MARSH & McLENNAN AGENCY

WORLD CLASS. LOCAL TOUCH.

City of Smyrna
2018 Mayor & Council Meeting
Benefit Renewal Decisions

September 28, 2017

Guy Morrison, Executive Vice President
Dr. David Rearick, Senior Medical Director
Stephen Cherniak, Health Management Consultant
Jamie Fisher, Senior Account Manager

City of Smyrna - 2017 Final Renewal Decisions

Completed Renewal Decision	Purpose of Change/Strategy	Estimated Annual Cost Impact	Status
MMA RxSolutions	Pharmacy coalition pricing – Remain with ESI, new contract terms and administrator	Est $285,699 Actual - ($402,503)	Approved and in place

1/1/17 Renewal Decisions Outstanding	Purpose of Change/Strategy	Estimated Annual Cost Impact	
Stop Loss Insurance Level	Increase specific stop loss level from $200,000 to $225,000	($100,000)	Approved and in place
Medical & Rx Plan Design Changes	Consider the proposed renewal option to more closely align plan designs with municipality benchmarking and reduce ER utilization ○ 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	($264,500)	Approved and in place
Consider Consumer Directed Health Plan (CDHP) with Health Savings Account (HSA)	Provides a plan option to encourage consumerism and improved health	TBD	Approved and in place
Spouse Surcharge	Introduce $100 monthly spouse surcharge to drive savings. Encourages those spouses with other employer health plans to select those plans.	Est $21,000-$148,000 Actual - ($128,201)	Approved and in place
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 if retiree class is grandfathered	Not approved

Impact of Spousal Surcharge 2017

Spouses currently covered as of December 2016	187
Spouses paying surcharge	39
Spouses who dropped coverage	17
Spousal Buy Up Amount (monthly)	$100
Average annual med/Rx claim cost per spouse (1)	$6,022
2017 Estimated Annual Claims Cost (not including admin fees)	$4,518,489

Cost Savings Calculation	
Revenue from Surcharge	$46,800
Claims Savings	$102,374
Loss of Contribution Revenue	$20,973
Net Savings to the Plan	$128,201
% Savings to the Plan	2.84%

(1) Used City of Smyrna average of 36 months of paid claims for spouses to determine monthly claims savings

(2) Employees who dropped coverage: 2 dropped family to ee+1, 12 dropped ee+1 to ee only, 3 remained in family

City of Smyrna

Stop Loss Marketing

	BCBS of GA		Voya	Swiss Re	AIG	Berkley	Berkshire Hathway
# of employees	413						
Carrier	BCBS of GA		Voya	Swiss Re	AIG	Berkley	Berkshire Hathway
Plan Year	2017	2018	2018	2018	2018	2018	2018
Carrier Rating			A	A-	A+	A	A+
PPO Network	BCBSGA	BCBSGA	BCBSGA	BCBSGA	BCBSGA	BCBSGA	BCBSGA
Benefit inc. in SSL	Med / RX	Med / RX	Med / RX	Med / RX	Med / RX	Med / RX	Med / RX
Plan Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Specific Lifetime Maximum Reimbursement	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Individual Specific Stop Loss Deductible	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Specific Contract Type	Paid	Paid	24/12	24/12	24/12	24/12	24/12
Composite Monthly per employee rate	$ 166.53	$274.77	$ 90.30	$ 110.12	$ 116.15	$ 142.79	$ 157.03
Aggragate Rate	$ 9.35	$9.63	$ 9.00	$ 9.60	$ 8.03	$ 11.33	$ 9.95
Total Stop Loss Rate	$ 175.88	$ 284.41	$ 99.30	$ 119.72	$ 124.18	$ 154.12	$ 166.98
Stop loss carve out fee	$ -	$ -	$ 17,346	$ 17,346	$ 17,346	$ 17,346	$ 17,346
Annual Cost	$ 871,661	$ 1,409,511	$ 509,477	$ 610,678	$ 632,782	$ 781,165	$ 844,899
Annual Premium Difference vs. Current		$ 537,850	$ (362,184)	$ (260,983)	$ (238,879)	$ (90,497)	$ (26,762)
% Change vs. Current		61.7%	-41.6%	-29.9%	-27.4%	-10.4%	-3.1%
Firm Quote?		No*	**Yes**	**No**	**No**	**No**	**No**
Laser?		No	Yes - (1)	TBD	TBD	TBD	TBD
No New Laser		No	**Yes**	**No**	**Yes**	**No**	**No**
Renewal Rate Cap			55%	No	40%	No	No
*claims needed through 10/1							

