



City of Lee's Summit

2023 Renewal: Finance & Budget Committee

Products | Programs | Solutions

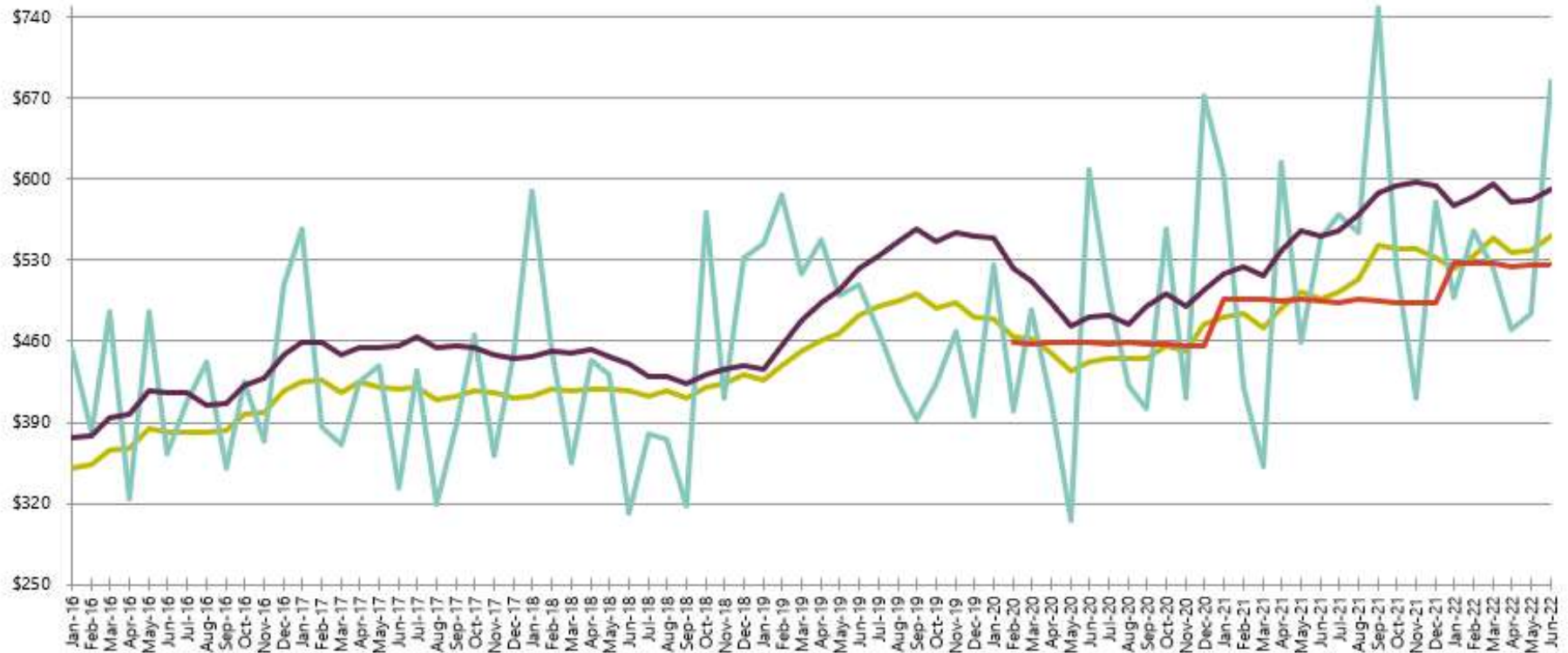


2023 Renewal Overview

Line of Coverage	Carrier	Next Renewal	Notes/Status
Medical	Cigna	1/1/2023	+14.6% positioned for release at +7.1% renewal, reduced to 6% after further negotiation and HDHP to +3.9% with mandatory IRS plan change
Dental	Cigna	1/1/2023	Received a 5% increase to rates with two additional years of 5% rate cap
Vision	MetLife	1/1/2023	Received a flat renewal
FSA	Navia	1/1/2025	Under rate hold until 2025
Basic Life/AD&D	Hartford	1/1/2024	3-year rate guarantee
Vol Life/AD&D	Hartford	1/1/2024	
Long Term Disability	Hartford	1/1/2024	
EAP	New Directions	1/1/2023	Received a 24% renewal from NDBH: Marketing conducted with Curalinc selected (29% savings to current)
COBRA Admin	Navia	1/1/2025	Under rate hold until 2025
Accident/Critical Illness	The Hartford	Individual	
Universal Life w/ Long Term Care	Trustmark	Individual	



Historical Trend/ Trajectory



— Rolling 12 Net Claims PMPM
 — Net Monthly PMPM
 — Rolling 12 Gross Claims PMPM
 — Claim Target

			Net Trend	Gross Trend
Annual Trend Over:	36	Months	4.6%	5.8%
Annual Trend Over:	24	Months	12.2%	12.6%
Annual Trend Over:	12	Months	10.7%	6.7%



Pandemic Bounce Back – 500,000 HM Members

KEY METRICS

Previous: Mar 2020 - Feb 2021 Current: Mar 2021 - Feb 2022

Allowed Amount PMPY

\$7,079 ▲ 14%
\$6,069 - MarketScan® Benchmark

Out of Pocket PMPY

\$988 ▲ 17%

Net Pay PMPY

\$6,021 ▲ 14%
\$5,150 - MarketScan® Benchmark

DETAIL METRICS

■ Inpatient (IP)

