



PERSONNEL COMMITTEE MEETING

2024 EMPLOYEE BENEFITS UPDATE



October 2, 2023

Shawn Esslinger, VP, Employee Benefits Consultant

www.usi.com

Agenda

- 2023 Employee Benefit Reminders/Recap
- 2023 Year to Date Plan Performance
- 2024 City Medical and Dental Plan Cost Projections
- 2024 Plan Year Options
- Time for Questions

2023 (current) City Benefit Plan Reminders

Dental Plan



- Self-funded with Delta Dental of WI
- Employee contributions went up slightly from 2022 without plan design changes
- 2 dental provider networks (**PPO** and **Premier**), and can go out-of-network if desired

Wellness Programming



- Go365 wellness platform and *Bucks* incentives continued (changing for 2024)
- The City introduced a 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 participated in the PCP wellness program were eligible for a City HSA contribution for plan year 2024
- 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 **8/1/2022 to 8/1/2023**
 - Submit the completed PCP form to Human Resources as proof of participation in the 2023 program
 - Manty Clinic verification to Human Resources and/or PCP Engagement form submission to Human Resources due by **10/15/2023**

2023 (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**


Cafeteria Plan, HSA and COBRA administration

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

2023 (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)
 - Go365 **Silver Status** by 9/30/2022: \$400 for employee and/or \$400 for spouse
 - Go 365 **Gold Status** by 9/30/2022: \$800 for employee and/or \$800 for spouse
 - **Made March 1, 2023**
- Increase to employee contributions of 10.9% for health insurance and 6.07% for dental for 2023 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 (\$20 per month)
 - 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

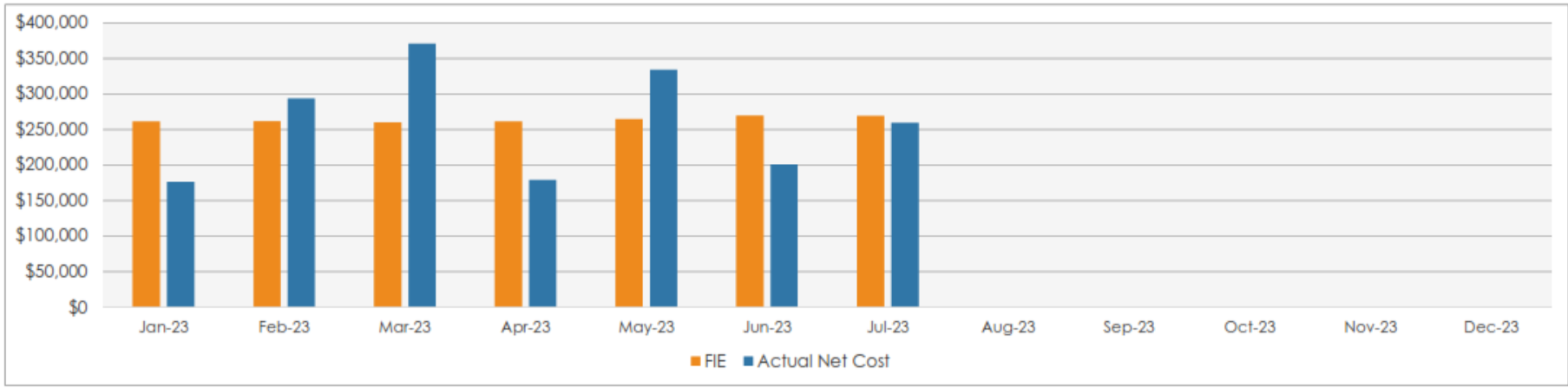
- It is prudent for the City as a plan sponsor of a self-funded plan to establish an **excess loss reserve** to:
 - Account for excess funding in its reserves when the plan performed under budget, and
 - Absorb financial strain when the plan performs over budget brought about by adverse or high-cost 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

