

City of Smyrna Mayor & Council Meeting

Benefit Renewal Decisions

September 29, 2016

2017 Benefits Renewal

Key Notes

- Claims experience is running higher than forecasted in 2016; +8% year to date through August
 - # of high cost claimants YTD 2016 > 50k = 7
 - # of high cost claimants in 2015 > 50k = 19
 - Average # of high claimants in prior years = 8
- Initial Renewal = +23.8%
- 2017 PBM (Rx) Contract improvement = \$285,699 or 5.3%
- Adjusted renewal = 18.2%
- Completed medical and stop loss marketing process
 - Medical: 3 markets – 1 quote & 2 declinations
 - Stop Loss: 12 markets – 1 firm quote, 5 pending quotes and 6 declinations
- Developed options based on benchmarking
 - Benefit level
 - Contribution structure
 - CDHP with HSA option

City of Smyrna - 2017 Key Renewal Decisions

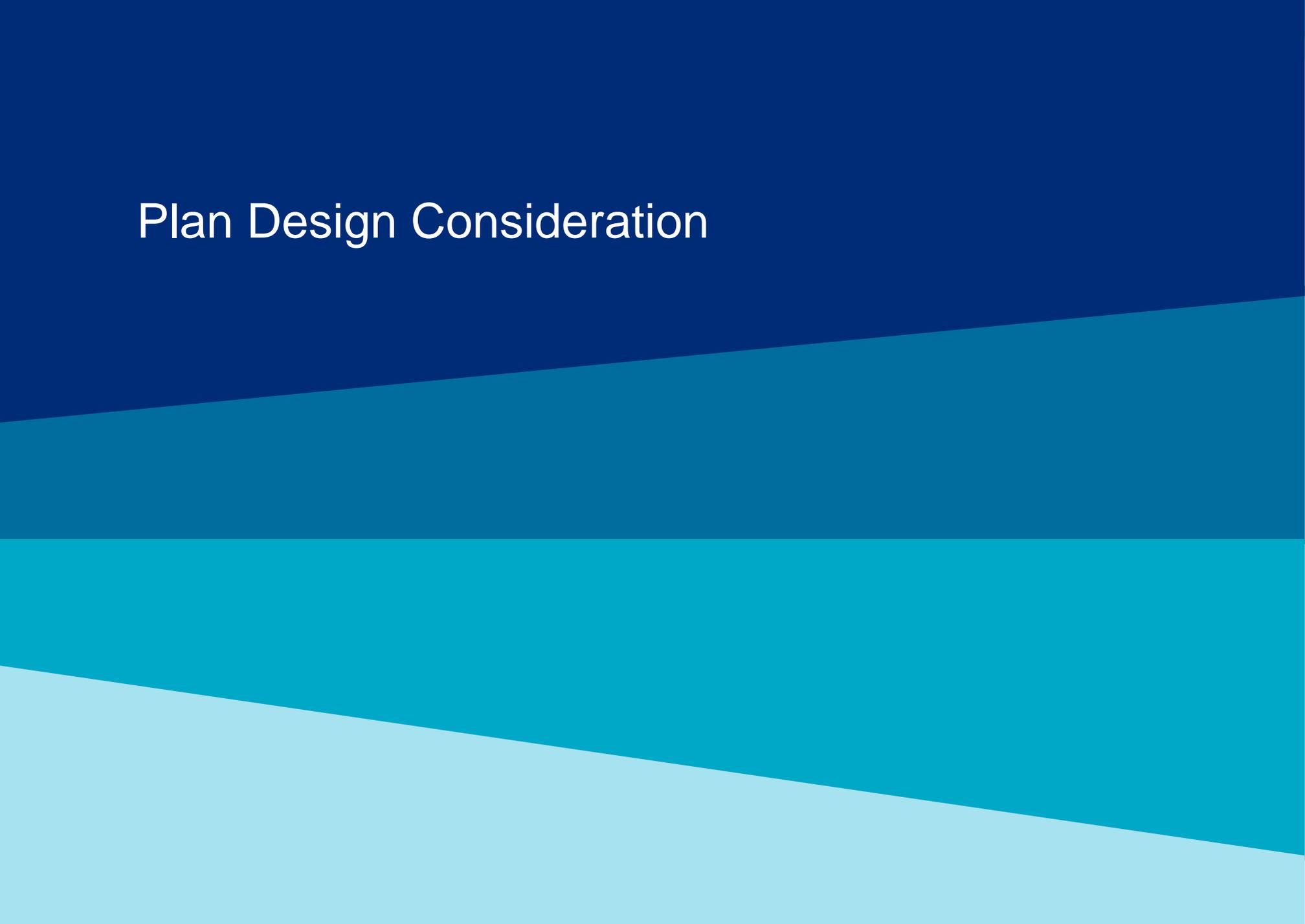
<u>Completed Renewal Decision</u>	<u>Purpose of Change/Strategy</u>	<u>% Change</u>	<u>Estimated Annual Cost Impact</u>
MMA RxSolutions	Pharmacy coalition pricing – Remain with ESI, new contract terms and administrator	5.3%	\$285,699