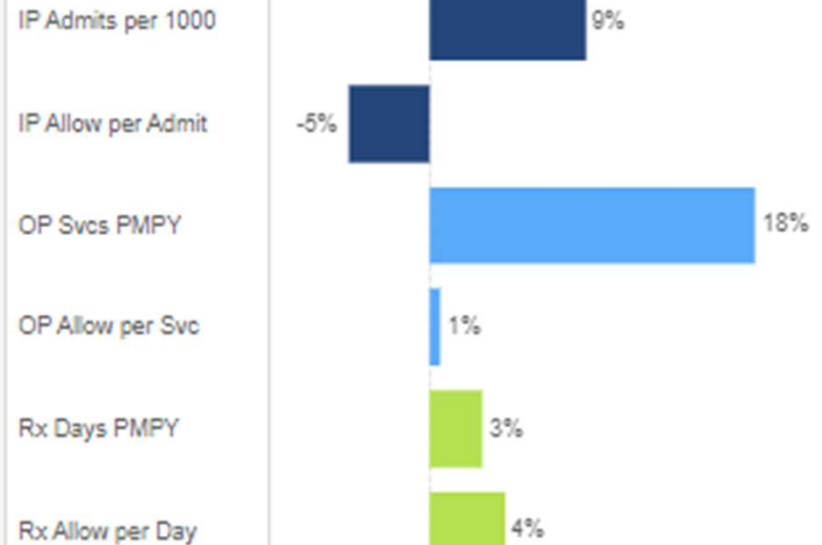
■ Outpatient (OP)

■ Prescription Drug (Rx)

Allowed Amount PMPY



Price and Utilization Trends



City of Lee's Summit Trend Drivers

KEY METRICS

Previous: Mar 2020 - Feb 2021

Current: Mar 2021 - Feb 2022

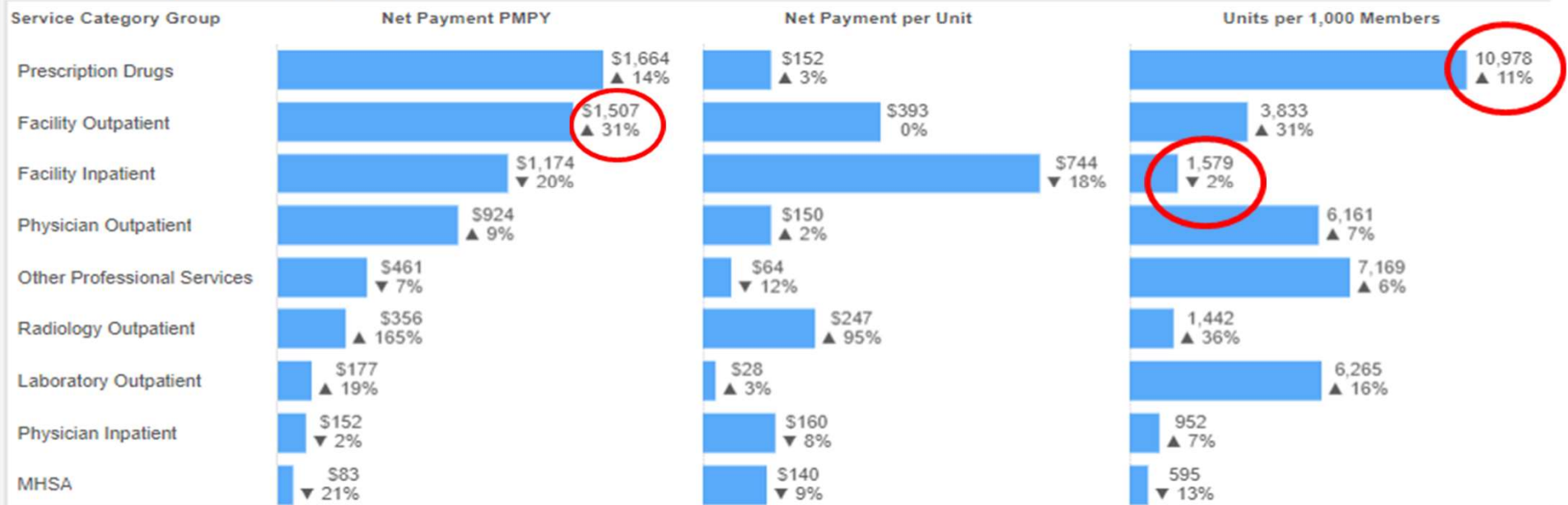
Net Payment \$9,621,288	Net Payment PMPY \$6,497 ▲ 9%	Net Payment per Unit \$167 ▼ 2%	Units per 1,000 Members 38,974 ▲ 11%
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DETAIL METRICS

Net Payments by Place (Click to Filter)



Cost and Use by Service Category Group (Click to Filter)

