

# Benefit Renewal



# City of Hapeville

2016-2017 Plan Year

Presented By: MSI Benefits Group, Inc.

May 17, 2016





# Kaiser 2016 Medical Renewal – Option A



Current Plans - Renewal - SAME CONTRIBUTION %						
HMO			Multi-Choice			
Coverage	Current	Renewal	Current	Renewal	Current	Renewal
Employee	67	484.31	581.17	12	623.85	748.63
Employee + Spouse	14	968.60	1,162.34	6	1,247.69	1,497.25
Employee + Child(ren)	10	871.75	1,046.11	1	1,122.93	1,347.53
Employee + Family	15	1,452.91	1,743.51	1	1,871.55	2,245.88
Monthly Premium	106	76,520.32	91,824.90	20	17,966.82	21,560.47
Percent of Change			20.00%			20.00%
<b>In-Network</b>	<b>Kaiser</b>		<b>Kaiser</b>		<b>PHCS</b>	
Deductible (Individual / Family)	\$1,000 / \$ 2,000		\$1,000 / \$ 3,000		\$3,000 / \$ 6,000	
Coinsurance	90%		90%		80%	
PCP Copay	\$20		\$20		\$30	
Preventive Care	100%		100%		100%	
Specialist Copay	\$30		\$30		\$40	
ER Copay	\$200		\$200		\$200	
Urgent Copay	\$40		\$40		\$60	
Inpatient Surgery	10% after deductible		10% after deductible		20% after deductible	
Outpatient Surgery	10% after deductible		10% after deductible		20% after deductible	
Out-of-pocket (Individual / Family)	\$2,500 / \$5,000		\$2,500 / \$5,000		\$4,000 / \$8,000	
Includes Deductible						
Prescription	Tier 1 / Tier 2 / Tier 3		\$15 / \$25 / \$30 / \$40		\$20 / \$50 / \$75	
<b>EMPLOYEES SEMI-MONTHLY DEDUCTIONS</b>						
Coverage	Current	Renewal	Current	Renewal	Current	Renewal
Employee	56	0.00	0.00	6	25.73	30.88
Employee + Spouse	11	121.07	145.28	4	194.55	233.46
Employee + Child(ren)	10	96.86	116.23	1	160.78	192.94
Employee + Family	14	242.15	290.58	1	363.36	436.03
Monthly Premium	91	66,834.20	80,201.50	12	11,728.34	14,074.19
Annual Premium		802,010.40	962,418.00		140,740.08	168,890.28
Combined Monthly Net Cost		64,268.16	77,122.43			
Combined Annual Net Cost		771,217.92	925,469.21			
<b>RETIREES MONTHLY DEDUCTIONS</b>						
Retiree Only	11	0.00	0.00	6	51.46	61.75
Retiree + Spouse	3	242.14	290.57	2	389.10	466.92
Retiree + Child(ren)	0	193.72	232.46	0	321.56	385.87
Retiree + Family	1	484.30	581.16	0	726.72	872.06
Monthly Premium	15	9,686.12	11,623.40	8	6,238.48	7,486.28
Annual Premium		116,233.44	139,480.80		74,861.76	89,835.36
Combined Monthly Net Cost		13,626.92	16,352.46			
Combined Annual Net Cost		163,523.04	196,229.57			
<b>COMBINED TOTALS (Employees + Retirees)</b>						
		Current	Renewal			
Total Monthly Premium		94,487.14	113,385.37			
Total Annual Premium		1,133,845.68	1,360,624.44			
City Monthly Net Cost		77,895.08	93,474.90	Monthly Increase		15,579.82
City Annual Net Cost		934,740.96	1,121,698.78	Annual Increase		186,957.82
Percent of Change			20.00%			

- Kaiser renewal \$266,485 less than Aetna 2015 proposed renewal
- The total cost for medical is up 9.8% since 2013 (average increase of 3.27% per year)
- Option A – renew with same plans and keep same contribution percentage
- 20% increase (\$186,957)



