

CITY OF MANITOWOC PERSONNEL COMMITTEE MEETING



PRESENTED BY:

Shawn Esslinger

*Vice President,
Employee Benefits Consultant*



Benefits and Risk Consulting

Investments, securities and insurance products:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY		NOT A DEPOSIT

Please see final page for important disclosure information >>



PLAN YEAR TO DATE PERFORMANCE

City of Manitowoc - Medical Funding Analysis Report

Medical Summary

Medical & Rx Carriers:
Anthem & Anthem

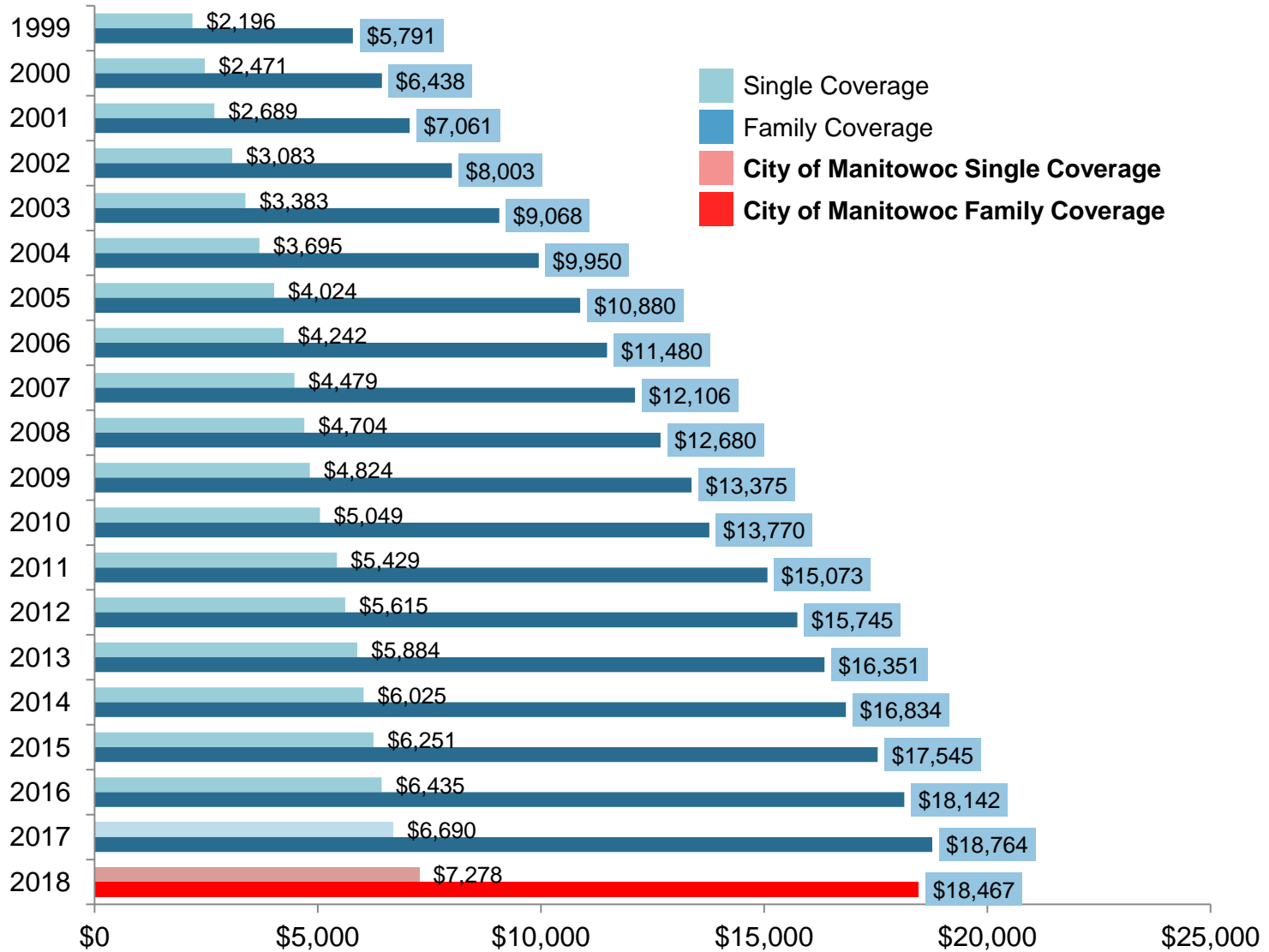
Prepared By: Associated Financial Group
Date Prepared: 08/21/18
Plan Year: 01/01/18 - 12/31/18

