



COMMON COUNCIL COMMITTEE MEETING

2023 EMPLOYEE BENEFITS UPDATE



October 3, 2022

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www.usi.com

City Medical Plan Budget/Funding History

Plan Year	City of Manitowoc's Total Budget/ Funding Rates	Rate Change by City of Manitowoc
2019	\$617.74 / \$1569.68	+1.98% (USI renewal recommendation called for +1.98%)
2020	\$620.36 / \$1572.20	+0.19% (USI renewal recommendation called for 0.19% increase in rates)
2021	\$620.36 / \$1572.20 <i>Recruitment/retention/COVID concerns →</i>	No change from 2020 (USI renewal recommendation called for +2.7% increase in rates)
2022	\$620.36 / \$1572.20 <i>Recruitment/retention concerns →</i>	No change from 2021 (USI renewal recommendation called for +5.18% increase in rates) -City Finance Director allocated \$169,580 in budget/overage from reserves (\$22,045 attributable to employee contributions) to absorb excess costs for plan year 2022 est. budget.

Note: City employee contributions increased as follows- 2019 **+2%**, 2020 **+0.04%**, 2021 **no increase**, 2022 **no increase**.


City Renewal Action for Next Year

Plan Year	City of Manitowoc's Total Budget/ Funding Rates <u>per Option</u> Single/ Family	Renewal Calculation
2023	1. \$767.31 / \$1932.88 2. \$745.64 / \$1889.55 3. \$691.71 / \$1742.43	<ul style="list-style-type: none"> (Option 1) No plan changes, with exception of doubling City HSA contributions would result in a +23.05% increase (Option 2) No plan changes (City HSA contributions would stay the same) USI renewal calculation calls for +20.19% increase. (Option 3) Authorization of \$190,000 from Health Plan reserves and \$200,000 from General Fund to absorb excess costs would bring the increase down to 10.92% (includes No plan changes other than doubling City HSA contributions)

Note: City employee contributions increased as follows- 2019 **+2%**, 2020 **+0.04%**, 2021 **no increase**, 2022 **no increase**.

2022 Medical Plan Design - Benchmarking

USI Benefits Benchmarking: In all, over 8000 employers participate the 2021 survey, from dozens of industries, and nearly every state in the country.

	 CITY OF MANTOWOC	City Government	250-500 Employees	Midwest Region
<i>Bolded City benefits are at, or better than benchmarks</i>				
HDHP Medical Plan Deductible				
Individual deductible	\$2,000	\$2,000	\$3,000	\$3,000
Family deductible	\$4,000	\$4,000	\$6,000	\$6,000
Individual Annual out-of-pocket maximum	\$4,250	\$3,000	\$5,000	\$4,500
Family annual out-of-pocket maximum	\$8,500	\$6,000	\$10,000	\$9,000
In-network plan member coinsurance after deductible	20%	20%	20%	20%
Employer Provided HSA contribution				
Single coverage	\$400	\$650	\$650	\$504
Family coverage	\$800	\$1,100	\$1,200	\$1,130
Prescription Drug Co-pays				
Generic	20%	20%	20%	20%
Preferred Brand	20%	20%	20%	20%
Non-preferred Brand	20%	20%	20%	20%
Specialty	20%	20%	20%	20%
Monthly Medical Insurance Premiums				
Single	\$620	\$670	\$570	\$579
Family	\$1,572	\$1,802	\$1,653	\$1,682
Monthly Medical Insurance Employee Contribution*				
Single	\$78	\$87	\$140	\$136
Family	\$197	\$363	\$630	\$514
Monthly Employer Contribution Percentage				
Single	87%	85%	85%	83%
Family	87%	84%	71%	77%

Plan Year 2023 Recommendations

City of Manitowoc

ANNUAL COST SUMMARY

Total Medical & Drug Costs				
	Current	Renewal	% Change	\$ Change
Specific Stop Loss	\$441,124.00	\$485,243.00	10.00%	\$44,119.00
Aggregate	\$18,626.00	\$18,626.00	0.00%	\$0.00
Medical Administration	\$49,607.00	\$22,201.00	-55.25%	(\$27,406.00)
HSA I Administration	\$4,484.00	\$4,484.00	0.00%	\$0.00
COBRA Administration	\$1,544.00	\$1,544.00	0.00%	\$0.00
HSA I Contributions	\$89,702.00	\$179,404.00	100.00%	\$89,702.00
Annual PCORI Fee	\$1,397.79	\$1,472.94	5.38%	\$75.15
Total Fixed Cost	\$606,484.79	\$712,974.94	17.56%	\$106,490.15
Claims Cost	\$2,530,553.00	\$3,147,040.00	24.36%	\$616,487.00
Total Fixed & Claims Cost	\$3,137,037.79	\$3,860,014.94	23.05%	\$722,977.15

Option 1:

- Renew as is, with no design / program changes
- Doubling City HSA contributions