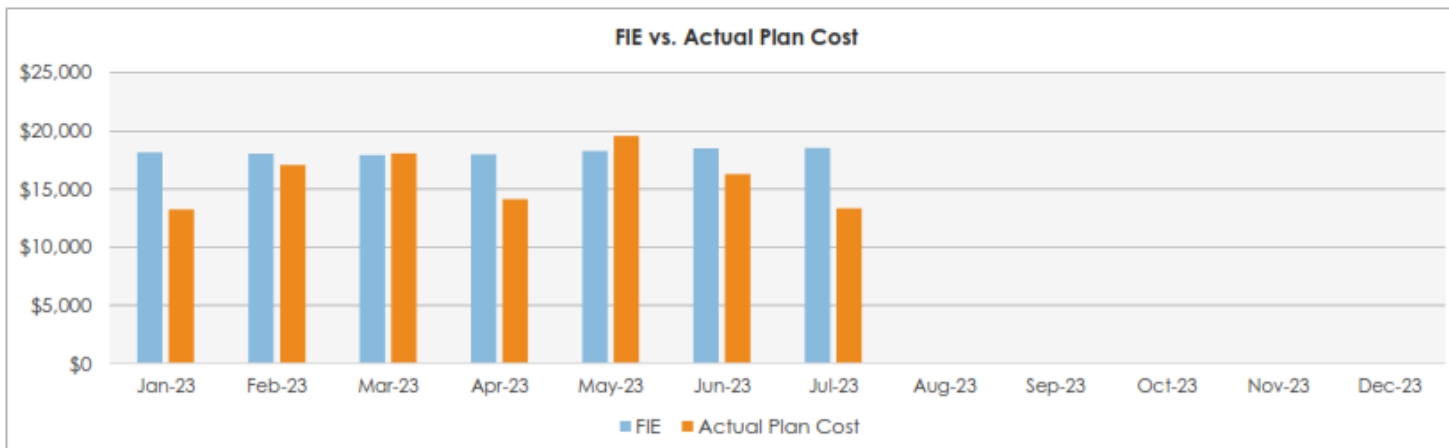
Note: City employee contributions increased as follows ~ 2020 **+0.04%**, 2021 **no increase**, 2022 **no increase**, 2023 **+10.9%**

Plan Year 2023 Medical Plan Performance



Enrollment (1)	Fixed Costs			Paid Claims						Total Plan Costs		Position		Miscellaneous	
	(2)	(3)	(4) = 2+3	(5)	(6)	(7)	(8)	(9) = 5+6+7+8	(10) = 9/1	(11) = 4+9	(12)	(13) = 11/12	(19) = 12-11	(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-23	185	\$8,293	\$37,803	\$46,096	\$95,952	\$25,861	\$8,542	\$0	\$130,356	\$705	\$176,451	\$261,383	67.5%	\$84,931	\$0
Feb-23	184	\$8,292	\$37,876	\$46,168	\$213,008	\$26,631	\$7,601	\$0	\$247,240	\$1,344	\$293,408	\$261,750	112.1%	(\$31,658)	\$0
Mar-23	183	\$8,278	\$37,620	\$45,898	\$129,223	\$28,666	\$166,848	\$0	\$324,737	\$1,775	\$370,635	\$260,006	142.5%	(\$110,629)	\$159,200
Apr-23	183	\$8,285	\$37,785	\$46,070	\$90,162	\$36,487	\$7,178	(\$866)	\$132,961	\$727	\$179,030	\$261,062	68.6%	\$82,032	\$0
May-23	185	\$8,313	\$38,297	\$46,610	\$241,284	\$54,477	\$7,761	(\$16,440)	\$287,081	\$1,552	\$333,691	\$264,550	126.1%	(\$69,142)	\$0
Jun-23	189	\$8,357	\$38,991	\$47,348	\$176,731	\$43,689	\$7,824	(\$74,659)	\$153,584	\$813	\$200,932	\$269,414	74.6%	\$68,482	\$0
Jul-23	190	\$8,357	\$38,918	\$47,275	\$206,385	\$40,343	\$7,074	(\$41,853)	\$211,949	\$1,116	\$259,224	\$269,046	96.3%	\$9,822	\$0
Aug-23															
Sep-23															
Oct-23															
Nov-23															
Dec-23															
Totals	1,299	\$58,175	\$267,290	\$325,465	\$1,152,745	\$256,153	\$212,828	(\$133,818)	\$1,487,908	\$1,145	\$1,813,373	\$1,847,211	98.2%	\$33,838	\$159,200