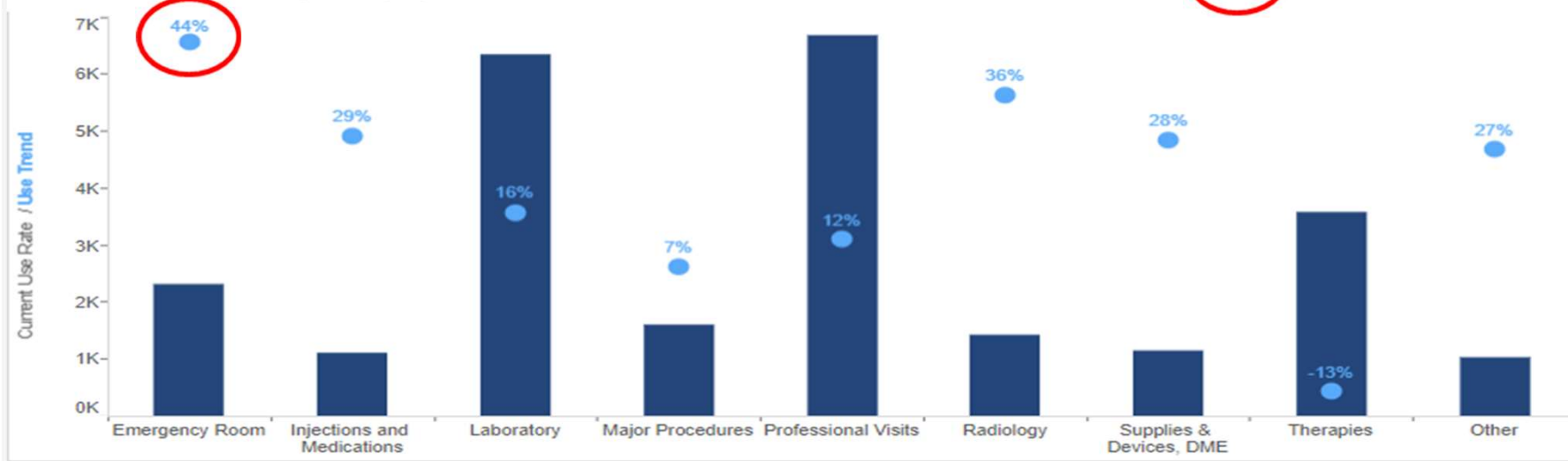


Outpatient Focus

DETAIL METRICS

Service Classification: Outpatient (OP) Use Rates and Trends *(click to filter)*

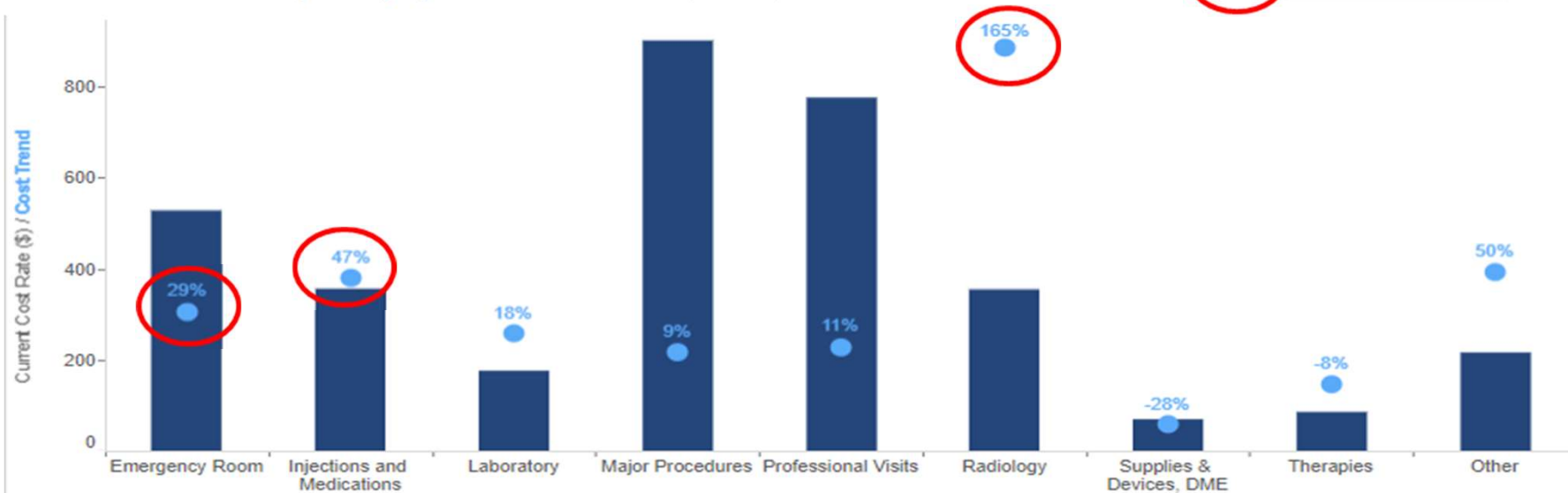
Choose Rate:



DETAIL METRICS

Service Classification: Outpatient (OP) Cost Rates and Trends *(click to filter)*

Choose Rate:

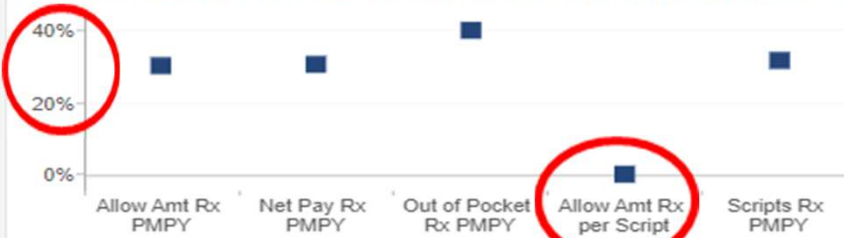


Rx Focus

Rx Allowed Amounts Members Avg Rx	Rx Allowed Amounts PMPY	Days Supply Rx PMPY	Allowed Amount per Days Supply Rx
\$2,740,830	1,481	418	\$4.42
	\$1,851 ▲ 13%	▲ 4%	▲ 9%
	\$1,423 - MarketScan® Benchmark	327 - MarketScan® Benchmark	

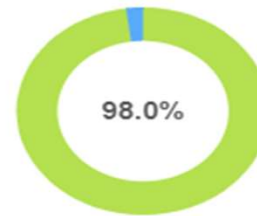
DETAIL METRICS

Rx Cost, Price, and Use Rates % Difference From MarketScan Norms



Generic and Mail Order Rates and Saving Opportunities

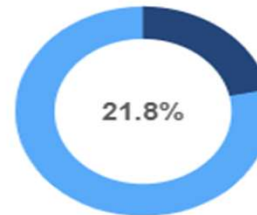
Generic Efficiency Rate (Scripts Rx)



You could have saved **\$1,075** if 25% of prescription drug days supply had been filled with a generic instead of a brand, when a generic was available

Generic
Brand, Generic Available

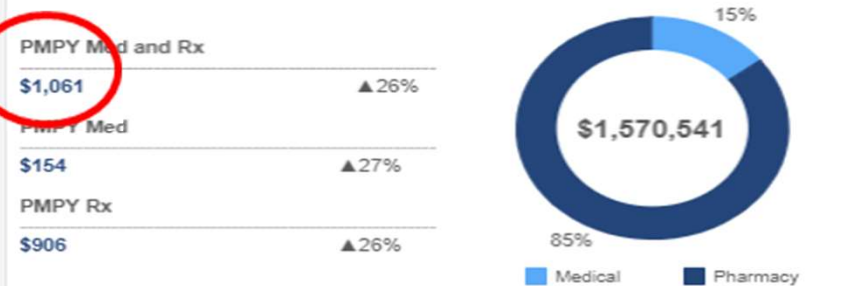
Mail Order Rate (Days Supply Rx)



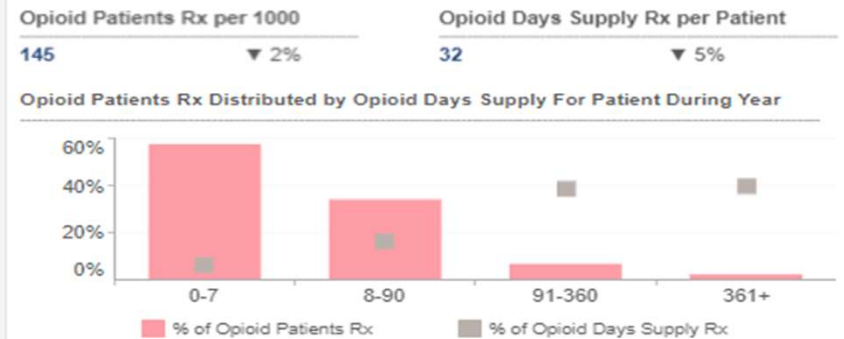
You could have saved **\$18,570** if 25% of prescription drug days supply had been filled via mail order instead of in a retail setting, when mail order was available

Mail Order
Retail

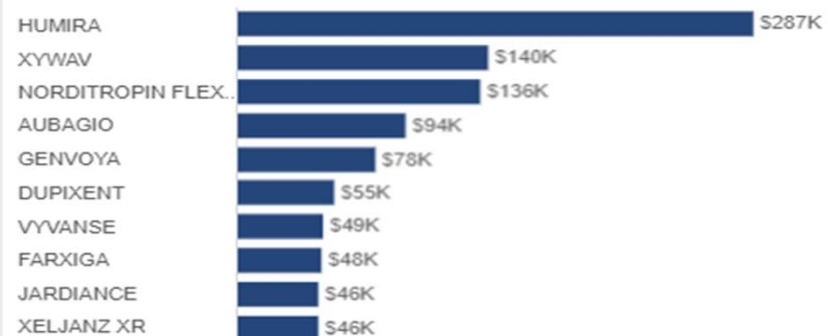
Specialty Drug Allowed Amounts



Opioid Utilization



Top 10 Product Names Based on Rx Allowed Amounts



Plan Performance

Prior Year: 1/1/2021-12/31/2021

Month	Total Enroll	Members	Paid Medical Claims	Paid Rx Claims	Total Monthly Paid Claims	Total Monthly Paid Premium	Gross Loss Ratio	Claims Over \$150k Pooling	Total Monthly Net Claims	Total Net Loss Ratio	Monthly Employee Contributions	Monthly City Contributions
Total	7,447	18,026	\$8,211,477	\$2,492,429	\$10,703,905	\$10,783,725	99%	(\$1,118,702)	\$9,585,203	89%	\$2,488,259	\$8,387,966
AVG	621	1,502	\$684,290	\$207,702	\$891,992	\$898,644			\$798,767		\$207,355	\$698,997
PEPM			\$1,103	\$335	\$1,437	\$1,448			\$1,287		\$334	\$1,126

