

*Forwarded
9-15-14*

14-1855

RESOLUTION
Health and Dental Insurance for 2015

WHEREAS, the City of Manitowoc's benefits broker for employees' health and dental insurance has recommended changes to the health plan for 2015 as shown on the attached document to minimize cost increases to employees and the City; and

WHEREAS, the Personnel Committee recommended approval of these plan changes at a meeting held on September 8, 2014; and

WHEREAS, it is in the best interest of the City's administration of the employees' health and dental insurance to adopt these plan changes to reduce cost increases and provide benefits coverage to the employees.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the City of Manitowoc to approve the attached Health and Dental Plan changes for 2015.

BE IT FURTHER RESOLVED that the Human Resources Director and Finance Director/Treasurer are authorized to enter into all necessary agreements to implement the insurance, and shall submit a monthly report to the Common Council on agreements entered into.

SEP 15 2014

Introduced _____

Adopted _____

Approved _____

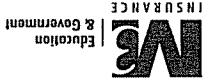
Justin Nickels, Mayor

This Resolution was drafted by Kathleen M. McDaniel, City Attorney

2015 Benefit Plan Considerations

Following are the final benefit plan changes that M3 recommends for the City's 2015 plan year.

1. **Increase deductibles to \$2,000 single/\$4,000 family with \$500 single/\$1,000 family reimbursement through Health Reimbursement Arrangement effective 1/1/2015.**
 - M3 calculates there would be an estimated 4.36% or \$124,781 annual funding premium savings by changing health plan deductibles to \$2,000 single/\$4,000 family.
 - The City will utilize a portion of the funding premium savings to reimburse \$500 single/\$1,000 family through a Health Reimbursement Arrangement (HRA) towards the deductible if the member incurs deductible expenses greater than \$1,500 single/\$2,000 family. If 25% of members received HRA reimbursement, the City would realize a savings of \$65,145 annually. At 50%, the City would realize a savings of \$20,270.
2. **Implement a \$100/month tobacco surcharge for any employee health plan participant who is a tobacco user. Offer a Reasonable Alternative Standard program (RAS) as required by the Affordable Care Act.**
 - For the 2015 plan year, all employees will be required to take a cotinine test this fall. The cost is \$23.35 per participant, for a total cost of \$5,044. Employees enrolled in health plan coverage that do not take the cotinine test or who are determined to be nicotine users will be charged an additional \$100 per month.
 - The City will contract with Holy Family Memorial to communicate and administer RASs for nicotine cessation. Spring 2014 testing indicated there were 24 employees using nicotine. The cost for communication to 24 employees is \$101, or \$4.20/participant. Holy Family Memorial will offer a 5-week course at a cost of \$650 for a class of 10 participants. Total cost cannot be determined as the number of employees who will voluntarily engage is unknown.
 - Full Health Risk Assessments with biometric testing (including a cotinine test) will be conducted every fall beginning in 2015 to establish contributions for each employee.
3. **Enroll in the Serve You Step Therapy program, which requires members taking certain very expensive prescription drugs to try lower cost alternatives first.**
 - There are 27 members currently taking medications that would be asked to try lower cost alternatives. Many times the disruption and then sometimes negative feedback employees provide Human Resources is not worth the minimal savings. There is an estimated \$10,000 annual claims savings. Current employee medications will be grandfathered, but all new prescriptions will be processed through the Step Therapy program.
4. **Implement Serve You Adherence Monitoring Program to reach out to members that are not medication compliant in the areas of diabetes, asthma, depression, cholesterol and hypertension.**
 - The City will enroll in the Serve You Adherence Monitoring Program. At an expense of \$.36 per employee per month, annual cost would be approximately \$933 per year based on 216 enrolled employees.
5. **Apply prescription drug copayments towards out-of-pocket maximum (ACA requirement).**
 - The City health plan has two "buckets" for total plan maximums of \$6,350 single and \$12,700 family. There is a separate dollar amount for the coinsurance and a dollar amount for health care copayments.
 - In 2015, because prescription drug copayments must now accumulate to the total out-of-pocket maximum, the City will maintain three "buckets" for total plan maximum: one each for coinsurance, health care copayments and prescription drug copayments. The total plan out-of-pocket maximum will increase to \$6,600 single and \$13,200 family.
6. **Eliminate coverage to all employees that work less than 30 hours per week (considered part time).**



Full Population

City of Manitowoc Health Insurance Benefit Comparison
Effective Date: 01/01/2015

OOP = Out-of-Pocket
*Health plan deductible may be reduced by HRA wellness funds

Health Carrier	Auxiant	Auxiant	Auxiant
Insurance Type	PP0	PP0	PP0
Provider Network:	THN/HPS w/First Health Wrap	THN/HPS w/First Health Wrap	THN/HPS w/First Health Wrap
Urgent Care	In Network	\$50 Copay	\$50 Copay
Emergency Room*	Out of Network	Deductible and Coinsurance	Deductible and Coinsurance
Hospital Services	In Network	\$200 Copay/Ded./90% Coins	\$200 Copay/Ded./90% Coins
	Out of Network	\$200 Copay/Ded./90% Coins	\$200 Copay/Ded./90% Coins
Separate RX Copay OOP Max	Single	Family	Family
	NA	NA	\$4,000
Prescription Drugs (Serve You)	\$200 Rx Deductible	\$200 Rx Deductible	\$200 Rx Deductible
	\$24/\$60/\$90	\$24/\$60/\$90	\$24/\$60/\$90
	Copay		
	Mail Order		

Rates	Current		Renewal		Proposed	
Employee	73	\$534.00	\$582.48	\$559.18		\$573.74
Employee/Spouse	0	\$0.00	\$0.00	\$0.00		\$0.00
Employee/Child(ren)	0	\$0.00	\$0.00	\$0.00		\$0.00
Family	143	\$1,394.00	\$1,520.56	\$1,459.74		\$1,497.75
Monthly Totals	\$238,324.00		\$259,961.12		\$256,061.70	
Annual Totals	\$2,859,888.00		\$3,119,533.44		\$2,994,752.10	

Annual % from Current

9.08%

4.72%

7.44%

Annual Δ\$ from Current

\$259,645.44

\$134,864.10

\$212,852.44

While every effort is made to illustrate the carriers' various benefits, discrepancies or errors are possible. In the event of an error, the actual product brochure furnished by the insurance carrier and approved by the Commissioner of Insurance will prevail. The master contract and policyholder certificates are more detailed and should be used for the determination of benefits. All plans will comply with state and/or federal requirements with regard to nervous and mental benefits.