Total
	840 Cost to employee		-1200 City Contribution
			2190 Cost to employee

\*\* Less cost effective, yet deductible is met for any major items



# COMPLIANCE OVERVIEW

Provided by: Wallstreet Group

## HSA Limits for 2022

The following chart shows the health savings account (HSA) limits that will apply for 2022, along with the 2021 limits for comparison purposes. The IRS limits for HSA contributions increase for 2022. The out-of-pocket maximum limits for high deductible health plans (HDHPs) also increase for 2022. The minimum deductible limits for HDHPs remain the same.

Type of Limit	2021	2022	Change
<b>HSA Contribution Limit</b>			
<i>Self-only</i>	\$3,600	\$3,650 ✓	Up \$50
<i>Family</i>	\$7,200	\$7,300	Up \$100
<b>HSA Catch-up Contributions (not subject to adjustment for inflation)</b>			
<i>Age 55 or older</i>	\$1,000	\$1,000	No change
<b>HDHP Minimum Deductible</b>			
<i>Self-only</i>	\$1,400	\$1,400	No change
<i>Family</i>	\$2,800	\$2,800	No change
<b>HDHP Maximum Out-of-pocket</b>			
<i>Self-only</i>	\$7,000	\$7,050	Up \$50
<i>Family</i>	\$14,000	\$14,100	Up \$100

### LINKS AND RESOURCES

- [IRS Revenue Procedure 2021-25—HSA limits for 2022](#)
- [IRS Revenue Procedure 2020-32—HSA limits for 2021](#)



This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

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# Know Your Benefits

## Health Savings Accounts

A health savings account (HSA) is an account funded to help you save for future medical expenses. There are certain advantages to putting money into these accounts, including favorable tax treatment.

### Who Can Have an HSA?

Any adult can have an HSA if you:

- Have coverage under an HSA-qualified, high deductible health plan (HDHP)
- Have no other health coverage (certain types of insurance, such as specific injury or accident, disability, dental care, vision care or long-term care, are permitted)
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return

Contributions to your HSA can be made by you, your employer or both. However, the total contributions are limited annually. If you make a contribution, you can deduct the contributions (even if you do not itemize deductions) when completing your federal income tax return. Alternatively, some employers will allow you to make your HSA contributions as tax-free salary reductions.

Contributions to the account must stop once you are enrolled in Medicare. However, you can still use your HSA funds to pay for medical expenses tax-free.

### HDHPs

You must have coverage under an HSA-qualified high deductible health plan to open and contribute to an HSA. Generally, this plan will not cover first-dollar medical expenses, and must have a deductible of at least:

- Single coverage: \$1,400 for 2021 (same for 2022)
- Family coverage: \$2,800 for 2021 (same for 2022)

In addition, annual out-of-pocket expenses under the plan (including deductibles, copays and coinsurance) cannot exceed the following limits:

- Single coverage: \$7,000 for 2021 (\$7,050 for 2022)
- Family coverage: \$14,000 for 2021 (\$14,100 for 2022)

In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However, plans can pay for preventive care services on a first-dollar basis. Preventive care can include routine prenatal and well-child care, child and adult immunizations, annual physicals, mammograms and more.

### HSA Contributions

You can make a contribution to your HSA each year that you are eligible. You can contribute no more than:

- Single coverage: \$3,600 for 2021 (\$3,650 for 2022)
- Family coverage: \$7,200 for 2021 (\$7,300 for 2022)

Individuals ages 55 and older can also make additional "catch-up" contributions of up to \$1,000 annually.

### Determining Your Contribution

Your eligibility to contribute to an HSA is determined by the effective date of your HDHP coverage. Individuals who are eligible to contribute to an HSA in the last month of the taxable year are allowed to contribute an amount equal to the annual HSA contribution amount provided they

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# Know Your Benefits

remained covered by the HSA for at least the 12-month period following that year. Contributions can be made as late as April 15 of the following year.

## Using Your HSA

You can use money in your HSA to pay for any qualified medical expense permitted under federal tax law. This includes most medical care and services, dental and vision care.

Generally, you cannot use your HSA to pay for medical insurance premiums, except specific instances, including:

- Any health plan coverage while receiving federal or state unemployment benefits
- COBRA continuation coverage after leaving employment with a company that offers health insurance coverage
- Qualified long-term care insurance
- For HSA holders who are age 65 or older, any deductible health insurance (for example, retiree medical coverage) other than a Medicare supplemental policy.

You can use your HSA to pay for medical expenses for yourself, your spouse or your dependent children, even if your dependents are not covered by your HDHP. Any amounts used for purposes other than to pay for qualified medical expenses are taxable as income and subject to an additional 20% penalty. Examples include:

- Medical procedures and expenses not considered qualified under federal tax law
- Health insurance premiums, unless specifically described above
- Medicare supplement insurance premiums
- Expenses not health-related.

After you turn 65, the 20% additional tax penalty no longer applies. If you become disabled and/or enroll in Medicare,

the account can be used for other purposes without paying the additional penalty.

## Advantages of HSAs

**Security** – Your HSA can provide a buffer for unexpected medical bills.

**Affordability** – In most cases, you can lower your health insurance premiums by switching to health insurance coverage with a higher deductible.

**Flexibility** – You can use your HSA to pay for current medical expenses, including expenses that your insurance may not cover, or save your funds for future needs, such as:

- Health insurance or medical expenses if unemployed
- Medical expenses after retirement (before Medicare)
- Out-of-pocket expenses when covered by Medicare
- Long-term care expenses and insurance

**Savings** – You can save the money in your HSA for future medical expenses and grow your account through investment earnings.

**Control** – You make the decisions regarding:

- How much money you will put in the account
- Whether to save the account for future expenses or pay current medical expenses
- Which medical expenses to pay from the account
- Which financial institution will hold the account
- Whether to invest any of the money in the account
- Which investments to make

**Portability** – Accounts are completely portable, meaning you can keep your HSA even if you:

- Change jobs



# Know Your Benefits

- Change your medical coverage
- Become unemployed
- Move to another state
- Change your marital status

**Ownership** – Funds remain in the account from year to year, just like an IRA. There are no “use it or lose it” rules for HSAs.

**Tax Savings** – An HSA provides you triple tax savings:

1. Tax deductions when you contribute to your account
2. Tax-free earnings through investment
3. Tax-free withdrawals for qualified medical expenses

## What Happens to My HSA When I Die?

- If you are married, your spouse becomes the owner of the account and can use it as if it were his or her own HSA.
- If you are not married, the account will no longer be treated as an HSA upon your death. The account will pass to your beneficiary or become part of your estate (and be subject to any applicable taxes).

## Opening Your HSA

Banks, credit unions, insurance companies and other financial institutions are permitted to be trustees or custodians of these accounts. Other financial institutions that handle IRAs are also automatically qualified to establish HSAs.

## Learn More

To learn more about health savings accounts or how to get started, contact HR today.