Current Year: 1/1/2022-7/1/2022

Month	Total Enroll	Members	Paid Medical Claims	Paid Rx Claims	Total Monthly Paid Claims	Total Monthly Paid Premium	Gross Loss Ratio	Claims Over \$150k Pooling	Total Monthly Net Claims	Total Net Loss Ratio	Monthly Employee Contributions	Monthly City Contributions
Jan-22	612	1,441	\$476,639	\$240,924	\$717,563	\$918,707	78%	\$0	\$717,563	78%	\$206,981	\$720,076
Feb-22	611	1,439	\$507,479	\$291,458	\$798,938	\$916,694	87%	\$0	\$798,938	87%	\$206,347	\$718,747
Mar-22	613	1,447	\$546,073	\$211,524	\$757,597	\$921,818	82%	\$0	\$757,597	82%	\$207,229	\$723,239
Apr-22	619	1,467	\$444,268	\$270,458	\$714,726	\$930,563	77%	(\$24,949)	\$689,777	74%	\$208,455	\$731,008
May-22	622	1,475	\$530,158	\$259,696	\$789,854	\$936,650	84%	(\$75,541)	\$714,312	76%	\$209,995	\$735,655
Jun-22	624	1,479	\$806,994	\$249,468	\$1,056,462	\$938,772	113%	(\$44,645)	\$1,011,816	108%	\$210,204	\$737,719
Total	3,701	8,748	\$3,311,611	\$1,523,528	\$4,835,140	\$5,563,204	87%	(\$145,136)	\$4,690,004	84%	\$1,249,211	\$4,366,443
AVG	617	1,458	\$551,935	\$253,921	\$805,857	\$927,201			\$781,667		\$208,202	\$727,741
PEPM			\$895	\$412	\$1,306	\$1,503			\$1,267		\$338	\$1,180

- While claims activity over \$150k is less significant for 2022 YTD as compared to the 2021 Plan Year, medical claims are up around 500K from reporting through June 2021, with June 2022 a particularly high utilization month. Rx average spend is also up markedly by \$40k per month.
- With administrative and pooling costs setting a claims target at about 84% and trailing twelve results at 86%, the expectation for renewal on a utilization basis would be adjustment to target **+2%** plus compound trend over 18 months of **+13%** for an experience rated increase around **+15%**.

HMA 2023 Medical Projection

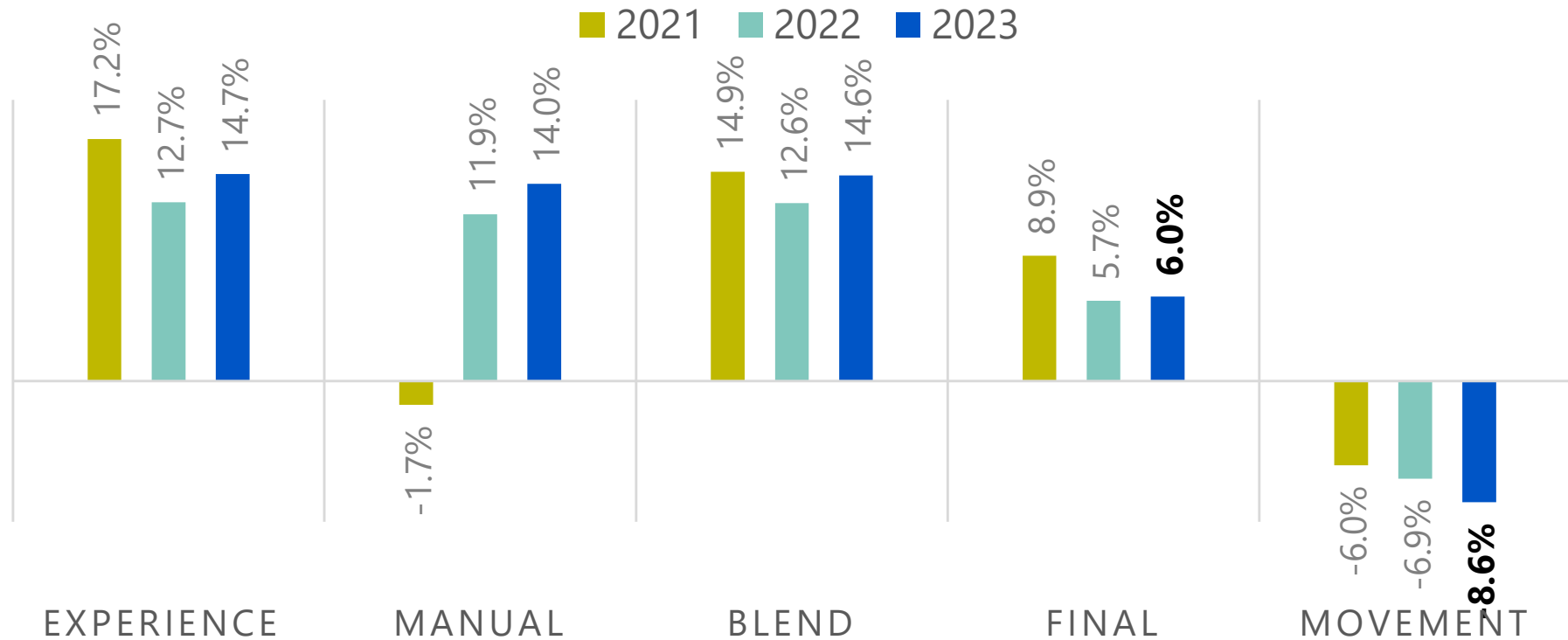
Gross Medical / Rx Claims			\$10,469,935
Less Pooled Claims (Over \$150,000)			(\$742,137)
Rolling 12 Net Claims			\$9,727,798
Rolling 12 Membership			17,677
NET PMPM Claims			\$550
Midpoint Trend	8.3%	18	1.127
Trended Claims PMPM			\$620
Current Month Membership*12			17,748
Forecasted Claims - 2023 Plan Year			\$11,010,788
Add Pooling (Actual 2022)			\$1,321,871
Total			\$12,332,659
Projected Loss Ratio			109%
Target Loss Ratio			94.5%
Base Premium Needed		15.8%	\$13,050,433
Experience Credibility			87%
Manual Used (Actual 2022)		11.9%	\$12,601,329
Manual Credibility			13%
Blended Needed Premium			\$12,992,049
Existing Premium			\$11,265,268
Anticipated Calculated Increase for 2023		\$1,726,781	15.3%
Increase Assuming CIGNA Reduction of Formula as 2022 (-6.7%)		\$972,008	8.6%