Monthly Enrollment	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Single	49	49	48	49	49	47	45						336
Family	149	149	151	153	153	153	151						1,059
Total	198	198	199	202	202	200	196						1,395
Total Members	575	575	581	589	590	587	574						4,071
Total Medical Funding													
Single	29,719.97	29,719.97	29,113.44	29,719.97	29,719.97	28,506.91	27,293.85						\$203,794.08
Family	229,302.06	229,302.06	232,379.94	235,457.82	235,457.82	235,457.82	232,379.94						\$1,629,737.46
Sum of Total Medical Funding	\$259,022.03	\$259,022.03	\$261,493.38	\$265,177.79	\$265,177.79	\$263,964.73	\$259,673.79						\$1,833,531.54
Fixed Medical Costs													
Single	6,531.21	6,531.21	6,397.92	6,531.21	6,531.21	6,264.63	5,998.05						\$44,785.44
Family	39,334.51	39,334.51	39,862.49	40,390.47	40,390.47	40,390.47	39,862.49						\$279,565.41
AFG Consulting Fee	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00						\$24,500.00
Sum of Total Fixed Medical Costs	\$49,365.72	\$49,365.72	\$49,760.41	\$50,421.68	\$50,421.68	\$50,155.10	\$49,360.54						\$348,850.85
Total Fixed Costs	\$49,365.72	\$49,365.72	\$49,760.41	\$50,421.68	\$50,421.68	\$50,155.10	\$49,360.54						\$348,850.85
Claims Costs													
Medical Claims	184,709.00	163,652.00	131,347.00	164,074.00	89,751.00	173,829.00	81,942.00						\$989,304.00
Prescription Drug Claims	59,275.00	70,049.00	65,267.00	80,393.00	57,808.00	78,771.00	64,522.00						\$476,085.00
Clinic Rental	172.05	172.05	172.05	172.05	172.05	172.05	172.05						\$1,204.35
Clinic Expenses	5,993.44	5,309.90	6,095.38	5,526.46	6,327.66	5,563.16	5,850.56						\$40,666.56
Discount Share	4,521.93	3,863.16	3,396.29	4,795.57	0.00	7,456.82	2,422.95						\$26,456.72
Sum of Total Claims Costs	\$254,671.42	\$243,046.11	\$206,277.72	\$254,961.08	\$154,058.71	\$265,792.03	\$154,909.56						\$1,633,716.63
Reimbursements													
Specific Excess Loss	(10,056.95)	0.00	(3,339.47)	(12,233.09)	(184.14)	(1,424.42)	(45.46)						(27,283.53)
Prescription Drug Rebate	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
Sum of Reimbursements	(\$10,056.95)	\$0.00	(\$3,339.47)	(\$12,233.09)	(\$184.14)	(\$1,424.42)	(\$45.46)						(\$27,283.53)
Total Costs	\$293,980.19	\$292,411.83	\$252,698.66	\$293,149.67	\$204,296.25	\$314,522.71	\$204,224.64						\$1,855,263.95
Funding Less Costs	(\$34,958.16)	(\$33,389.80)	\$8,794.72	(\$27,971.88)	\$60,881.54	(\$50,557.98)	\$55,449.15						(\$21,762.41)
YTD Plan Performance	(\$34,958.16)	(\$68,347.96)	(\$59,553.24)	(\$87,525.12)	(\$26,643.58)	(\$77,201.56)	(\$21,762.41)						
YTD % of Total Costs to Funding													101.19%
YTD Average Monthly Cost Per Employee	\$1,484.75	\$1,480.79	\$1,410.24	\$1,420.63	\$1,337.87	\$1,377.03	\$1,329.95						\$1,329.95

NOTE: For the month of February 2018, the City Council and Mayor declared a premium holiday for all employees enrolled in the medical plan.



Average Annual Premiums for Single and Family Coverage, 1999-2016



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

*Estimate is statistically different from estimate for the previous year shown ($p > .05$).