<u>1/1/17 Renewal Decisions Outstanding</u>	<u>Purpose of Change/Strategy</u>	<u>% Change</u>	<u>Estimated Annual Cost Impact</u>
Stop Loss Insurance Level	Increase specific stop loss level from \$200,000 to \$225,000	1.5%	\$100,000
Medical & Rx Plan Design Changes	<p>Consider the proposed renewal option to more closely align plan designs with municipality benchmarking and reduce ER utilization</p> <ul style="list-style-type: none"> ○ Increase HMO deductible from \$300 to \$500 / PPO from \$500 to \$750 ○ Increase ER copay from \$150 to \$250 to address increasing utilization ○ Increase Rx copays from \$5/\$25/\$50 to \$10/\$30/\$60 	4.9%	\$264,500
Consider Consumer Directed Health Plan (CDHP) with Health Savings Account (HSA)	Provides a plan option to encourage consumerism and improved health	TBD	TBD
Spouse Surcharge	Introduce \$100 monthly spouse surcharge to drive savings. Encourages those spouses with other employer health plans to select those plans.	0.4 – 2.5%	\$21,000 - \$148,000
Consider closing the retiree life insurance class 1/1/18 & grandfathering current eligible	Eliminating class would improve life insurance experience and reduce current rates and future renewals.	0.0%	\$0 if retiree class is grandfathered

2017 Benefits Renewal Total Cost Summary

	Total Annual Premiums Employer & Employee Combined				Renewal Option Ded/Coins/ER/Rx Change	
	2016	2017	\$ Change	% Change	\$ Change	% Change
Medical BCBS HMO & PPO Plan	\$5,387,304	\$6,367,622	\$980,317	18.2%	\$715,817	13.3%
Guardian Dental (Voluntary)	\$226,977	\$226,977	\$0	0.0%	\$0	0.0%
VSP Vision (Voluntary)	\$40,308	\$40,308	\$0	0.0%	\$0	0.0%
Guardian Life	\$117,807	\$128,872	\$11,065	9.4%	\$11,065	9.4%
Guardian Voluntary Life	\$31,618	\$34,780	\$3,162	10.0%	\$3,162	10.0%
Guardian Disability (STD & LTD)	\$112,280	\$123,810	\$11,530	10.3%	\$11,530	10.3%
Total Benefits Package	\$5,916,295	\$6,922,369	\$1,006,074	17.01%	\$741,574	12.5%

Plan Design Consideration

The background of the slide is composed of three distinct horizontal bands. The top band is a dark, deep blue. The middle band is a medium teal color. The bottom band is a light, pale blue. The boundaries between these bands are slightly wavy, creating a layered, abstract effect.