1. The science of renewal projection is using baseline data and adding inflation to anticipate future year costs
2. The art is anticipating how an underwriter may modify renewal components in ways that help or harm the outcome
3. Roughly following CIGNA methodology resulted in anticipated calculation in the mid to low teens
4. If consistent with onboarding and year 1 renewal for COLS, CIGNA would discount their methodology by around 6%
5. Final expectations were thus in the mid single digits



CIGNA Renewal Outcome and Components

CIGNA RENEWAL METHODOLOGY



1. CIGNA aggressively reduced their calculation by nearly 9%; beyond prior year reductions
2. Manual rates have deteriorated for CIGNA, but are only weighted at 13% of the calculation
3. Blended starting point was 2% worse than 2022
4. Annual CIGNA trend used was 8.3%; this is .6% higher than last year, but below market and better than COLS actual of 10.7% for last 12 months

5. Positively, CIGNA reduced claims baselines by 5% as a credit to base calculation and reduced expenses by 2%
6. Negatively, they increased large claimant exposure yielded a pooling increase within premium that was a 3.7% influencer
7. Initial release was +7.1% and CIGNA responded to additional requests to reduce to +6% final



Cigna renewal 2023: Fully Insured with current plans

Buy-Up PPO \$0 Deductible	April Enrollment	Current 2022 Rates	2023 Initial Renewal Rates	2023 Final Renewal Rates
Employee Only	70	\$943.82	\$1,010.83	\$1,000.45
Employee + Spouse or Child(ren)	32	\$2,064.01	\$2,210.55	\$2,187.85
Family	80	\$2,395.95	\$2,566.05	\$2,539.71
Total Monthly	182	\$323,792	\$346,780	\$343,219
Total Annual		\$3,885,501	\$4,161,356	\$4,118,631
\$ Increase/Decrease			\$275,856	\$233,130
% Increase/Decrease			7.1%	6.0%

Base PPO \$500 Deductible	April Enrollment	Current 2022 Rates	2023 Initial Renewal Rates	2023 Final Renewal Rates
Employee Only	121	\$844.51	\$904.46	\$895.18
Employee + Spouse or Child(ren)	44	\$1,858.95	\$1,990.94	\$1,970.49
Family	95	\$2,157.99	\$2,311.21	\$2,287.47
Total Monthly	260	\$388,989	\$416,606	\$412,328
Total Annual		\$4,667,863	\$4,999,272	\$4,947,934
\$ Increase/Decrease		\$612,643	\$331,409	\$280,072
% Increase/Decrease			7.1%	6.0%

HDHP Plan	April Enrollment	Current 2022 Rates	2023 Initial Renewal Rates	2023 Final Renewal Rates
Employee Only	98	\$781.31	\$836.78	\$811.92
Employee + Spouse or Child(ren)	35	\$1,719.19	\$1,841.25	\$1,786.55
Family	44	\$1,995.67	\$2,137.36	\$2,073.87
Total Monthly	177	\$224,550	\$240,492	\$233,348
Total Annual		\$2,694,594	\$2,885,904	\$2,800,172
\$ Increase/Decrease		\$353,666	\$191,310	\$105,578
% Increase/Decrease			7.1%	3.9%

Total Monthly	619	\$937,330	\$1,003,878	\$988,895
Total Annual		\$11,247,957	\$12,046,532	\$11,866,737
\$ Increase/Decrease		\$1,476,201	\$798,575	\$618,780
% Increase/Decrease			7.1%	5.5%



Contributions for 2023

Cigna Buy Up PPO Plan (\$0 Deductible)	April Enrollment	Employee Monthly Contribution	City Monthly Contribution	Total Monthly Premium	Monthly Employee Increase
Employee Only	70	\$194.79	\$805.66	\$1,000.45	\$11.03
Employee + Spouse or Child(ren)	32	\$709.98	\$1,477.87	\$2,187.85	\$40.18
Employee + Family	80	\$824.11	\$1,715.60	\$2,539.71	\$46.65
Total Monthly	182	\$102,283	\$240,936	\$343,219	
Total Annual		\$1,227,398	\$2,891,232	\$4,118,631	
% Cost Share		30%	70%		