Plan Year 2023 Dental Plan Performance



	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-23	192	\$902	\$18,121	\$12,315	64	\$13,217	72.9%	\$4,903
Feb-23	190	\$893	\$18,036	\$16,157	85	\$17,050	94.5%	\$986
Mar-23	189	\$888	\$17,916	\$17,159	91	\$18,047	100.7%	(\$131)
Apr-23	190	\$893	\$17,958	\$13,213	70	\$14,106	78.5%	\$3,852
May-23	193	\$907	\$18,240	\$18,634	97	\$19,541	107.1%	(\$1,301)
Jun-23	195	\$917	\$18,480	\$15,336	79	\$16,253	87.9%	\$2,227
Jul-23	196	\$921	\$18,522	\$12,404	63	\$13,325	71.9%	\$5,197
Aug-23								
Sep-23								
Oct-23								
Nov-23								
Dec-23								
Totals	1,345	\$6,322	\$127,273	\$105,218	78	\$111,540	87.6%	\$15,734

2023 Plan Performance

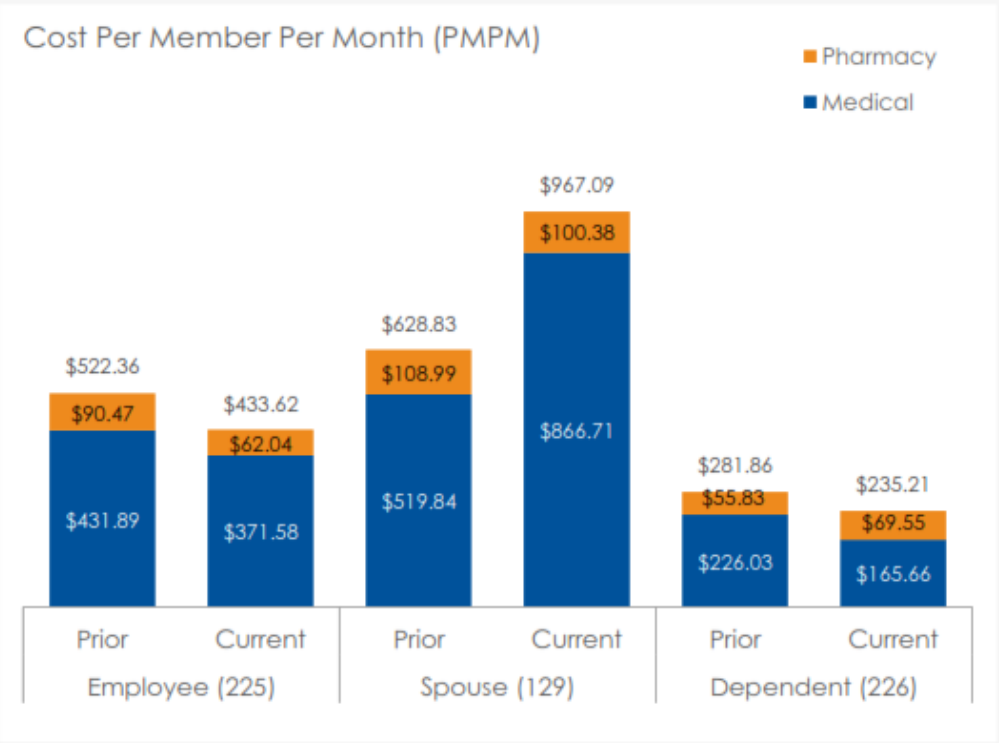
- At last year's personnel committee meeting, USI reported that there had been a higher number of high-cost claimants which in-turn made **securing HealthPartners stop loss coverage** challenging for plan year 2023
- Plan year **2023 stop loss coverage** with HealthPartners:
 - Renewal offer was negotiated from 17% to a 10% increase and avoided lasers
- Plan year **2024 stop loss coverage** with HealthPartners:
 - A 2-year stop loss renewal was negotiated in 2023 for both 2023 and 2024
- High-cost claimants in 2023 are less than in 2022 (4 vs 14)

2023 Plan Performance cont.

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Relationship Cost Drivers



- 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.