City of Smyrna

Plan Design Options

PLAN:	Renewal 2017				Proposed Renewal Option		
	Same Benefits as Current						
	HMO	PPO		HMO	PPO		
	Network	Network	Non Network	Network	Network	Non Network	
Benefit Level							
Deductible - Single	\$300	\$500		\$300 \$500	\$500- \$750		
Deductible - Family	\$900	\$1,500		\$900 \$1500	\$1500 \$2250		
Plan Coinsurance	80%	80%	60%	80%	80%	60%	
Med Out of Pocket Max - Single	\$1,300	\$2,000	\$3,500	\$1,300 \$2,500	\$2,000 \$2750	\$3,600	
Med Out of Pocket Max - Family	\$3,900	\$6,000	\$7,500	\$3,900 \$7,500	\$6,000 \$8250	\$7,800	
OV Copay - Primary/Specialist	\$25	\$25	N/A	\$25	\$25	N/A	
Urgent Care & Telehealth Copay	\$25	\$25	N/A	\$25	\$25	N/A	
ER Visit Copay	\$150	\$150		\$150 \$250	\$150 \$250		
Rx Copay - Generic	\$5	\$5		\$5 \$10	\$5 \$10		
Rx Copay - Preferred Brand	\$25	\$25		\$25 \$30	\$25 \$30		
Rx Copay - Non Preferred Brand	\$50	\$50		\$50 \$60	\$50 \$60		
Rx Out of Pocket Max - Single	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Rx Out of Pocket Max - Family	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	
Proposed Rates	# EE		# EE				
Employee Only	158	\$735.72	11	\$1,015.17	\$704.93	\$977.90	
Employee + 1	96	\$1,324.24	5	\$1,827.25	\$1,268.82	\$1,760.31	
Employee + Family	124	\$2,059.93	4	\$2,882.48	\$1,973.73	\$2,776.87	
	378		20				
			398				
Annual Cost	\$5,985,625		\$381,996		\$5,735,131	\$367,991	
Total Annual Plan Cost	\$6,367,622				\$6,103,122		
Annual Change	\$980,317				\$715,817		
% Change	18.2%				13.3%		

Consumer Driven Health Plan with Health Savings Account

CDHP with HSA Option – Aligns with Gov't Benchmarking

PLAN:	CDHP with HSA Option	
	POS/PPO	
	Network	Non Network
Benefit Level		
Deductible - Single	\$2,600	\$5,000
Deductible - Family	\$5,200	\$10,000
HSA City of Smyrna Contribution		
Employee Only		\$750
Employee + 1		\$1,125
Employee + Family		\$1,500
Plan Coinsurance	100%	70%
Med Out of Pocket Max - Single	\$3,500	\$10,000
Med Out of Pocket Max - Family	\$7,000	\$20,000
OV Copay - Primary/Specialist	100% after ded	70% after ded
Telehealth Copay	100% after ded	70% after ded
ER Visit Copay	100% after ded	70% after ded
Rx Copay - Generic	100% after ded	70% after ded
Rx Copay - Preferred Brand	100% after ded	70% after ded
Rx Copay - Non Preferred Brand	100% after ded	70% after ded
	<i>\$10/\$30/\$60 Rx Copays apply once ded has been met</i>	

Sample Contribution Structure with HSA Option (current contribution %)

	HMO Plan – Renewal (no changes)		
	Employee	Two Party	Family
Total Premium Equivalency Rates	\$736	\$1,324	\$2,060
City of Smyrna HSA contribution	\$0	\$0	\$0
Employee contribution (wellness)	\$88	\$238	\$371
Total City of Smyrna Contribution	\$647	\$1,086	\$1,689



HSA contributions would be set on a defined contribution so that the cost to the City is cost-neutral as compared to the HMO

	HSA Option		
	Employee	Two Party	Family
Total Premium Equivalency Rates	\$644	\$1,159	\$1,803
City of Smyrna HSA contribution	\$63	\$94	\$125
Employee contribution (wellness)	\$59	\$167	\$239
Total City of Smyrna Contribution	\$647	\$1,086	\$1,689



Payroll Contribution Summary

	NO PLAN CHANGES		
	2017- No % change	Decrease COS % by 1%	
Contribution to Wellness HMO Employee only	88%	87% EE / 81% Dep	
City of Smyrna % of Total Cost (net of contributions)	80.51%	79.59%	<i>Cost Difference</i>
Annual cost change to the City of Smyrna	\$796,018	\$737,433	\$58,585
Annual % change to the City of Smyrna	18.38%	17.03%	

	Renewal Option		
	2017- No % change	Decrease COS % by 1%	
Contribution to Wellness HMO Employee only	88%	87% EE / 81% Dep	
City of Smyrna % of Total Cost (net of contributions)	80.48%	79.56%	<i>Cost Difference</i>
Annual cost change to the City of Smyrna	\$581,939	\$525,806	\$56,133
Annual % change to the City of Smyrna	13.44%	12.14%	

