



PERSONNEL COMMITTEE MEETING

2024 EMPLOYEE BENEFITS UPDATE



August 5, 2024

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www.usi.com

Agenda

- 2024 Employee Benefit Reminders/Recap
- 2024 Year to Date Plan Performance
- 2025 City Medical and Dental Plan Cost Projections
- 2025 Plan Year Options
- Time for Questions

2024 (current) City Benefit Plan Reminders

Dental Plan



- Self-funded with Delta Dental of WI
- Employee contributions remained the same from 2023 without plan design changes
- 2 dental provider networks (**PPO** and **Premier**), and can go out-of-network if desired

Wellness Programming

- First year with Vitality wellness platform
- The City continued the voluntary **Primary Care Provider (PCP)** engagement wellness program to aid in the awareness of overall health and identify early health risks
- Employees and spouses who participate in the PCP wellness program are eligible for a City HSA contribution for plan year 2025
- The City's medical plan covered 1 preventive wellness visit a year at 100% with an in-network provider. In addition, preventive wellness visits were rendered at the Manty clinic and available at no cost!
- To show proof of participation in the PCP engagement program, employees and spouses needed to take the PCP Engagement form to a preventive PCP visit
 - Complete routine physical exam visit with your PCP between **8/1/2023 to 12/31/2024**
 - Submit the completed PCP form to Vitality as proof of participation in the 2024 program
 - Vitality is tracking all PCP visits. Employees/spouses need to upload their forms into Vitality

2024 (current) City Benefit Plan Reminders

Voluntary Vision Insurance

- Insured through **NVA**

Disability Insurances

- Voluntary STD and LTD insured through **Mutual of Omaha**
- Voluntary Accident & Critical Illness Coverages

Employee Assistance Program (EAP)

- Remained with National EAP vendor **SupportLinc/Curalinc**
- An EAP RFP is in process to look at options

Cafeteria Plan, HSA and COBRA administration

- FSA (general medical and limited purpose), HSA, as well as COBRA administration is with **Wex, Inc.**

2024 (current) City Benefit Plan Reminders



Medical Plan

- Year 4 of self-funded plan administration by **Robin HealthPartners** and *focused* provider network
- A HDHP/HSA medical plan design has been in effect since 1/1/2020
 - **\$2000 single/\$4000 family deductibles**
 - Deductible must be met before the plan reimburses anything (excluding routine care, certain preventive drugs)
 - City **\$800/\$1,600 HSA contribution** (wellness participation incentive)
 - PCP form completed in Vitality by 12/31/2024: \$800 for employee and/or \$800 for spouse
- Increase to employee contributions of 7.1% for health insurance and 0% for dental for the 2024 plan year
- Manty Clinic remains with **Froedtert/HFM**
 - Includes Primary Care Model
 - Access to no/low-cost care for covered employees and family members
 - Covered employees and family members also have access to HFM Wellness Center membership
 - Exercise classes, lap pool, fitness equipment, sauna



Medical Plan Structure - Reminders

The City of Manitowoc's medical plan is self-funded

- **Self-funded** = a group health plan in which the employer provides coverage directly to its employees and is responsible for all financial costs and administrative functions of the plan
- The City is responsible to pay all claims as they are incurred
- Employees pay part of the cost through premiums, deductibles, coinsurance and copays

Robin/HealthPartners is the **Third-Party Administration (TPA)**, not an insurance company

- The TPA processes medical, and prescription claims on behalf of the City, and possesses the provider network which is attached to the City's plan and applies to in-network level of benefits

As a self-funded plan, the City also purchases **stop loss insurance** to protect the City and the plan against large catastrophic claims

Medical Plan Structure – cont.

- With recommendations by the City's Benefit Consultant (USI), the City establishes an annual **medical plan budget** based on a predetermined funding level and it maintains that budget regardless of claims experience
- It is prudent for the City as a plan sponsor of a self-funded plan to establish an **excess loss reserve** to:
 - Account for excess funding in its reserves when the plan performed under budget, and
 - Absorb financial strain when the plan performs over budget brought about by adverse or high-cost claims experience