2023 Medical Plan Design - Benchmarking

USI Benefits Benchmarking: In all, over 10,000 employers participate the 2023 survey, from dozens of industries, and every state in the country.

		City Government	250-500 Employees	Midwest Region
Bolded City benefits are at, or better than benchmarks				
HDHP Medical Plan Deductible				
Individual deductible	\$2,000	\$2,500	\$3,000	\$3,200
Family deductible	\$4,000	\$5,000	\$6,000	\$6,400
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	\$800	\$1,000	\$600	\$600
Family coverage	\$1,600	\$2,000	\$1,000	\$1,000
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	\$688	\$763	\$617	\$611
Family	\$1,744	\$2,013	\$1,826	\$1,784
Monthly Medical Insurance Employee Contribution*				
Single	\$86	\$93	\$102	\$115
Family	\$218	\$309	\$517	\$566
Monthly Employer Contribution Percentage				
Single	88%	88%	83%	81%
Family	88%	85%	72%	68%

Plan Year 2024 Plan Projections

City of Manitowoc
 Estimated Renewal Projection
 January 1, 2024 Renewal Date

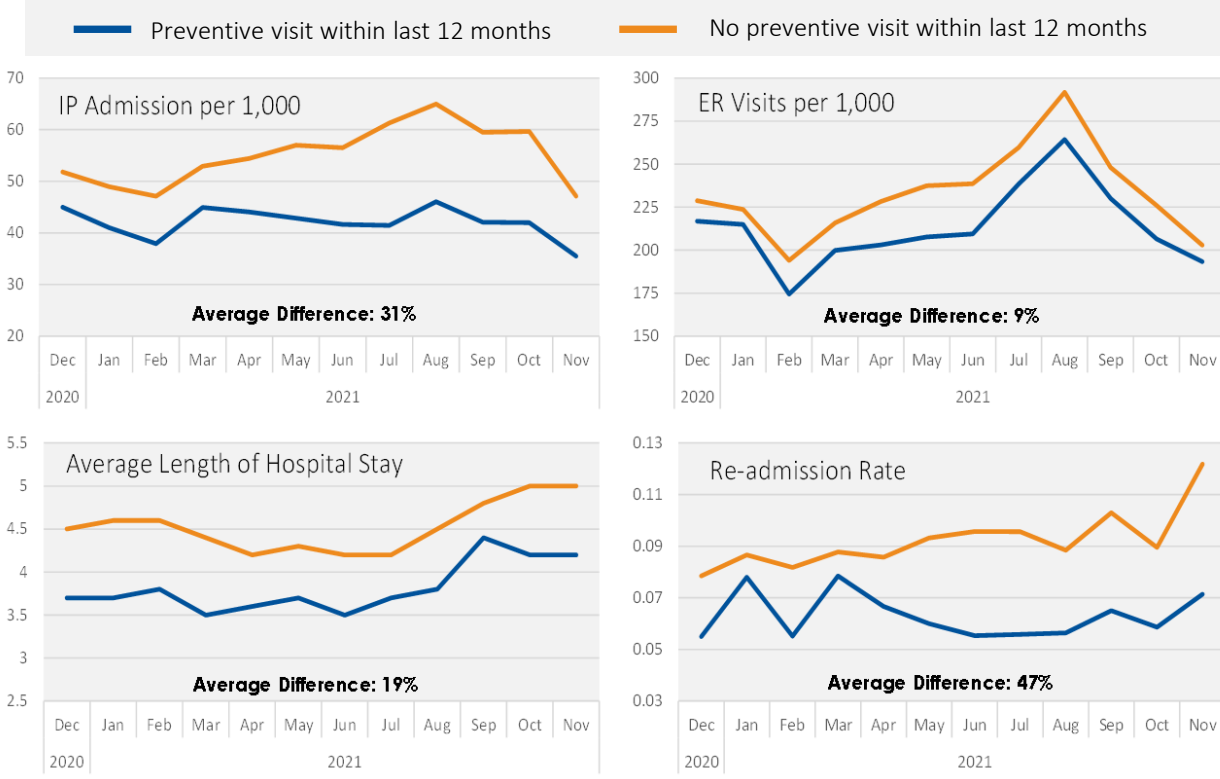
Time Periods	
Renewal Period	January 1, 2024 to December 31, 2024
Current Experience Period	8/1/2022 to 7/31/2023
Prior Experience Period	8/1/2021 to 7/31/2022