Payroll Contribution Summary

Renewal with No Plan Changes

	Renewal with HMO Current Contribution 88% EE / 82% Dep						Proposed 87% EE / 81% Dep				
	Monthly	Bi-Weekly	Bi-Weekly	Monthly			Bi-Weekly	Bi-Weekly	Monthly		
HMO with Wellness - Non-Smoker	Premiums		EE Change	COS Contribution	EEs	Pd by COS		EE Change	COS Contribution	EEs	Pd by COS
Employee	\$735.72	\$40.75	\$6.27	\$647.43	104	88%	\$44.14	\$9.67	\$640.08	104	87%
Employee + One	\$1,324.24	\$110.01	\$16.94	\$1,085.88	72	82%	\$116.13	\$23.05	\$1,072.63	72	81%
Family	\$2,059.93	\$171.13	\$26.35	\$1,689.14	104	82%	\$180.64	\$35.85	\$1,668.54	104	81%
HMO with Wellness - Smoker											
Employee	\$735.72	\$63.82	\$6.27	\$597.43	9	81%	\$67.22	\$9.67	\$590.08	9	80%
Employee + One	\$1,324.24	\$133.09	\$16.94	\$1,035.88	4	78%	\$139.20	\$23.05	\$1,022.63	4	77%
Family	\$2,059.93	\$194.21	\$26.35	\$1,639.14	6	80%	\$203.72	\$35.85	\$1,618.54	6	79%
HMO w/out Wellness - Non-Smoker											
Employee	\$735.72	\$89.21	\$6.27	\$542.43	9	74%	\$92.60	\$9.67	\$535.08	9	73%
Employee + One	\$1,324.24	\$174.63	\$16.94	\$945.88	8	71%	\$180.74	\$23.05	\$932.63	8	70%
Family	\$2,059.93	\$244.98	\$26.35	\$1,529.14	9	74%	\$254.49	\$35.85	\$1,508.54	9	73%
HMO w/out Wellness - Smoker											
Employee	\$735.72	\$112.29	\$6.27	\$492.43	3	67%	\$115.68	\$9.67	\$485.08	3	66%
Employee + One	\$1,324.24	\$197.71	\$16.94	\$895.88	4	68%	\$203.82	\$23.05	\$882.63	4	67%
Family	\$2,059.93	\$268.06	\$26.35	\$1,479.14	5	72%	\$277.56	\$35.85	\$1,458.54	5	71%
PPO Non-Smoker with Wellness											
Employee	\$1,015.17	\$88.84	\$13.68	\$822.69	4	81%	\$88.84	\$13.68	\$822.69	4	81%
Employee + One	\$1,827.25	\$226.52	\$34.87	\$1,336.45	4	73%	\$226.52	\$34.87	\$1,336.45	4	73%
Family	\$2,882.48	\$357.33	\$55.01	\$2,108.26	2	73%	\$357.33	\$55.01	\$2,108.26	2	73%
PPO Smoker with Wellness											
Employee	\$1,015.17	\$111.91	\$13.68	\$772.69	0	76%	\$111.91	\$13.68	\$772.69	0	76%
Employee + One	\$1,827.25	\$249.60	\$34.87	\$1,286.45	0	70%	\$249.60	\$34.87	\$1,286.45	0	70%
Family	\$2,882.48	\$380.41	\$55.01	\$2,058.26	0	71%	\$380.41	\$55.01	\$2,058.26	0	71%
PPO w/out Wellness - Non-Smoker											
Employee	\$1,015.17	\$137.30	\$13.68	\$717.69	1	71%	\$137.30	\$13.68	\$717.69	1	71%
Employee + One	\$1,827.25	\$291.14	\$34.87	\$1,196.45	1	65%	\$291.14	\$34.87	\$1,196.45	1	65%
Family	\$2,882.48	\$431.18	\$55.01	\$1,948.26	2	68%	\$431.18	\$55.01	\$1,948.26	2	68%
PPO w/out Wellness - Smoker											
Employee	\$1,015.17	\$160.38	\$13.68	\$667.69	0	66%	\$160.38	\$13.68	\$667.69	0	66%
Employee + One	\$1,827.25	\$314.22	\$34.87	\$1,146.45	0	63%	\$314.22	\$34.87	\$1,146.45	0	63%
Family	\$2,882.48	\$454.26	\$55.01	\$1,898.26	0	66%	\$454.26	\$55.01	\$1,898.26	0	66%