(1) Voya included a $700,000 laser for Claimant #1

Declined to Quote	**HM**	**Optum**	**Smyetra**	**QBE**	**Guardian**

City of Smyrna
Stop Loss Marketing

Laser on Claimant #1	$ 700,000
SSL Level	$ 225,000
City of Smyrna additional liability for laser	$ 475,000
Voya Total Stop Loss Premium Cost	$ 509,477
Total Annual Stop Loss Cost + Laser	**$ 984,477**
Difference from BCBS Current	**$ 112,816**
% Change	**12.9%**
Difference from BCBS Renewal	**$ (425,034)**
% Change	**-30.2%**

City of Smyrna – Pharmacy Contract Savings

2017 PBM Annualized Contract Savings	
Annualized Savings	($402,503)
% Savings over Previous Effective Rate	30.4%
% Savings given in Orignal Proposal	21.1%
Net Additional Savings to the City	($116,804)

2018 PBM Revised Rx Contract Deal Terms	
Annualized Proposed Savings	($120,262)
% Savings of Current Contract Rate	12.9%

City of Smyrna

Historical Changes 2010-2013

Renewal Date	City of Smyrna % Increase	Mercer average annual increase % (1) (2)	Changes
Jan-10	-2.3%	6.9%	**HMO:** Added a deductible - $250 single/$750 family
			Increased office visit copay from $15 to $25
			Increased ER copay from $100 to $150
			PPO: Increased deductible from $300/$900 to $400/$1,200
			Increased office visit copay from $20 to $25
			Increased ER copay from $100 to $150
			Increased lifetime maximum to Unlimited
Jan-11	9.1%	6.1%	HMO: Reduced coinsurance from 90% to 80%
Jan-12	4.9%	4.1%	Added ABA Therapy Benefit
			Retirees over age 65 - Added Extend Health w/ $250 HRA
			Increased Non-wellness surcharge from $60/$70/$80 to $105/$140/$160
Jan-13	1.3%	2.1%	**HMO:** Increased Deductible from $250/$750 to $300/$900
			PPO: Increased Deductible from $400/$1200 to $500/$1500
			Removed dollar limit on chiro benefit - replaced with # of visits

City of Smyrna

Historical Changes 2014 - 2017

Renewal Date	City of Smyrna % Increase	Mercer average annual increase % (1) (2)	Changes
Jan-14	**1.6%**	**3.9%**	No Benefit Changes COS contribution - 90% to HMO employee only tier
Jan-15	3.8%	3.8%	No Benefit Changes COS contribution reduced to 89% on HMO employee only tier Amended the ESRD Mediare provision - the City will pay secondary after 30 month wait regardless of the member's Medicare enrollment status
Jan-16	**11.4%**	2.4%	No Benefit Changes COS contribution reduced to 88% on HMO employee only tier Introduced telehealth
Jan-17	13.4%	4.1%*	Added HDHP with HSA option COS contribution reduced to 87% on HMO ee tier and 81% on dep **HMO:** Increased Ded from $300/$900 to $500/$1,500; Increased OOP Max from $1,300/$3,900 to $2,500/$7,500; increased ER copay to $250 **PPO:** Increased Deductible from $500/$1500 to $750/$2,250; Increased OOP Max from $2,000/$6,000 to $2,750/$8,250; increased ER copay to $250 **Rx Copays:** Increased from $5/$25/$50 to $10/$30/$60 Moved Rx from ESI direct to MMA RxSolutions with ESI