PLAN YEAR 2019 MARKETING EFFORT RECAP

A due diligence marketing effort was conducted on current Anthem/ESI TPA/PBM services, provider network, as well as stop loss coverage.

- **UHC-UMR/Optum and Humana**
 - participated and results were not competitive.
- **Robin/Health Partners**
 - participated and its initial proposal was found to be not competitive.
 - a revised proposal was also submitted; fixed costs continued to be \$150,000 higher than the City's renewal with Anthem. Additionally, an *At-Risk Claim Performance Guarantee* was added in the revised proposal (worse case \$127,599 could come back to the City if 2019 claim performance performs negatively). However, this guarantee continues to be below the higher fixed costs Robin included in its revised proposal.

2019 HEALTH PLAN COST PROJECTIONS

- If the City were to renew with the current plan design for 2019, a 6.04% increase in funding is recommended. The City could also consider one of the following plan design changes for the 2019 plan year to reduce costs:

	2019 Plan Design	(+/-) from current	Est. Cost from Current
Renew As Is	No changes from 2018	6.04%	\$188,325.36
Option 1	Offer HDHP/HSA (<u>no</u> ACC Coverage, or City HSA Contrib.)	0.66%	\$20,459.40
Option 2	Offer HDHP/HSA with \$300 City HSA Contrib, (<u>no</u> Accident Coverage).	2.51%	\$78,143.16
Option 3	Offer HDHP/HSA with \$300 City HSA Contrib., and Accident Coverage	3.35%	\$104,496.36
Option 4	Increase Ov copays for PCP/SP/UC/ER to \$80/\$130/\$180/\$300 from \$40/\$65/90/\$200) and increase plan deductibles to \$2000/\$4000 from \$1750/\$3500	1.99%	\$62,116.68



2019 HEALTH PLAN RECOMMENDATIONS

- Renew with **Anthem BlueCross BlueShield** to provide 2019 health plan administrative services including these related partners in health:
 - Well Priority Provider Network
 - Anthem Pharmacy, in partnership with Express Scripts and Accredo Pharmacy
- Recent medical plan educational meetings with interested employees in attendance, lead Human Resources and Finance leaders to recommend **medical plan option 4** – increase plan copays and deductibles
 - A 2% increase to the funding budget for the 2019 medical plan year is recommended.
- Renew the **Manty Clinic/Aurora Healthcare** contract and continue to offer clinic services at no cost to covered plan members.
 - The current service agreement is being renegotiated.
 - A \$7.50 PMPM fee is being considered which would replace the existing cost agreement ‘pay for services’ as utilized. The new fee arrangement should reduce current costs by roughly \$3,000.
 - New Manty Clinic on Dewey Street opened in August. Now, all City patients have access to treatment, lab and pharmacy related services at one location.