# Kaiser 2016 Medical Renewal – Option B



Change Both HMO and Multi-Choice Plans								
	HMO 9		HMO 19		Multi-Choice 12		Multi-Choice 20	
Coverage	Current		Alternate		Current		Alternate	
Employee	67	484.31	526.85	12	623.85	679.44		
Employee + Spouse	14	968.60	1,053.70	6	1,247.69	1,358.88		
Employee + Child(ren)	10	871.75	948.33	1	1,122.93	1,223.00		
Employee + Family	15	1,452.91	1,580.55	1	1,871.55	2,038.33		
Monthly Premium	106	76,520.32	83,242.30	20	17,966.82	19,567.89		
Percent of Change			8.78%			8.91%		
<b>In-Network</b>		<b>Kaiser</b>	<b>Kaiser</b>		<b>Kaiser</b>	<b>PHCS</b>	<b>Kaiser</b>	<b>PHCS</b>
Deductible (Individual / Family)		\$1,000 / \$2,000	\$2,000 / \$4,000		\$1,000 / \$3,000	\$3,000 / \$6,000	\$2,000 / \$4,000	\$3,000 / \$6,000
Coinsurance		90%	80%		90%	80%	80%	70%
PCP Copay		\$20	\$25		\$20	\$30	\$30	\$40
Preventive Care		100%	100%		100%	100%	100%	100%
Specialist Copay		\$30	\$40		\$30	\$40	\$40	\$50
ER Copay		\$200	\$250		\$200	\$200	\$200	\$200
Urgent Copay		\$40	\$50		\$40	\$60	\$60	\$80
Inpatient Surgery		10% after deductible	20% after deductible		10% after deductible	20% after deductible	20% after deductible	30% after deductible
Outpatient Surgery		10% after deductible	20% after deductible		10% after deductible	20% after deductible	20% after deductible	30% after deductible
Out-of-pocket (Individual / Family)		\$2,500 / \$5,000	\$4,500 / \$9,000		\$2,500 / \$5,000	\$4,000 / \$8,000	\$4,500 / \$9,000	\$6,000 / \$12,000
Includes Deductible Prescription								
Tier 1 / Tier 2 / Tier 3		\$15/\$25 / \$30/\$40	\$5/\$15 \$15/\$25 \$30/\$40		\$15 / \$30 / \$45	\$20 / \$50 / \$75	\$20 / \$40 / \$60	\$30 / \$60 / \$85
<b>EMPLOYEES SEMI-MONTHLY DEDUCTIONS</b>								
Coverage		<b>Current</b>	<b>Alternate</b>		<b>Current</b>	<b>Alternate</b>		
Employee	56	0.00	0.00	6	25.73	28.02		
Employee + Spouse	11	121.07	131.71	4	194.55	211.89		
Employee + Child(ren)	10	96.86	105.37	1	160.78	175.11		
Employee + Family	14	242.15	263.43	1	363.36	395.74		
Monthly Premium	91	66,834.20	72,705.30	12	11,728.34	12,773.49		
Annual Premium		802,010.40	872,463.60		140,740.08	153,281.88		
Combined Monthly Net Cost		64,268.16	69,924.74					
Combined Annual Net Cost		771,217.92	839,096.93					
<b>RETIREES MONTHLY DEDUCTIONS</b>								
Retiree Only	11	0.00	0.00	6	51.46	56.05		
Retiree + Spouse	3	242.14	263.43	2	389.10	423.78		
Retiree + Child(ren)	0	193.72	210.74	0	321.56	350.22		
Retiree + Family	1	484.30	526.85	0	726.72	791.48		
Monthly Premium	15	9,686.12	10,537.00	8	6,238.48	6,794.40		
Annual Premium		116,233.44	126,444.00		74,861.76	81,532.80		
Combined Monthly Net Cost		13,626.92	14,830.45					
Combined Annual Net Cost		163,523.04	177,965.42					
<b>COMBINED TOTALS (Employees + Retirees)</b>								
		<b>Current</b>	<b>Alternate</b>					
Total Monthly Premium		94,487.14	102,810.19					
Total Annual Premium		1,133,845.68	1,233,722.28					
City Monthly Net Cost		77,895.08	84,755.20			Monthly Increase	6,860.12	
City Annual Net Cost		934,740.96	1,017,062.35			Annual Increase	82,321.39	
Percent of Change			8.81%					

- Option B – change both the HMO and Multi-Choice Plan and keep City contributions the same

- 8.81% increase (\$82,321)



