

**City of Alexandria, Virginia
FY 2024 Proposed Operating Budget & CIP
Budget Questions & Answers**

April 18, 2023

Question: What options exist to coordinate with ACPS on combining City and ACPS health insurance benefits?

Response:

A more intensive assessment is required to fully evaluate options for combining City and ACPS benefits than is available for this FY24 budget question and answer timeframe. The following actions are required to fully assess the financial and plan design impacts on the City and ACPS groups:

- Review the benefit offerings and plan design (medical, dental and vision) for ACPS and the City to identify differences. For example, comparing high deductible plans, plan allowances, out of pocket maximums, and copays.
- The City and ACPS would need to contract with an actuary to conduct an actuarial study outlining the costs and number of claims for both active employees and retirees in ACPS and City groups. The timeframe for completing this study varies, but the minimum time is typically 30-60 days.
- Both elected bodies (City Council and School Board) would need to agree to implement benefit plan consolidation.

If the City and ACPS were to pursue this option, the following are further areas of consideration:

- Imbalances between the City and ACPS employee populations could be risky if one area has a high volume of claims, high risk diagnosis and the other area does not. If employee populations are combined, this could result in increased premium costs for either the City or ACPS groups.
- The City offers medical and dental coverage for both active employees and retirees. Any actuarial study would also need to study those groups if ACPS provides similar benefit offerings. The same risks and concerns exist when considering consolidation; however, these can be more impactful on retirees.
- Future collective bargaining agreements may include benefits which could impact consolidation, especially as ACPS begins this process with their bargaining units.
- Open enrollment and combining City and ACPS benefits would likely require a very succinct process as it would impact all employees and families in both operations.