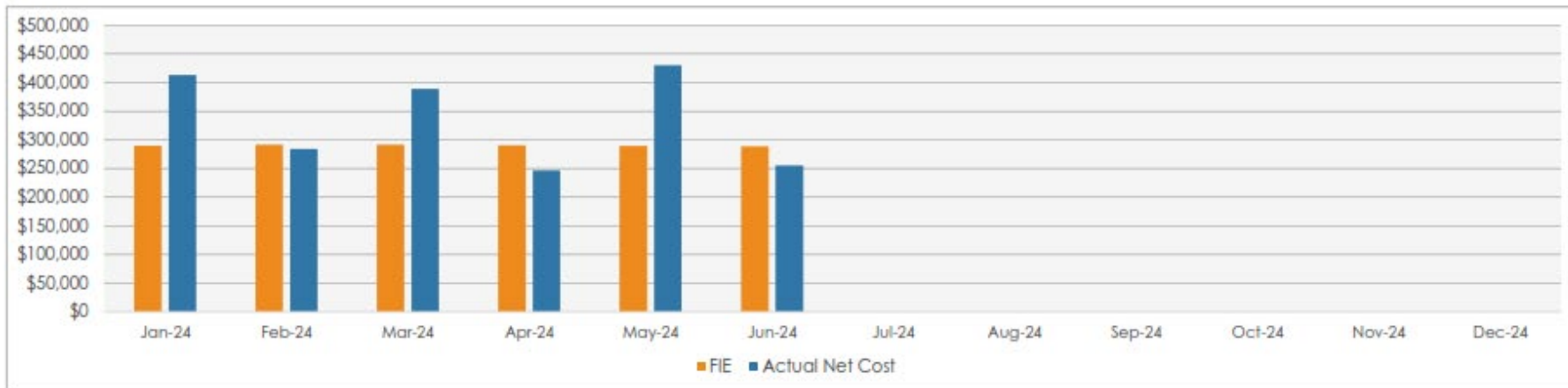
City Medical Plan Budget/Funding History

Plan Year	City of Manitowoc's Total Budget/ Funding Rates	Rate Change by City of Manitowoc
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	\$625.00 / \$1735.00 <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.
2023	\$688.10 / \$1,743.88 <i>Recruitment/retention concerns →</i>	+10.9% (USI renewal recommendation called for a +12.24% increase in rates) - City Finance Director released \$200,000 from plan reserves and \$190,734 from general funds to absorb some of the excess costs for 2023 plan year
2024	\$737.02 / \$1,868.52	+7.1% (USI renewal recommendation was 7.1%)

Note: City employee contributions increased as follows ~ 2020 **+0.04%**, 2021 **no increase**, 2022 **no increase**, 2023 **+10.9%**, 2024 **+7.1%**

Plan Year 2024 Medical Plan Performance

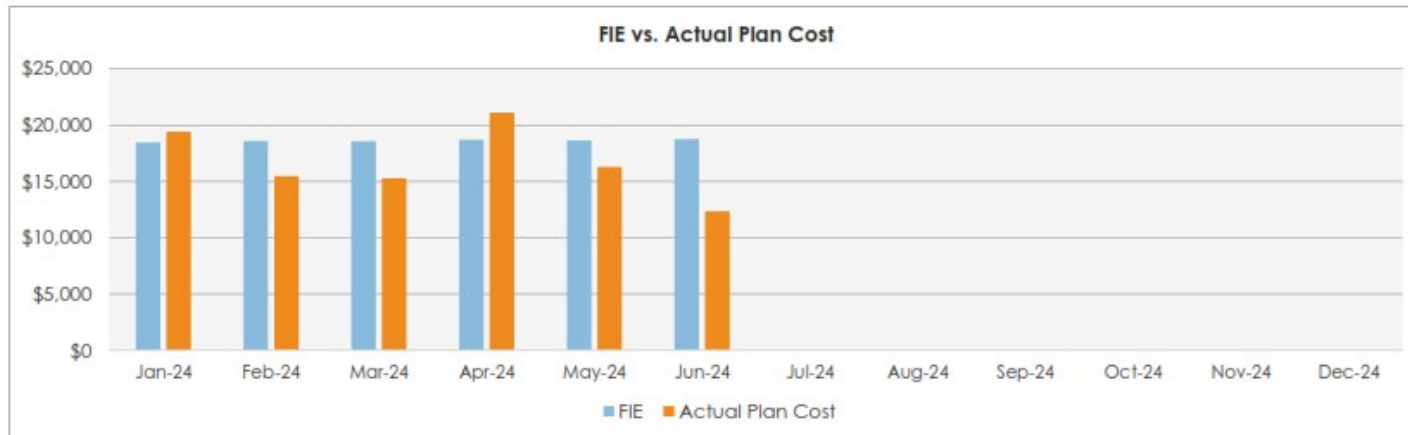
City of Manitowoc
Medical / Rx Plan - Health Partners
Current Plan Year Cost Summary
January 2024 through December 2024