City of Smyrna

Mercer Benchmarking Survey – Government/Municipality

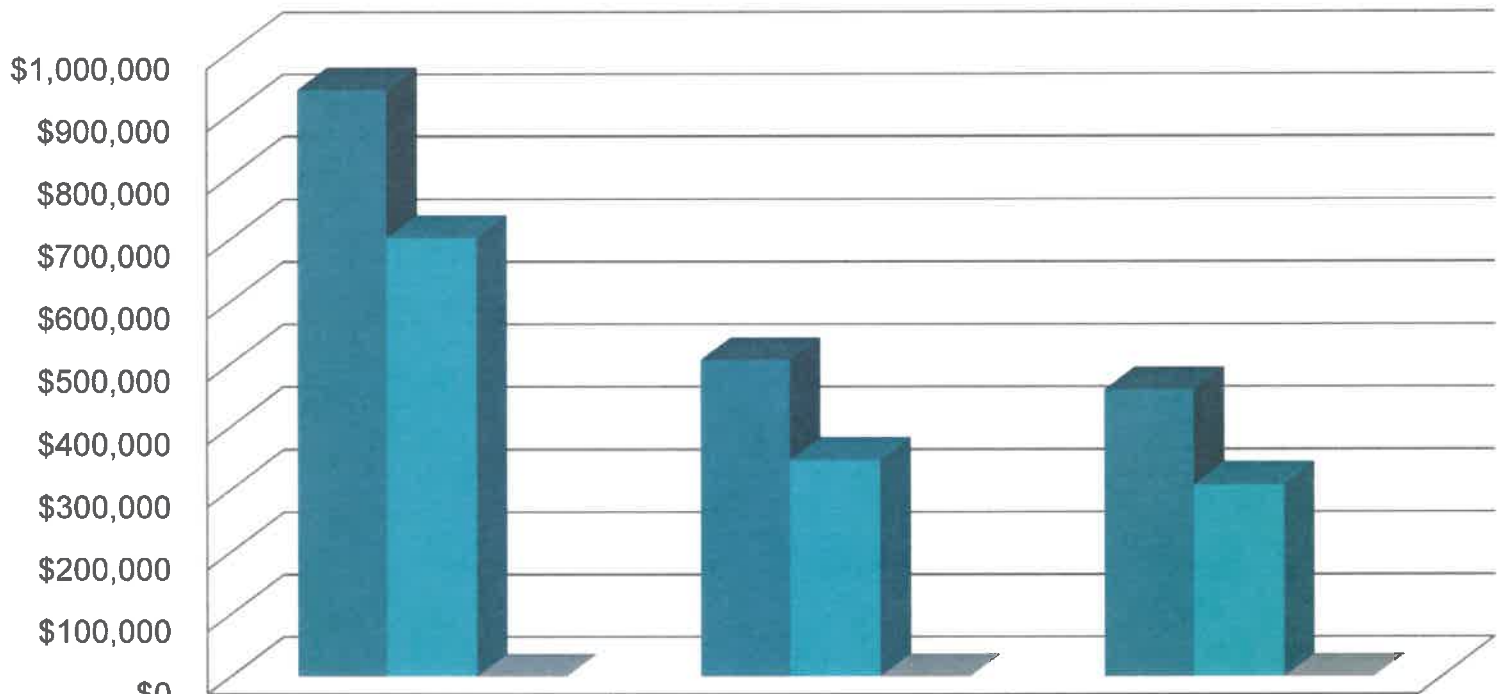
Survey Benchmarks	Mercer Benchmarking (1)		City of Smyrna (2)
	2016		2017
	Government <500 HMO Plan	South <500 HMO Plan	HMO Plan Summary
General Plan Information			
Type of Medical Plan offered			
PPO / POS	86%	86%	1
HMO	16%	17%	1
HSA-eligible CDHP	23%	27%	1
HRA-based CDHP	6%	6%	N/A
Employee Share of Premiums			
Monthly Employee Premium Share ($)			
Employee	$80	$123	$92
Family	$256	$594	$375
Monthly Employee Premium Share (%)			
Employee	12%	26%	13%
Family	18%	48%	19%
Plan Details			
Copays			
Primary Care Physician CoPay	$15	$25	$25
Specialty Care Physician CoPay	$38	$40	$25
Emergency Room CoPay	$75	$225	$250
In Network Benefits			
Deductible - Single	$750	$1,250	$500
Deductible - Family	$1,750	$3,000	$1500
Prescription Drug Copays			
Generic CoPay	$10	$12	$10
Formulary Brand CoPay	$30	$36	$30
Non-Formulary Brand CoPay	$49	$56	$60