Payroll Contribution Summary

Renewal OPTION with Ded/Coins/ER/Rx Changes

	Renewal OPTION with HMO Current Contribution 88% EE / 82% Dep						Proposed 87% EE / 81% Dep				
	Monthly	Bi-Weekly	Bi-Weekly	Monthly			Bi-Weekly	Bi-Weekly	Monthly		
HMO with Wellness - Non-Smoker	Premiums		EE Change	COS Contribution	EEs	Pd by COS		EE Change	COS Contribution	EEs	Pd by COS
Employee	\$704.93	\$39.04	\$4.57	\$620.34	104	88%	\$42.30	\$7.82	\$613.29	104	87%
Employee + One	\$1,268.82	\$105.41	\$12.33	\$1,040.43	72	82%	\$111.27	\$18.19	\$1,027.74	72	81%
Family	\$1,973.73	\$163.97	\$19.18	\$1,618.46	104	82%	\$173.08	\$28.29	\$1,598.72	104	81%
HMO with Wellness - Smoker											
Employee	\$704.93	\$62.12	\$4.57	\$570.34	9	81%	\$65.37	\$7.82	\$563.29	9	80%
Employee + One	\$1,268.82	\$128.49	\$12.33	\$990.43	4	78%	\$134.34	\$18.19	\$977.74	4	77%
Family	\$1,973.73	\$187.05	\$19.18	\$1,568.46	6	79%	\$196.16	\$28.29	\$1,548.72	6	78%
HMO w/out Wellness - Non-Smoker											
Employee	\$704.93	\$87.50	\$4.57	\$515.34	9	73%	\$90.76	\$7.82	\$508.29	9	72%
Employee + One	\$1,268.82	\$170.02	\$12.33	\$900.43	8	71%	\$175.88	\$18.19	\$887.74	8	70%
Family	\$1,973.73	\$237.82	\$19.18	\$1,458.46	9	74%	\$246.93	\$28.29	\$1,438.72	9	73%
HMO w/out Wellness - Smoker											
Employee	\$704.93	\$110.58	\$4.57	\$465.34	3	66%	\$113.83	\$7.82	\$458.29	3	65%
Employee + One	\$1,268.82	\$193.10	\$12.33	\$850.43	4	67%	\$198.96	\$18.19	\$837.74	4	66%
Family	\$1,973.73	\$260.89	\$19.18	\$1,408.46	5	71%	\$270.00	\$28.29	\$1,388.72	5	70%
PPO Non-Smoker with Wellness											
Employee	\$977.90	\$85.58	\$10.42	\$792.49	4	81%	\$85.58	\$10.42	\$792.49	4	81%
Employee + One	\$1,760.31	\$218.23	\$26.58	\$1,287.49	4	73%	\$218.23	\$26.58	\$1,287.49	4	73%
Family	\$2,776.87	\$344.24	\$41.92	\$2,031.01	2	73%	\$344.24	\$41.92	\$2,031.01	2	73%
PPO Smoker with Wellness											
Employee	\$977.90	\$108.65	\$10.42	\$742.49	0	76%	\$108.65	\$10.42	\$742.49	0	76%
Employee + One	\$1,760.31	\$241.30	\$26.58	\$1,237.49	0	70%	\$241.30	\$26.58	\$1,237.49	0	70%
Family	\$2,776.87	\$367.32	\$41.92	\$1,981.01	0	71%	\$367.32	\$41.92	\$1,981.01	0	71%
PPO w/out Wellness - Non-Smoker											
Employee	\$977.90	\$134.04	\$10.42	\$687.49	1	70%	\$134.04	\$10.42	\$687.49	1	70%
Employee + One	\$1,760.31	\$282.84	\$26.58	\$1,147.49	1	65%	\$282.84	\$26.58	\$1,147.49	1	65%
Family	\$2,776.87	\$418.09	\$41.92	\$1,871.01	2	67%	\$418.09	\$41.92	\$1,871.01	2	67%
PPO w/out Wellness - Smoker											
Employee	\$977.90	\$157.11	\$10.42	\$637.49	0	65%	\$157.11	\$10.42	\$637.49	0	65%
Employee + One	\$1,760.31	\$305.92	\$26.58	\$1,097.49	0	62%	\$305.92	\$26.58	\$1,097.49	0	62%
Family	\$2,776.87	\$441.16	\$41.92	\$1,821.01	0	66%	\$441.16	\$41.92	\$1,821.01	0	66%