Estimated Renewal Projection	Current Experience Period 8/1/22 - 7/31/23				Prior Experience Period 8/1/21 - 7/31/22			
	Medical	Drug	Clinic / Shared Savings / ER HSA Contribution	Total	Medical	Drug	Clinic / Shared Savings / ER HSA Contribution	Total
Actual Paid Claims	\$2,283,544	\$444,743	\$273,762	\$3,002,049	\$2,616,522	\$513,324	\$166,276	\$3,296,122
- Amounts over Specific Stop Loss	\$100,000			(\$376,149)	(\$420,808)			(\$420,808)
Net Paid Claims	\$1,907,395	\$444,743	\$273,762	\$2,625,900	\$2,195,714	\$513,324	\$166,276	\$2,875,314
Annual Trend	7.4%	9.8%	0.0%		7.4%	9.8%	0.0%	
Midpoint Months	17	17	17		29	29	29	
Applied Trend	10.6%	14.2%	0.0%		18.8%	25.3%	0.0%	
Trended Adjusted Net Claims	\$2,110,393	\$507,725	\$273,762	\$2,891,881	\$2,609,173	\$643,449	\$166,276	\$3,418,897
Credibility								
Current experience period	80.0%							
Prior experience period	20.0%							
Blended Trended Adjusted Net Claims	\$2,210,149	\$534,870	\$252,265	\$2,997,284				
Margin	0.0%	0.0%	0.0%					
Average Employees in the Experience Period	195	194	195	195				
Projected Renewal Claims Per Employee Per Month	\$945.32	\$229.36	\$107.90	\$1,282.57				
Current Expected Claims Per Employee Per Month				\$1,167.21				
Percentage Change from Current				9.9%				
Fixed Costs (estimated) Per Employee Per Month				\$234.13				
Administration	0.0%			\$9.03				
COBRA	0.0%			\$0.66				
HSA Admin	0.0%			\$1.85				
Specific Stop Loss Premium	9.0%			\$215.02				
Aggregate Stop Loss Premium	0.0%			\$7.57				
Projected Total Renewal Cost Per Employee Per Month				\$1,516.71				
Current Employees				190				
Projected Total Renewal Costs				\$3,458,097				
Current Annualized Total Costs				\$3,228,554				
Percentage Change from Current				7.1%				

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 2024 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 2024):
 - 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)

Plan Year 2024 Options cont.

Change:

Introduce at this year's Open Enrollment:

- Replaced Go365 with Vitality.

Budget Related

- Medical plan increase of 7.1%

Employee Contributions

- In-line with the above funding budget, increase employee monthly contributions for medical (7.1%)
 - *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%**

Plan Year 2024 Options cont.

Change:

Budget Related

- With \$200,000 released from the Plan Reserves, increase Plan Year 2023 **medical funding budget 7.1%**
 - The remaining 2023 budget overage (\$190,734) to be released from the City's General Fund
- No increase to **dental funding**

Employee Contributions

- In-line with the above funding budget, increase employee monthly contributions for medical (7.1%).
 - *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**
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- 2023 **+10.9%**

Questions?



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