	Enrollment (1)	Fixed Costs (2) (3) (4) = 2+3			Paid Claims (5) (6) (7) (8) (9) = 5+6+7+8 (10) = 9/1						Total Plan Costs (11) = 4+9 (12)		Position (13) = 11/12 (19) = 12-11		Miscellaneous (20)
	Total Ees	Admin Fees*	Stop Loss Premium	Total	Medical Claims	Rx Claims	Misc**	Over SSL	Net Total Claims	Claims / Ee	Actual Net Cost	FIE	Net Cost / FIE	FIE - Net Cost	ER HSA Contribution
Jan-24	192	\$8,372	\$42,490	\$50,862	\$1,201,704	\$36,155	\$11,653	(\$887,327)	\$362,184	\$1,886	\$413,046	\$289,734	142.6%	(\$123,312)	\$0
Feb-24	194	\$8,387	\$42,688	\$51,075	\$184,835	\$39,255	\$8,958	\$0	\$233,048	\$1,201	\$284,123	\$291,208	97.6%	\$7,085	\$0
Mar-24	194	\$8,387	\$42,688	\$51,075	\$335,364	\$59,695	\$141,402	(\$198,656)	\$337,805	\$1,741	\$388,880	\$291,208	133.5%	(\$97,671)	\$132,000
Apr-24	194	\$8,380	\$42,509	\$50,889	\$174,638	\$59,981	\$9,522	(\$48,467)	\$195,674	\$1,009	\$246,564	\$290,077	85.0%	\$43,513	\$0
May-24	193	\$8,372	\$42,410	\$50,783	\$324,861	\$115,566	\$7,028	(\$68,260)	\$379,196	\$1,965	\$429,978	\$289,340	148.6%	(\$140,638)	\$0
Jun-24	192	\$2,317	\$42,311	\$44,627	\$172,105	\$51,919	\$10,964	(\$24,616)	\$210,372	\$1,096	\$254,999	\$288,603	88.4%	\$33,604	\$0
Jul-24															
Aug-24															
Sep-24															
Oct-24															
Nov-24															
Dec-24															
Totals	1,159	\$44,214	\$255,097	\$299,311	\$2,393,507	\$362,571	\$189,528	(\$1,227,327)	\$1,718,279	\$1,483	\$2,017,590	\$1,740,171	115.9%	(\$277,420)	\$132,000

Plan Year 2024 Dental Plan Performance

City of Manitowoc
Dental Plan - Delta Dental
2024 Cost Summary



	Enrollment (1)	Fixed Costs (2)	Claims (3) (4)		Claims PEPM (5) = 4/1	Total Plan Costs (6) = 2+4	Position (7) = 6/3 (8) = 3-6	
	Total Ees	Administration	FIE	Paid Dental Claims	Claims / Ee	Actual	Actual/FIE	FIE to Actual Costs
Jan-24	198	\$931	\$18,453	\$18,484	93	\$19,415	105.2%	(\$962)
Feb-24	201	\$945	\$18,581	\$14,499	72	\$15,444	83.1%	\$3,137
Mar-24	200	\$940	\$18,538	\$14,361	72	\$15,301	82.5%	\$3,237
Apr-24	202	\$949	\$18,700	\$20,156	100	\$21,105	112.9%	(\$2,405)
May-24	201	\$945	\$18,658	\$15,316	76	\$16,261	87.2%	\$2,397
Jun-24	201	\$945	\$18,735	\$11,400	57	\$12,345	65.9%	\$6,390
Jul-24								
Aug-24								
Sep-24								
Oct-24								
Nov-24								
Dec-24								
Totals	1,203	\$5,654	\$111,665	\$94,216	78	\$99,870	89.4%	\$11,795

