

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING BOROUGH CODE TO UPDATE AND REVISE THE PROCESSES USED TO OBTAIN BOROUGH INSURANCE FOR RISK MANAGEMENT AND INSURANCE FOR EMPLOYEES.

AGENDA OF: October 18, 2022

ASSEMBLY ACTION:

*Adopted without objection
11-22-22 BSM*

MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER: *MB*

Route To:	Department/Individual	Initials	Remarks
	Originator	NS	For Borough Manager
	Human Resources Director	<i>EC</i>	
	Purchasing Director	<i>Q</i>	
	Finance Director	<i>JS</i>	
	Borough Attorney	<i>JS</i>	
	Borough Clerk	<i>YRM 10/10/22</i>	<i>BS</i>

ATTACHMENT (S): Fiscal Note: YES ☐ NO ☒ X
Ordinance Serial No. 22-125 (5 pp)

SUMMARY STATEMENT: This ordinance is presented by the Borough Manager to update and revise the processes used to obtain Borough insurance for risk management and insurance for employees.

For decades, the Matanuska-Susitna Borough has provided insurance for the personal benefit of employees. Insurances provided are life insurance, health insurance, optional vision and dental insurance. These insurances are negotiated as part of the collective bargaining agreement. However, the Borough code is silent about providing this insurance for employees and likewise has no special provisions for its procurement.

The Matanuska-Susitna Borough provides a mostly self-funded health insurance plan which is administered by a third party

administrator. There are traditional insurance policies involved as well to provide things like broker services, worker's compensation assistance, and stop loss protection.

The proposal here will enact MSB 2.52.155 to provide that insurance for employees shall be provided as per the terms and conditions of the collective bargaining agreement and not MSB 3.08 which governs traditional procurement. As it pertains to healthcare, the collective bargaining agreement contains eligibility criteria, cost share considerations, minimum coverages, and a joint Health Benefits Evaluation Committee. These are traditionally negotiated items in any labor contract and once a labor contract is approved, it must be implemented. Modern access to healthcare administration and insurance markets is also done via brokerages and professionals who advise, price, and assist in obtaining services needed.

Likewise, procuring traditional insurances to manage Borough risk has evolved and changed since the provisions of MSB 3.55 were enacted in 1996. As of today, entities like the Matanuska-Susitna Borough do not obtain insurances through internal competitive bid procedures. Rather, the Borough must use a broker who works closely with the Borough and School District to balance our needs with insurance market realities. The brokers obtain quotes and proposals for various levels of coverages and ranges of products and the Borough and School district work together and book coverages through the broker.

The proposal here will amend various portions of MSB 3.50 to provide that obtaining insurance under MSB 3.50 is not subject to the requirements of MSB 3.08. Rather, the Borough Manager shall provide updates to the Borough Assembly as deemed necessary regarding the purchase and maintenance of general broker services, insurance, and insurance-related services. In addition, the proposal here will eliminate the need for Assembly and School Board approval of an increase in self retention, but instead, shall be reported by the Borough Manager.

RECOMMENDATION OF ADMINISTRATION: Adopt legislation to update and revise the processes used to obtain Borough insurance for risk management and insurance for employees.