# Kaiser 2016 Medical Renewal – Option C



Add 3rd Option as BASE Plan							
Coverage	HMO		Multi-Choice		HMO 27		
	Current	Renewal	Current	Renewal	3rd Plan		
Employee	67	484.31	581.17	12	623.85	748.63	505.97
Employee + Spouse	14	968.60	1,162.34	6	1,247.69	1,497.25	1,011.94
Employee + Child(ren)	10	871.75	1,046.11	1	1,122.93	1,347.53	910.75
Employee + Family	15	1,452.91	1,743.51	1	1,871.55	2,245.88	1,517.91
Monthly Premium	106	76,520.32	91,824.90	20	17,966.82	21,560.47	
Percent of Change			20.00%			20.00%	
<b>In-Network</b>	Kaiser		Kaiser	PHCS	Kaiser		
Deductible (Individual / Family)	\$1,000 / \$ 2,000		\$1,000 / \$ 3,000	\$3,000 / \$ 6,000	\$3,000 / \$ 6,000		
Coinsurance	90%		90%	80%	80%		
PCP Copay	\$20		\$20	\$30	\$30		
Preventive Care	100%		100%	100%	100%		
Specialist Copay	\$30		\$30	\$40	\$40		
ER Copay	\$200		\$200	\$200	\$200		
Urgent Copay	\$40		\$40	\$60	\$60		
Inpatient Surgery	10% after deductible		10% after deductible	20% after deductible	20% after deductible		
Outpatient Surgery	10% after deductible		10% after deductible	20% after deductible	20% after deductible		
Out-of-pocket (Individual / Family)	\$2,500 / \$5,000		\$2,500 / \$5,000	\$4,000 / \$8,000	\$5,500 / \$11,000		
Includes Deductible Prescription	Tier 1 / Tier 2 / Tier 3		\$15/\$25 / \$30/\$40	\$15 / \$30 / \$45	\$20 / \$50 / \$75		
					\$5/\$15 \$15/\$25 \$30/\$40		
<b>EMPLOYEES</b>	<b>SEMI-MONTHLY DEDUCTIONS</b>						
Coverage	Current	Renewal	Current	Renewal	Alternate		
Employee	56	0.00	37.60	6	25.73	63.33	0.00
Employee + Spouse	11	121.07	196.27	4	194.55	284.30	121.07
Employee + Child(ren)	10	96.86	164.54	1	160.78	234.95	96.86
Employee + Family	14	242.15	354.95	1	363.36	530.99	242.15
Monthly Premium	91	66,834.20	80,201.50	12	11,728.34	14,074.19	
Annual Premium		802,010.40	962,418.00		140,740.08	168,890.28	
Combined Monthly Net Cost		64,268.16	67,950.90				
Combined Annual Net Cost		771,217.92	815,410.74				
<b>RETIREES</b>	<b>MONTHLY DEDUCTIONS</b>						
Retiree Only	11	0.00	75.20	6	51.46	176.24	0.00
Retiree + Spouse	3	242.14	392.54	2	389.10	638.66	242.14
Retiree + Child(ren)	0	193.72	329.08	0	321.56	546.16	193.72
Retiree + Family	1	484.30	709.90	0	726.72	1,101.05	484.30
Monthly Premium	15	9,686.12	11,623.40	8	6,238.48	7,486.28	
Annual Premium		116,233.44	139,480.80		74,861.76	89,835.36	
Combined Monthly Net Cost		13,626.92	14,060.20				
Combined Annual Net Cost		163,523.04	168,722.40				
<b>COMBINED TOTALS (Employees + Retirees)</b>	Current		Renewal	Current		Renewal	
Total Monthly Premium	94,487.14		113,385.37	140,740.08		168,890.28	
Total Annual Premium	1,133,845.68		1,360,624.44	140,740.08		168,890.28	
City Monthly Net Cost	77,895.08		82,011.10	Monthly Increase	4,116.02		
City Annual Net Cost	934,740.96		984,133.14	Annual Increase	49,392.18		
Percent of Change			5.28%				

- Option C – add a new 3<sup>rd</sup> HMO plan and hold employee deductions
- Employee deductions on current HMO and Multi-Choice plan would increase
- Provides an option for employees to keep same plans
- 5.28% increase (\$49,392)
- Employees would choose from the BASE, MIDDLE or HIGH plan

**Aetna** – 26% over the renewal – no quote provided

**BCBSGA** – “declining to quote due to not being competitive”

**Cigna** – “we do not believe that we can offer a competitive proposal”

**GMA** – “unable to furnish a competitive quote”

**Humana** – 30% over current – not competitive

*Kaiser would have considered rate relief if a competitive quote from another carrier had been on the table*



# FSA and HRA Administrator

## **FLORES AND ASSOCIATES - Current**

FSA - **\$6.00** PPPM – **24** participants

HRA - **\$5.00** PPPM – **25** participants

Monthly Admin Total - **\$269.00**

Annual Admin Total - **\$3,228.00**

## **MEDCOM - Proposed**

FSA - **\$4.50** PPPM – **24** participants

HRA - **\$3.80** PPPM – **25** participants

Monthly Admin Total - **\$203.00**

Annual Admin Total - **\$2,436.00**

**Annual Savings - \$792**

Recommend changing FSA/HRA Administrators to MedCom

*PPPM – Per Participant Per Month*

	<u>Annual Premium</u>	<u>Employee Cost</u>	<u>Net Annual Cost</u>	<u>Net % Increase</u>	<u>Annual Budget Difference</u>
<b>MEDICAL</b>					
Current	\$1,133,845	\$199,105	\$934,740		
Option A	\$1,360,624	\$238,926	\$1,121,698	20.00%	\$186,958
Option B	\$1,233,722	\$216,660	\$1,017,062	8.81%	\$82,322
Option C	\$1,360,624	\$376,491	\$984,133	5.28%	\$49,393
<b>FSA and HRA Administrator</b>					
Flores and Assoc. - Current	\$3,228	\$0	\$3,228		
MedCom - Proposed	\$2,436	\$0	\$2,436	-24.54%	-\$792
<b>TOTALS</b>					
Current	\$1,137,073	\$199,105	\$937,968		
Option A	\$1,363,060	\$238,926	\$1,124,134	19.85%	\$186,166
Option B	\$1,236,158	\$216,660	\$1,019,498	8.69%	\$81,530
Option C	\$1,363,060	\$376,491	\$986,569	5.18%	\$48,601

- Dental, Vision, Life and Disability do not renew until 2017 or later
- Please note that the total annual employee cost illustrated under “Option C” is assuming that all employees would remain on the same plan and not elect the new 3<sup>rd</sup> HMO option. This total would reduce with each employee that elects the new plan