Total Dental Costs				
	Current	Renewal	% Change	\$ Change
Fixed Cost	\$10,854.00	\$11,336.00	4.44%	\$482.00
Claims Cost	\$200,230.00	\$212,555.00	6.16%	\$12,325.00
Total Fixed & Claims Cost	\$211,084.00	\$223,891.00	6.07%	\$12,807.00

- Dental calls for a **6.07%** increase

Plan Year 2023 Recommendations

City of Manitowoc

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COBRA Administration	\$1,544.00	\$1,544.00	0.00%	\$0.00
HSA I Contributions	\$89,702.00	\$89,702.00	0.00%	\$0.00
Annual PCORI Fee	\$1,397.79	\$1,472.94	5.38%	\$75.15
Total Fixed Cost	\$606,484.79	\$623,272.94	2.77%	\$16,788.15
Claims Cost	\$2,530,553.00	\$3,147,040.00	24.36%	\$616,487.00
Total Fixed & Claims Cost	\$3,137,037.79	\$3,770,312.94	20.19%	\$633,275.15

Option 2:

- Renew as is, with no design / program changes
- Leave City HSA contributions as is – no change

Total Dental Costs				
	Current	Renewal	% Change	\$ Change
Fixed Cost	\$10,854.00	\$11,336.00	4.44%	\$482.00
Claims Cost	\$200,230.00	\$212,555.00	6.16%	\$12,325.00
Total Fixed & Claims Cost	\$211,084.00	\$223,891.00	6.07%	\$12,807.00

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Plan Year 2023 Recommendations

City of Manitowoc

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HSA I Contributions	\$89,702.00	\$179,404.00	100.00%	\$89,702.00
Annual PCORI Fee	\$1,397.79	\$1,472.94	5.38%	\$75.15
Total Fixed Cost	\$606,484.79	\$712,974.94	17.56%	\$106,490.15
Claims Cost	\$2,530,561.00	\$2,766,703.00	9.33%	\$236,142.00
Total Fixed & Claims Cost	\$3,137,045.79	\$3,479,677.94	10.92%	\$342,632.15

Total Dental Costs				
	Current	Renewal	% Change	\$ Change
Fixed Cost	\$10,854.00	\$11,336.00	4.44%	\$482.00
Claims Cost	\$200,230.00	\$212,555.00	6.16%	\$12,325.00
Total Fixed & Claims Cost	\$211,084.00	\$223,891.00	6.07%	\$12,807.00

Option 3:

- Renew as is, with no design / program changes
- Doubling City HSA contributions
- Authorize **\$200,000** from General Fund and **\$190,000** from health plan fund reserves
- Dental calls for a **6.07%** increase

Plan Year 2023 Options

KEEP:

- Robin HealthPartners **medical plan administration** and its HealthPartners *focused provider network*
 - No plan design changes to the current high-deductible plan
 - **Go365** Wellness platform and \$Bucks incentives
- Continue City sponsored **Manty Clinic** through Froedtert/Holy Family with access to no/low-cost care for covered employees and spouses
- Delta Dental of Wisconsin as **dental plan administrator** and **dental provider network**
- **Cafeteria plan administrative services** (HSA, FSA, etc.) through WEX (formerly Discovery Benefits)
- **EAP services** to employee and their families through Curalinc (SupportLinc)
- **100% employee insurance funded plans** (through NVA vision and Mutual of Omaha disability, accident/critical illness coverages)

Plan Year 2023 Options cont.

Change:

Introduce at this year's Open Enrollment:

- Wellness Related – increase (double) 2023 City HSA contributions
 - **Silver status in Go365 by 09/30/2022**: \$400 employee and/or \$400 spouse -- 03/01/2023
 - **Gold status in Go365 by 09/30/2022** \$800 employee and/or \$800 spouse -- 03/01/2023

Increased City HSA incentive in-line with Market/Benchmarks

- Cease annual onsite biometrics events after this fall's event
- Replace annual biometrics with a **Primary Care Provider (PCP) engagement strategy**; Employees and/or spouses who engage with a primary care provider (could be at the Manty Clinic) will be eligible for the 2024 HSA contribution (as approved by Council)

Plan Year 2023 Options cont.

Change:

Budget Related

- Authorize a total of **\$390,000 to the health fund of which \$200,000 is from general fund and \$190,000 from health fund reserves**
- Increase Plan Year 2023 **medical funding budget 10.92%** which equates to a \$342,640.15 increase of which \$299,810.13 is the City's share (87.5%) which should be added to the City's 2023 budget
- Increase **dental funding budget 6.07%**

Employee Contributions

- In-line with the above funding budget, increase employee monthly contributions for medical (10.92%) and dental (6.07%)
 - *Increase in employee payroll contributions would continue to align under Market/Benchmarks*
 - *As a reminder, current 87.5% City contribution toward the cost of medical coverage is higher than Market/Benchmarks*

Note: History of employee contributions:

- 2019 **+2%**
- 2020 **+0.04%**
- 2021 **no increase**
- 2022 **no increase**

Questions?



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