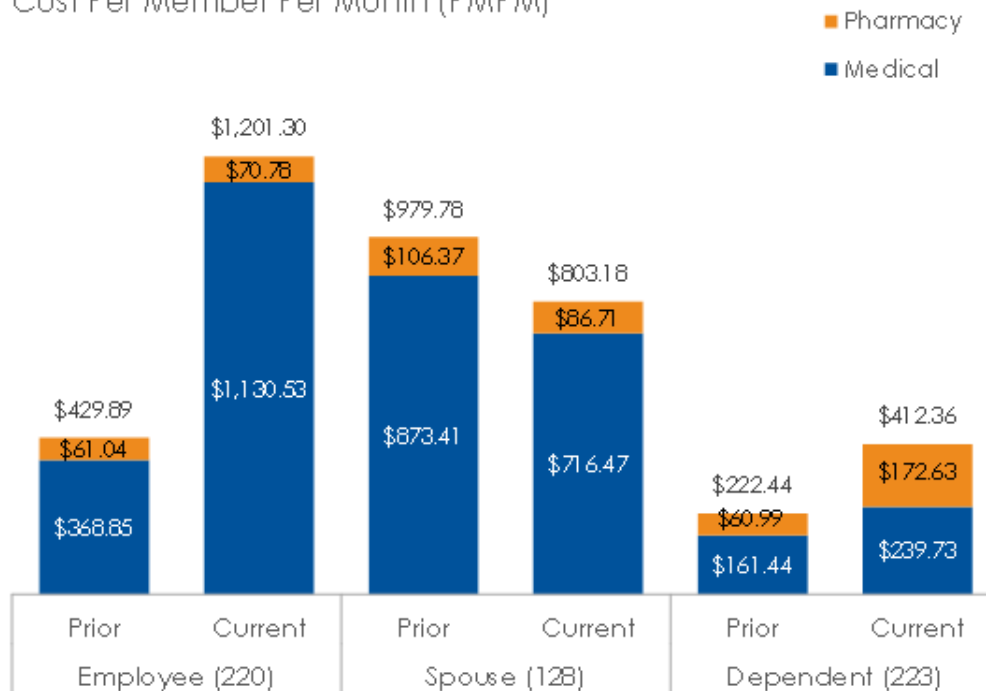
2024 Plan Performance

- Plan year **2024 stop loss coverage** with HealthPartners:
 - A 2-year stop loss renewal was negotiated in 2023 for both 2023 and 2024
 - We are awaiting the 2025 stop loss renewal from HealthPartners. Expected to receive in mid-to-late August
- High-cost claimants in 2023 were at 12 total with 6 over the stop loss deductible of \$100,000. In the first half of 2024, there are a total of 9 high-cost claimants with 1 over the stop loss deductible of \$100,000

2024 Plan Performance cont.

Relationship Cost Drivers


Cost Per Member Per Month (PMPM)



- Spouses can frequently be the main cost drivers.
- Incentivizing spouses to engage with their primary care physicians and including them in engagement campaigns can help to mitigate costs.

2024 Medical Plan Design - Benchmarking

USI Benefits Benchmarking: In all, over 10,000 employers participate the 2024 survey, from dozens of industries, and every state in the country.

		City Government	250-500 Employees	Central Region
BOLDDED City benefits are at, or better than benchmarks				
HDHP Medical Plan Deductible				
Individual Deductible	\$2,000	\$3,000	\$3,200	\$3,200
Family Deductible	\$4,000	\$5,000	\$6,400	\$6,400
Individual Annual Out-of-Pocket Maximum	\$4,250	\$3,200	\$5,000	\$5,000
Family Annual Out-of-Pocket Maximum	\$8,500	\$6,400	\$10,000	\$10,000
In-Network plan member coinsurance after deductible	20%	20%	20%	20%
Employer Provided HSA Contribution				
Single Coverage	\$800	\$950	\$650	\$750
Family Coverage	\$1,600	\$1,900	\$1,200	\$1,500
Prescription Drug Copays				
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	\$737	\$786	\$649	\$655
Family	\$1,869	\$2,201	\$1,914	\$1,891
Monthly Medical Insurance Employee Contribution				
Single	\$92	\$78	\$108	\$126
Family	\$234	\$334	\$530	\$495
Monthly Employer Contribution Percent				
Single	88%	90%	83%	81%
Family	88%	85%	72%	74%