Spousal Eligibility

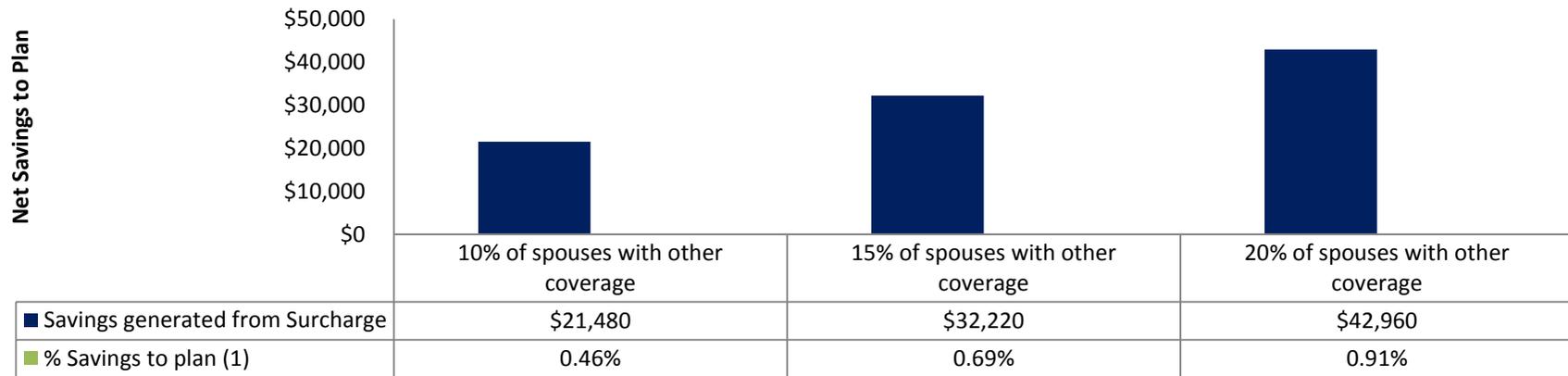
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Spousal \$100 Surcharge Savings – City of Smyrna

Projected Cost Impact

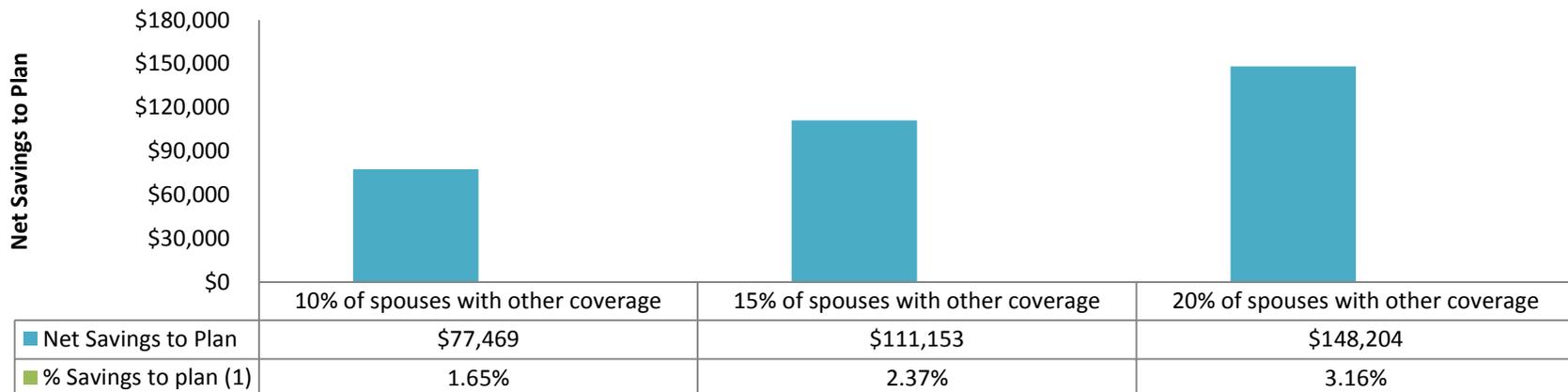
Cost Savings Projection Calculation 1

Assumes all spouses with other coverage pay surcharge



Cost Savings Projection Calculation 2

Assumes spouses with other coverage drop the City's plan



(1) Savings is estimated based on a % of the current spouses covered on the City's plan in 2016. The exhibits only represent active employees and exclude retirees.