2019 HEALTH PLAN RECOMMENDATIONS CONT.

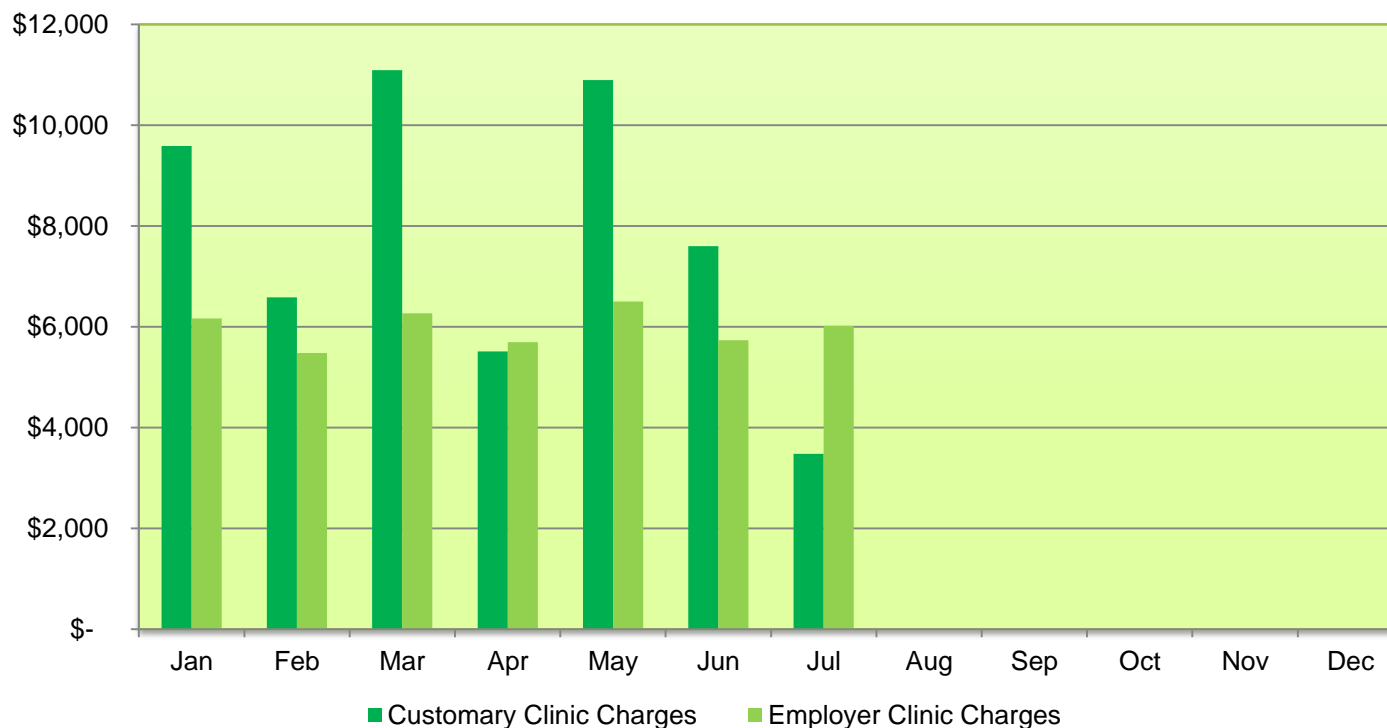
- With increases in plan deductibles and coinsurance for 2019, a priority in continuing to educate employees on the benefits of using the Manty Health & Wellness Center will be important.
 - No out-of-pocket costs to employees/family members to be treated for most services at the clinic.
 - Again, new clinic offers treatment, lab and pharmacy needs all in one location.
- Consider implementing the following **eligibility rule**:
 - Coverage terminates at the end of the month in which an employee separates employment.
 - Currently, coverage can be kept by separating employee for up to two months after separation, depending on the date of the last premium deduction and the date of the employee's final check.

Regarding this recommendation:

- No eligibility rule currently appears in the EPM.
- The new eligibility rule would follow a more standard practice/rule.
- There is always a financial risk to the City in keeping individuals on the plan after separation from employment.

UTILIZATION OF CLINIC

Cost Comparison - Aurora Clinic vs. Employer Clinic



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2018
Customary Clinic Charges	\$ 9,589	\$ 6,583	\$ 11,094	\$ 5,513	\$ 10,893	\$ 7,599	\$ 3,479						\$ 54,751
Employer Clinic Charges	\$ 6,165	\$ 5,482	\$ 6,267	\$ 5,699	\$ 6,500	\$ 5,735	\$ 6,023						\$ 41,871
Estimated Savings	\$ 3,424	\$ 1,101	\$ 4,826	\$ (185)	\$ 4,394	\$ 1,863	\$ (2,543)						<u>\$ 12,880</u>

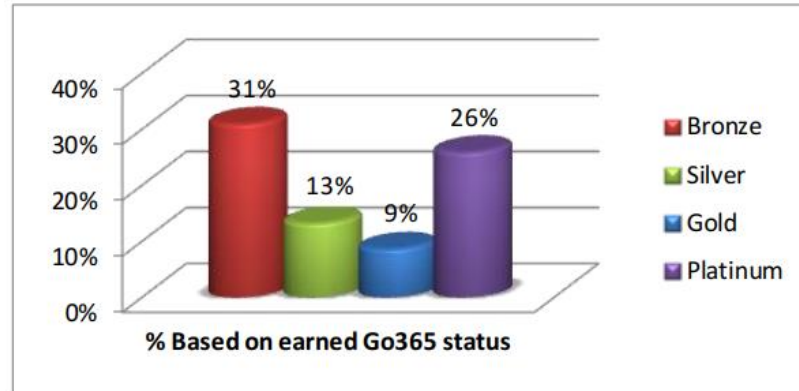
WELLNESS UPDATE CONT.