Plan Year 2025 Plan Projections

Renewal Projection Detail		USI Projected Renewal			
		Medical		Rx	
Experience Periods		Jul 23 - Jun 24	Jul 22 - Jun 23	Jul 23 - Jun 24	Jul 22 - Jun 23
A: Actual Paid Claims		\$4,157,432	\$2,440,867	\$733,876	\$446,966
B: Large Claims Removed		-\$1,967,022	-\$409,356		
C: Claims Paid - After Pooling	A + B	\$2,190,410	\$2,031,511	\$733,876	\$446,966
Adjustments					
Tier Mix Adjustment		-\$23,650	-\$6,158	-\$7,924	-\$1,355
D: Total Adjustments		-\$23,650	-\$6,158	-\$7,924	-\$1,355
E: Total <u>after</u> Adjustments	C + D	\$2,166,760	\$2,025,353	\$725,952	\$445,611
F: Average Contracts		191	190	191	190
G: Average Membership		502	497	502	497
H: Claims Per Employee (PEPM)	E / F / 12	\$946.60	\$886.76	\$317.15	\$195.10
I: *Trend Used:		7.40%	7.40%	10.40%	10.40%
J: Trended Months		18	30	18	30
L: Experience Rated Claims / Contract		\$1,053.59	\$1,060.02	\$367.89	\$249.85
M: Experience Period Weighting		80%	20%	80%	20%
N: Projected Claims Blended By Year	L * M	\$1,054.88		\$344.28	
O: Manual Claim Pick (Independent Med/Rx)					
P: Credibility		100%		100%	
Q: Wellness Fees, Broker Fee, Clinic Fees, ER HSA Cont			\$292,956		

- Renew as is, with no design / program changes

Estimated Renewal		Per Employee	Annualized
R: Projected Contracts		192	
Projected Membership		500	
S: Projected Claim Cost	N + Q	\$1,526.31	\$3,516,614
Current Claim Costs Based on 192 EE's		\$1,270.71	\$2,927,705
Change from Current		20.12%	\$588,909
Fixed Costs (estimated)			
Administrative Expenses		\$9.21	\$21,229
Specific Stop Loss		\$287.38	\$662,118
Aggregate Stop Loss		\$7.87	\$18,136
COBRA Admin WEX		\$0.66	\$1,521
HSA Admin		\$1.85	\$4,262
PCORI		\$0.61	\$1,405
T: Total Administrative Fees		\$307.58	\$708,671
Projected Total Renewal Cost		\$1,833.89	\$4,225,285
Current Total Budgeted Costs Based on 192 EE's		\$1,503.14	\$3,463,234
Change from Current		22.00%	\$762,051

Plan Year 2025 Plan Projections with Adjustments

City of Manitowoc
Proposed Plan Funding
January 1, 2025 - December 31, 2025 Renewal

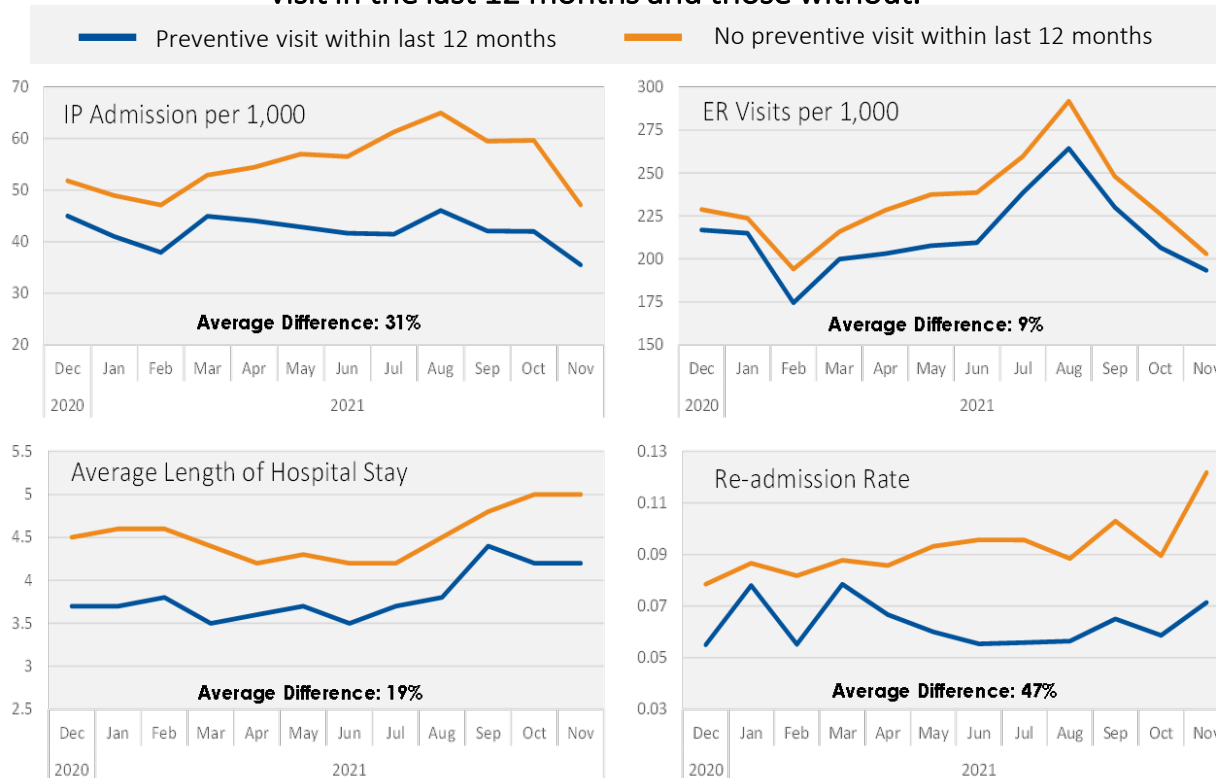
Proposed Funding	Current	Initial Renewal	Option 1
	Current Plans	No Adjustments	Adjustments
Projected Fixed Costs		\$708,671	\$708,671
Estimated Expected Claims		\$3,516,614	\$3,516,614
Plan Design Adjustments			
- Estimated Percent of Savings		0.00%	-7.80%
- Hinge Health and PaydHealth Savings		\$0	-\$274,282
Total Cost for Funding		\$4,225,285	\$3,951,003
Percent of Funding Variance		22.00%	14.08%