Cigna Base PPO Plan (\$500 Deductible)	April Enrollment	Employee Monthly Contribution	City Monthly Contribution	Total Monthly Premium	Monthly Employee Increase
Employee Only	121	\$89.52	\$805.66	\$895.18	\$5.07
Employee + Spouse or Child(ren)	44	\$492.62	\$1,477.87	\$1,970.49	\$27.88
Employee + Family	95	\$571.87	\$1,715.60	\$2,287.47	\$32.37
Total Monthly	260	\$86,834	\$325,493	\$412,328	
Total Annual		\$1,042,013	\$3,905,921	\$4,947,934	
% Cost Share		21%	79%		

Cigna HDHP with HSA Plan	April Enrollment	Employee Monthly Contribution	City Monthly Contribution	Total Monthly Premium	Monthly Employee Increase
Employee Only	98	\$6.26	\$805.66	\$811.92	-\$14.99
Employee + Spouse or Child(ren)	35	\$308.68	\$1,477.87	\$1,786.55	-\$16.30
Employee + Family	44	\$358.27	\$1,715.60	\$2,073.87	-\$18.91
Total Monthly	177	\$27,181	\$206,167	\$233,348	
Total Annual		\$326,174	\$2,473,998	\$2,800,172	
% Cost Share		12%	88%		

Total Monthly	619	\$216,299	\$772,596	\$988,895
Total Annual		\$2,595,585	\$9,271,152	\$11,866,737
% Cost Share		21.9%	78.1%	

\$ Annual Increase		\$93,995	\$524,785	\$618,780
% Annual Increase		3.8%	6.0%	5.5%

Estimated Annual City HSA Contributions (\$50 per HDHP Enrolled Employee Per Month)	\$106,200
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2023 Medical Plan Benefit Summaries: Cigna

	Buy Up PPO	*Base PPO	*HDHP with HSA
Benefit Provisions	In-Network	In-Network	In-Network
Calendar Year Deductible			
Individual	\$0	\$500	\$3,000
Family	\$0	\$1,000	\$6,000
Calendar Year Out-of-Pocket Maximum			
Individual	\$3,000	\$2,800	\$3,000
Family	\$6,000	\$5,600	\$6,000
Coinsurance	100%	90%	100%
Office Visits			
Primary Care Physician	\$20 copay	\$25 copay	0% after deductible
Specialist	\$40 copay	\$50 copay	0% after deductible
Preventive Care	Covered at 100%	Covered at 100%	Covered at 100%
Emergency Medical Care			
Emergency Room	\$200 copay	\$200 copay then ded/coins	0% after deductible
Urgent Care	\$40 copay	\$50 copay	0% after deductible
Ambulance	0% after deductible	0% after deductible	0% after deductible
Hospital Services			
Inpatient Services	\$300 copay per day	10% after deductible	0% after deductible
Outpatient Services	No member cost share	10% after deductible	0% after deductible
Pharmacy Benefits			
Separate Pharmacy Out of Pocket	Combined with Medical	\$1,500 individual / \$4,500 family	Combined with Medical
Prescription Rx	Retail: \$10 / \$40 / \$65	Retail: \$10 / 40% to \$80 / 60% to \$120	Retail: 0% after deductible
	Mail: \$30 / \$120 / \$195	Mail: \$20 / 40% to \$160 / 60% to \$240	Mail: 0% after deductible

- The individual/ family deductible and out-of-pocket maximum for the HDHP plan will increase this year due to mandated IRS minimums, to \$3,000 and \$6,000, respectively.



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embrace.
innovate.
protect.
hope
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nurture.
believe.
commit.

Dental & Vision Renewal

Dental Plan Year To Date Performance 1/2022 – 6/2022

Month	EE Only	Family	Total Enrollment	Total Paid Claims	Cumulative Paid Claims	Premium	Cumulative Premium	Loss Ratio	Monthly Employee Contributions	Monthly Net City of Lee's Summit Cost
Jan-21	263	392	655	\$39,087	\$39,087	\$45,715	\$45,715	85%	\$7,291	\$38,424
Feb-21	262	392	654	\$37,505	\$76,591	\$45,679	\$91,394	82%	\$7,291	\$38,388
Mar-21	263	395	658	\$43,608	\$120,200	\$45,992	\$137,387	95%	\$7,347	\$38,645
Apr-21	261	399	660	\$52,272	\$172,472	\$46,289	\$183,676	113%	\$7,421	\$38,868
May-21	262	401	663	\$36,032	\$208,505	\$46,510	\$230,185	77%	\$7,459	\$39,051
Jun-21	260	402	662	\$45,062	\$253,567	\$46,530	\$276,715	97%	\$7,477	\$39,052
Total	1,571	2,381	3,952	\$253,567	\$253,567	\$276,715	\$276,715	92%	\$44,287	\$232,428
AVG	262	397	659	\$42,261		\$46,119			16%	84%

- The loss ratio prior year, during this same reporting period, was 123%
- Total paid claims prior year (during the same reporting period) were \$286,681, compared to \$253,567 in current year