(1) Mercer Benchmarking Data is from 2016 survey results

(2) City of Smryna benefit information is included for plan year 2017

City of Smyrna

Medical/Rx Renewal Options



	Initial Renewal	Renewal with ssl carve out / Met Life & DI	Renewal with ssl carve out / HMO Option / Met Life & DI
Gross Annual Difference	$938,837	$506,561	$459,079
COS Annual Difference	$702,162	$346,600	$308,105
COS % Change	14.6%	7.2%	6.4%

Annual Difference assumes City's contribution change from 87%/81% to 86%/80%

City of Smyrna

Medical/Rx Renewal Options

	BCBS - 2018 Plan Options										
	Renewal 2018										
	Same Benefits as Current										
PLAN:	HMO	PPO		HDHP		HMO - Option	PPO		HDHP		
Benefit Level	Network	Network	Non Network	Network	Non-Network	Network	Network	Non Network	Network	Non-Network	
Deductible - Single	$500	$750		~~$2,600~~ $2,700	$5,000	~~$500~~ $750	$750		~~$2,600~~ $2,700	$5,000	
Deductible - Family	$1,500	$2,250		~~$5,200~~ $5,400	$10,000	~~$1500~~ $2250	$2,250		~~$5,200~~ $5,400	$10,000	
Plan Coinsurance	80%	80%	60%	100%	70%	80%	80%	60%	100%	70%	
Med Out of Pocket Max - Single	$2,500	$2,750	$3,600	$3,500	$10,000	$2,500	$2,750	$3,600	$3,500	$10,000	
Med Out of Pocket Max - Family	$7,500	$8,250	$7,800	$7,000	$20,000	$7,500	$8,250	$7,800	$7,000	$20,000	
OV Copay - Primary Care	$25	$25	N/A	100% after Ded	70% , Ded	$25	$25	N/A	100% after Ded	70% , Ded	
OV Copay - Specialist	$25	$25	N/A	100% after Ded	70% , Ded	$25	$25	N/A	100% after Ded	70% , Ded	
ER Vist Copay	$250	$250		100% after Ded	70% , Ded	$250	$250		100% after Ded	70% , Ded	
Rx Copay - Generic	$10	$10		100% after Ded	70% , Ded	$10	$10		100% after Ded	70% , Ded	
Rx Copay - Preferred Brand	$30	$30		100% after Ded	70% , Ded	$30	$30		100% after Ded	70% , Ded	
Rx Copay - Non Preferred Brand	$60	$60		100% after Ded	70% , Ded	$60	$60		100% after Ded	70% , Ded	
City of Smyrna HAS Contribution	N/A	N/A		$750/$1125/$1500		N/A	N/A		$750/$1125/$1500		

HDHP plan changes are IRS mandated 2018

City of Smyrna
Total Cost Summary

Total Cost Summary

Voya Stop Loss / Inclusive of Laser

	Total Annual Premiums Employer & Employee Combined				*Reflects City of Smyrna Annual Cost (net of employee contributions)* Renew No Plan Changes with MetLife for Life/DI Total Cost Change Reflects 86%/80% Contribution Share		Renew with HMO Option with MetLife for Life/DI Total Cost Change Reflects 86%/80% Contribution Share	
	2017	**2018**	**$ Change**	**% Change**	**$ Change**	**% Change**	**$ Change**	**% Change**
Medical BCBS HMO & PPO Plan	$5,682,329	$6,211,401	$529,072	9.3%	$369,111	8.2%	$330,616	7.3%
Guardian Dental (Voluntary)	$226,977	$213,367	($13,610)	-6.0%	$0	0.0%	$0	0.0%
VSP Vision (Voluntary)	$40,308	$40,308	$0	0.0%	$0	0.0%	$0	0.0%
Guardian Life	$152,807	$167,119	$14,313	9.4%	***MetLife*** ($14,042)	-9.2%	***MetLife*** ($14,042)	-9.2%
Guardian Voluntary Life	$29,700	$29,700	$0	0.0%	***MetLife*** $0	0.0%	***MetLife*** $0	0.0%
Guardian Disability (STD & LTD)	$115,860	$111,794	($4,066)	-3.5%	***MetLife*** ($8,470)	-7.3%	***MetLife*** ($8,470)	-7.3%
Total Benefits Package	**$6,247,982**	**$6,773,690**	**$525,708**	**8.4%**	**$346,600**	**7.2%**	**$308,105**	**6.4%**