Premium Rates	Enrollment	Current Plans	No Adjustments	Adjustments
Medical Plan				
Employee	62	\$737.02	\$899.19	\$840.82
Family	130	\$1,868.52	\$2,279.67	\$2,131.69
Total Estimated Premium				
Monthly Premium	192	\$288,603	\$352,107	\$329,250
Annual Premium		\$3,463,234	\$4,225,285	\$3,951,003
Annual Change from Current			\$762,051	\$487,769
% Change from Current			22.00%	14.08%

The Impact of Connecting Members to their PCP

Incentivized Physician Engagement is the first step of the USI CORE strategy that reduces inefficiencies in settings of care and helps manage the number and intensity of services consumed driving a ~3-5% reduction in total health care claims.

Utilization differences across 857,000 adults with a preventive office visit in the last 12 months and those without.¹



- USI demonstrates that adults with active primary care relationships experience **reductions in:**
 - ER services
 - inpatient admissions
 - average length of stay
 - re-admission rates

¹502,000 without preventive care visits; 355,000 with a preventive care visit in the last 12 months

Plan Year 2025 Options

KEEP:

- Robin HealthPartners **medical plan administration** and its HealthPartners *focused* **provider network**
- The current **HDHP/HSA medical plan design (\$2,000 / \$4,000 deductible)**
- Wellness Related
 - **Primary Care Provider (PCP) engagement strategy;** Employees and/or spouses who engage with a primary care provider (could be at the Manty Clinic) who receive an annual physical/wellness screenings, are eligible to receive (for Plan Year 2025):
 - City HSA contribution of \$800 for the covered employee and \$800 for a covered spouse (subject to Council approval each year)
- 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 at the same rates**
- **100% employee insurance funded plans** (through NVA vision and Mutual of Omaha disability, accident/critical illness coverages)
- Continue Wellness Platform with Vitality

Plan Year 2025 Options cont.

Change:

Budget Related

- Medical plan recommended increase of 10% factoring in claims reduction with PaydHealth and removal of high-cost claims that will not be ongoing.

Employee Contributions

- In-line with the above funding budget, increase employee monthly contributions for medical (10%)
 - *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:

- 2020 **+0.04%**
- 2021 **no increase**
- 2022 **no increase**
- 2023 **+10.9%**
- 2024 **+7.1%**

Plan Year 2025 Options cont.

Change:

Medical Plan Options

- Add PaydHealth to the Medical plan for an estimated savings of \$236,448 (or 3.7%)
 - PaydHealth is a service that helps the medical plan get specialty high-cost prescription drugs at a lower cost to save the plan money
- Add Hinge Health to the Medical Plan for an estimated savings \$33,790
 - Hinge Health is a virtual physical therapy option for employees. Get the needed physical therapy from home. No office visits, no copays.

Questions?



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