Dental Projections

Paid Claims From	7/1/2021
Paid Claims Through	6/30/2022
Employee Count	7,858
Avg Employees / Month	655
Paid Claims (Includes BlueKC Run-Out)	\$510,174
PEPM Dental Claims	\$64.92
Renewal Plan Year Forecast	
Dental Claims PEPM Cost 7/1/2021 - 6/30/2022	\$64.92
Annual Trend	6.00%
Months of Additional Trend (Midpoint)	18
Trend Factor (Compounded)	1.091
Projected Dental Claims PEPM 1/1/2023-12/31/2023	\$70.85
Projected Dental Claims 1/1/2023-12/31/2023 Using Current Enrollment	\$562,865
Current Annual Premium	\$558,355
Desired Loss Ratio	89%
Needed Premium for 2023	\$632,432
Needed Renewal Change	13.3%



Cigna Dental Renewal: Fully Insured

Dental		Cigna	Cigna
Monthly Employee Premium Rates:		Current	Renewal
Employee Only	262	\$36.95	\$38.80
Employee + Family	399	\$93.00	\$97.65
Monthly Premium	661	\$46,788	\$49,128
Annual Premium		\$561,455	\$589,535
\$ Increase over Current		N/A	\$28,081
% Increase over Current		N/A	5%
Annual Employee Premium Increase			\$4,453
Annual City Premium Increase			\$23,628
Rate Guarantee			2024: 5% rate cap 2025: 5% rate cap

- The Rolling 12 Dental projection is calling for 13.3% increase.



MetLife Vision Renewal: Fully Insured

		MetLife	MetLife
Network		VSP Choice + Affiliates	
Monthly Employee Premium Rates:		Current	Renewal
Employee Only	261	\$6.51	\$6.51
Employee + Family	375	\$15.45	\$15.45
Monthly Premium	636	\$7,493	\$7,493
Annual Premium		\$89,914	\$89,914
\$ Increase over Current		N/A	\$0
% Increase over Current		N/A	0%
Annual Employee Premium Increase			\$0
Annual COLS Premium Increase			\$0
Rate Guarantee			1 Year

- MetLife does not provide utilization to groups under 1,000 members



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EAP Renewal & Marketing

EAP Renewal: New Directions

- New Directions was found to be among the most expensive EAP providers in the extensive market evaluation HMA conducted in 2021.
- The City received a 13% increase from New Directions for the 2022 plan year and a 24% increase during the most recent renewal cycle for 2023.
- Increased rates, coupled with a decline in service seen across the HMA book of business, and by City of Lee's Summit, specifically, led us to market this line of coverage for the 2023 renewal.



EAP Marketing Results - Pricing

Vendor	Price	Annualized Cost	Change from current	Fee Guarantee
Cigna	\$2.07	\$16,146	-\$4,914	2 Years
ComPsych	\$1.98	\$15,444	-\$5,616	5 years
Curalinc	\$1.92	\$14,976	-\$6,084	5 years
LifeWorks	\$1.50	\$11,700	-\$9,360	3 years
<i>New Directions Renewal</i>	\$3.46	\$26,988	+\$5,928	1 year
Optum	\$1.93	\$16,304**	-\$4,756	1 year

- Curalinc selected with 29% savings to current rates.

2022 New Directions Rate was \$2.70.

**Optum does not include 7 hours of training/critical incident response. Hours can be purchased in 5-hour blocks for \$1,250. \$1,250 has been added to their annual rate to account for this.



EAP Marketing Results - Features

Vendor	Notes
Cigna	<ul style="list-style-type: none"> - Key Differentiator: Integration with Cigna Health Plan and overlap of provider network <ul style="list-style-type: none"> - Text Therapy: TalkSpace - Use Evernorth Behavioral Health - Monthly invoice adjustments for employee headcount shifts <ul style="list-style-type: none"> - Mobile app - Manager Features: Unlimited phone-based support, Management Trainings, microsite with EAP resources, Management referrals - Pricing is discounted due to enrolled members in the Cigna health plan. Cost would be \$2.30 if medical plan was not with Cigna.
ComPsych	<ul style="list-style-type: none"> - Key differentiator: clinical-first approach with highly utilized and cost-effective services <ul style="list-style-type: none"> - Largest standalone EAP provider - Mobile app - Management Features: Unlimited Management Consultations - First Responder Resources: Coping with a Traumatic Event training and other tools available
Curalinc	<ul style="list-style-type: none"> - Key differentiator: three-pronged engagement strategy; multiple options for access and care journey that includes concierge-style advocacy and guidance <ul style="list-style-type: none"> - Animo digital cognitive behavioral therapy - Mobile app - Monthly invoice adjustments for employee headcount shifts - Management Features: Unlimited Management Consultations, Management referrals, quarterly newsletters
LifeWorks	<ul style="list-style-type: none"> - Key differentiator: Innovation - leverage a mobile app technology with buy up options available to include wellness, enhanced recognition and perks & savings <ul style="list-style-type: none"> - Monthly invoice adjustments for employee headcount shifts - Management Features: Management consultation and referrals, People leader orientation, manager toolkits, heartbeat webinars - First responder training for all clinicians
Optum	<ul style="list-style-type: none"> - Key Differentiator: Program includes Sanvello mobile and AbleTo coaching <ul style="list-style-type: none"> - Text Therapy: TalkSpace - Monthly invoice adjustments for employee headcount shifts - Management resources: Unlimited management consultations <ul style="list-style-type: none"> - 3% rate increase in year 2 and year 3



Thank
you.