City of Smyrna

Payroll Contribution Summary – SSL Carve out / No Plan Changes

	2017			Proposed 2018		
HMO with Wellness - Non-Smoker	Bi-Weekly EE contribution	EEs	Pd by COS	Bi-Weekly EE contribution	EE Change	Pd by COS
Employee	$42.30	146	87%	$49.83	$7.54	86%
Employee + One	$111.27	64	81%	$128.13	$16.87	80%
Family	$173.08	82	81%	$199.32	$26.24	80%
PPO Wellness – Non Smoker						
Employee	$85.58	6	81%	$93.62	$8.05	81%
Employee + One	$218.23	3	73%	$238.74	$20.52	73%
Family	$344.24	3	73%	$376.61	$32.37	73%
HSA Wellness Non Smoker						
Employee	$39.79	6	88%	$32.64	-$7.15	90%
Employee + One	$98.09	0	83%	$88.82	-$9.28	85%
Family	$142.97	3	84%	$128.53	-$14.44	86%

City of Smyrna

Payroll Contribution Summary of Options

		86% EE 80% Dep		85% EE 80% Dep		84% EE 80% Dep		83% EE 80% Dep		82% EE 80% Dep		81% EE 80% Dep		80% EE 80% Dep	
HMO Wellness Non Smoker	Bi-weekly Cost	Bi-weekly Cost	Change	Bi-weekly Cost	Change	Bi-weekly Cost	Change	Bi-weekly Cost	Change	Bi-weekly Cost	Change	Bi-weekly Cost	Change	Bi-weekly Cost	Change
Employee Only	$42.30	$49.83	$7.54	$53.39	$11.10	$56.95	$14.66	$60.51	$18.21	$64.07	$21.77	$67.63	$25.33	$71.19	$28.89
Employee + 1	$111.27	$128.13	$16.87	$128.13	$16.87	$128.13	$16.87	$128.13	$16.87	$128.13	$16.87	$128.13	$16.87	$128.13	$16.87
Family	$173.08	$199.32	$26.24	$199.32	$26.24	$199.32	$26.24	$199.32	$26.24	$199.32	$26.24	$199.32	$26.24	$199.32	$26.24

Annual cost change to the City of Smyrna	$369,111	$351,911	$334,685	$317,471	$300,257	$283,045	$265,831
Annual % change to the City of Smyrna	8.15%	7.77%	7.39%	7.01%	6.63%	6.25%	5.87%

City of Smyrna
Ancillary Marketing

PRODUCT	Guardian Current	City of Smyrna Guardian Renewal: Initial Renewal*	City of Smyrna Guardian Renewal: Revised Renewal*	2018 PROPOSALS Guardian/MetLife
Dental *Rate Guarantee*	$226,977	$226,977 *1 year*	$213,367 *1 year*	*Guardian* $204,280 *1 year*
Vision *Rate Guarantee*	$40,308	$44,349 *1 year*	$40,308 *1 year*	*Guardian* $38,293 *1 year*
Life & AD&D *Rate Guarantee*	$152,807	$181,432 *1 year*	$167,119 *1 year*	*MetLife* $138,765 *2 years*
LTD *Rate Guarantee*	$56,896	$62,069 *1 year*	$56,896 *1 year*	*MetLife* $53,103 *2 years*
STD *Rate Guarantee*	$58,964	$58,964 *1 year*	$54,898 *1 year*	*MetLife* $54,288 *1 year*
Total Annual Premium	**$535,952**	**$573,790**	**$532,588**	**$488,728**
Annual difference vs. current		$37,838 7.1%	($3,364) -0.6%	($47,224) -8.8%

*Rates assume all lines of coverage are purchased

UNUM & BCBS declined to quote life and disability due to uncompetitive rates