The first Go365 plan year ends September 31.

48% of City participant's have earned silver status or above. Go365's peer group is 41%.



City of Manitowoc



Status Distribution			Earned Status			Number Completed		Percentage	
Blue	42	21%		Health Assessment	115	58%			
Bronze	61	31%		Biometric Screening	117	59%			
Silver	26	13%							
Gold	17	9%							
Platinum	51	26%							
Total	197								

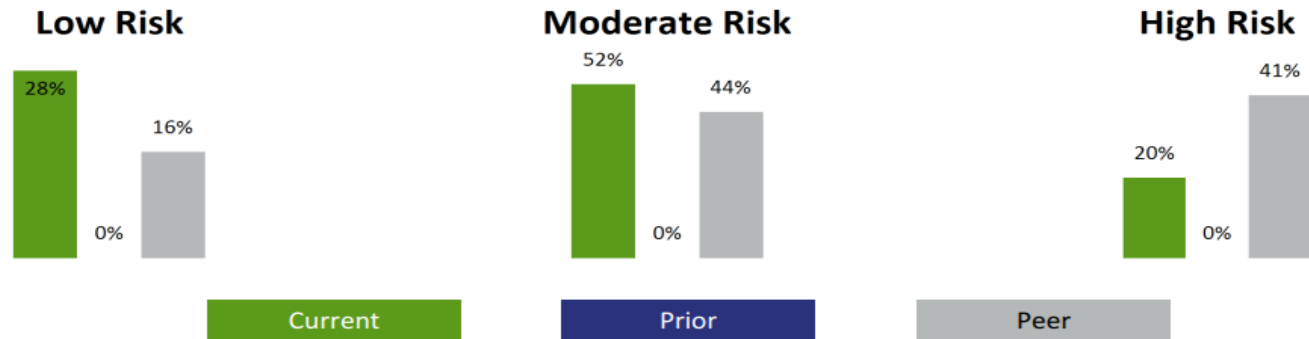


WELLNESS UPDATE CONT.

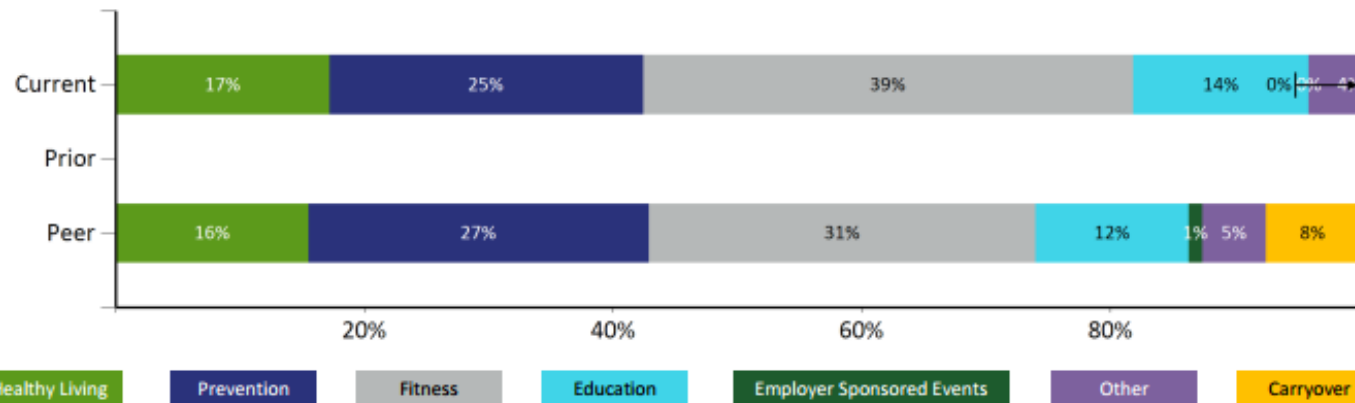


Adult Members- Current: 339 Prior: 0
% with Risk Values- Current: 65% Prior: 0%

Overall Health Risk



Points by Category



QUESTIONS?



IMPORTANT DISCLOSURES

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