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**CITY OF LEE'S SUMMIT  
FINANCE & BUDGET COMMITTEE MEETING**

**SEPTEMBER 2, 2021**





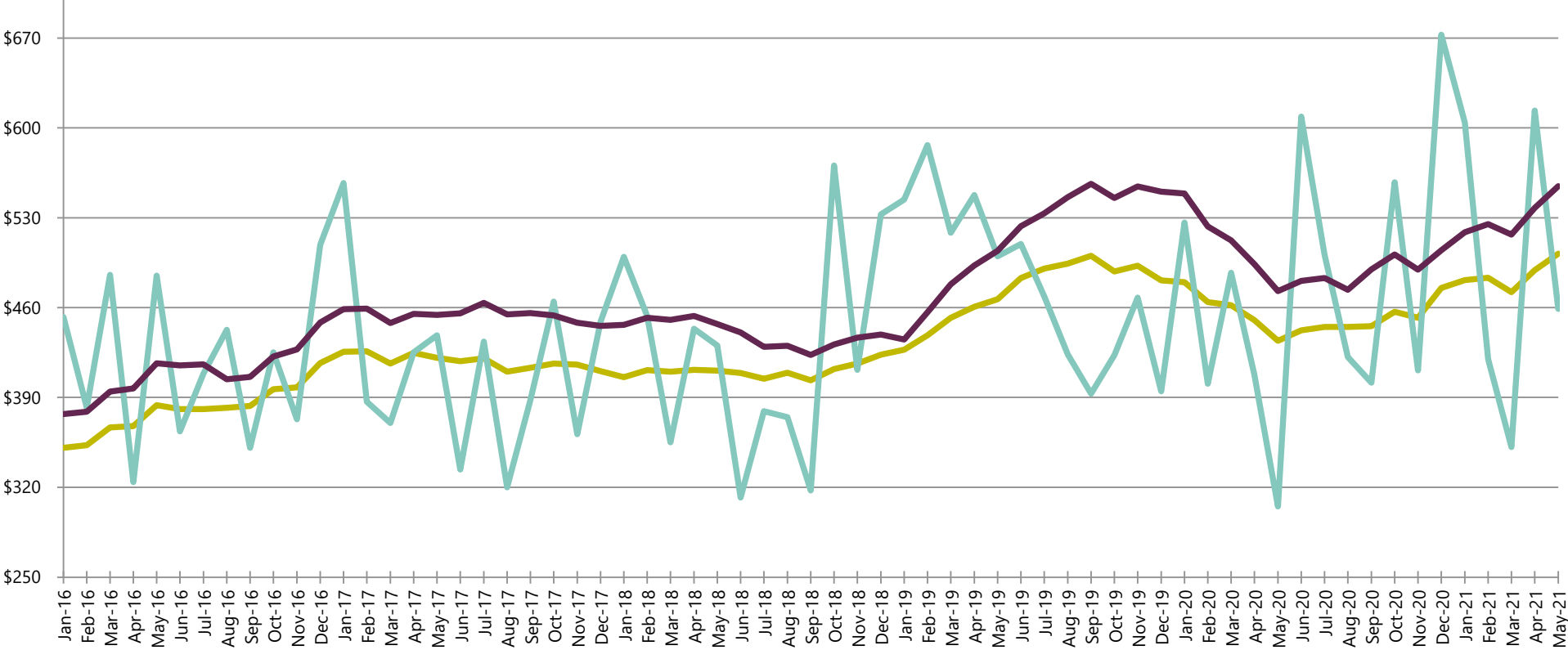
# AGENDA

- **RENEWAL OVERVIEW**
- **MEDICAL PLAN RENEWAL**
- **DENTAL PLAN RENEWAL**
- **EAP RENEWAL**

# 2022 RENEWAL OVERVIEW

Line of Coverage	Carrier	Next Renewal	Notes/Status
Medical	Cigna	<b>1/1/2022</b>	Received 5.9% Renewal and adjusted commissions which resulted in 5.7%
Dental	Cigna	<b>1/1/2022</b>	6% rate cap year 3: received a 5% increase to rates
Vision	MetLife	1/1/2023	3 year rate guarantee
FSA	Navia (Taben)	<b>1/1/2022</b>	auto
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	<b>1/1/2022</b>	Received a 13% increase for 2022
COBRA Admin	Navia (Taben)	<b>1/1/2022</b>	Transition to Navia software over summer
Accident/Critical Illness	The Hartford	Individual	
Universal Life w/ Long Term Care	Trustmark	Individual	

# CLAIM HISTORY / TRAJECTORY



Rolling 12 Net Claims PMPM

Net Monthly PMPM

Rolling 12 Gross Claims PMPM

		Net Trend	Gross Trend
Annual Trend			
Over:	36 Months	7.4%	8.0%
Annual Trend			
Over:	24 Months	3.8%	5.0%
Annual Trend			
Over:	12 Months	15.7%	17.3%



# PLAN PERFORMANCE

Prior Year: 1/1/2020-12/31/2020

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
<b>Total</b>	7,727	18,739	\$7,279,030	\$2,191,155	\$9,470,185	\$10,364,841	91%	(\$552,653)	\$8,917,532	86%	\$2,232,143	\$8,132,698
<b>AVG</b>	644	1,562	\$606,586	\$182,596	\$789,182	\$863,737			\$743,128		\$186,012	\$677,725
<b>PEPM</b>			\$942	\$284	\$1,226	\$1,341			\$1,154		\$289	\$1,053

Current Year: 1/1/2021-6/1/2021

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
Jan-21	630	1,524	\$904,396	\$154,154	\$1,058,551	\$913,001	116%	(\$137,645)	\$920,906	101%	\$211,219	\$709,481
Feb-21	632	1,523	\$534,090	\$191,416	\$725,507	\$915,181	79%	(\$85,950)	\$639,557	70%	\$211,769	\$711,112
Mar-21	634	1,520	\$401,948	\$190,327	\$592,275	\$914,419	65%	(\$58,176)	\$534,099	58%	\$211,010	\$711,208
Apr-21	631	1,524	\$808,813	\$198,161	\$1,006,974	\$914,380	110%	(\$71,998)	\$934,976	102%	\$211,504	\$710,626
May-21	621	1,505	\$566,820	\$223,282	\$790,102	\$904,307	87%	(\$99,281)	\$690,821	76%	\$210,155	\$701,702
<b>Total</b>	3,148	7,596	\$3,216,068	\$957,341	\$4,173,408	\$4,561,288	91%	(\$453,048)	\$3,720,360	82%	\$1,055,658	\$3,544,130
<b>AVG</b>	630	1,519	\$643,214	\$191,468	\$834,682	\$912,258			\$744,072		\$211,132	\$708,826
<b>PEPM</b>			\$1,022	\$304	\$1,326	\$1,449			\$1,182		\$335	\$1,126

- Gross loss ratios are consistent and claims YTD are up about 7%.
- 2021 YTD has had nearly as much claim activity over \$150k as 2020 CY yielding a lower net loss ratio of 82% versus 86% with net claims cost. The 5-month snapshot for 2021 is similar to TTM.
- With administrative and pooling costs setting a claims target at about 84%, the expectation for renewal on a utilization basis would be a compound trend increase (12% to 14%).



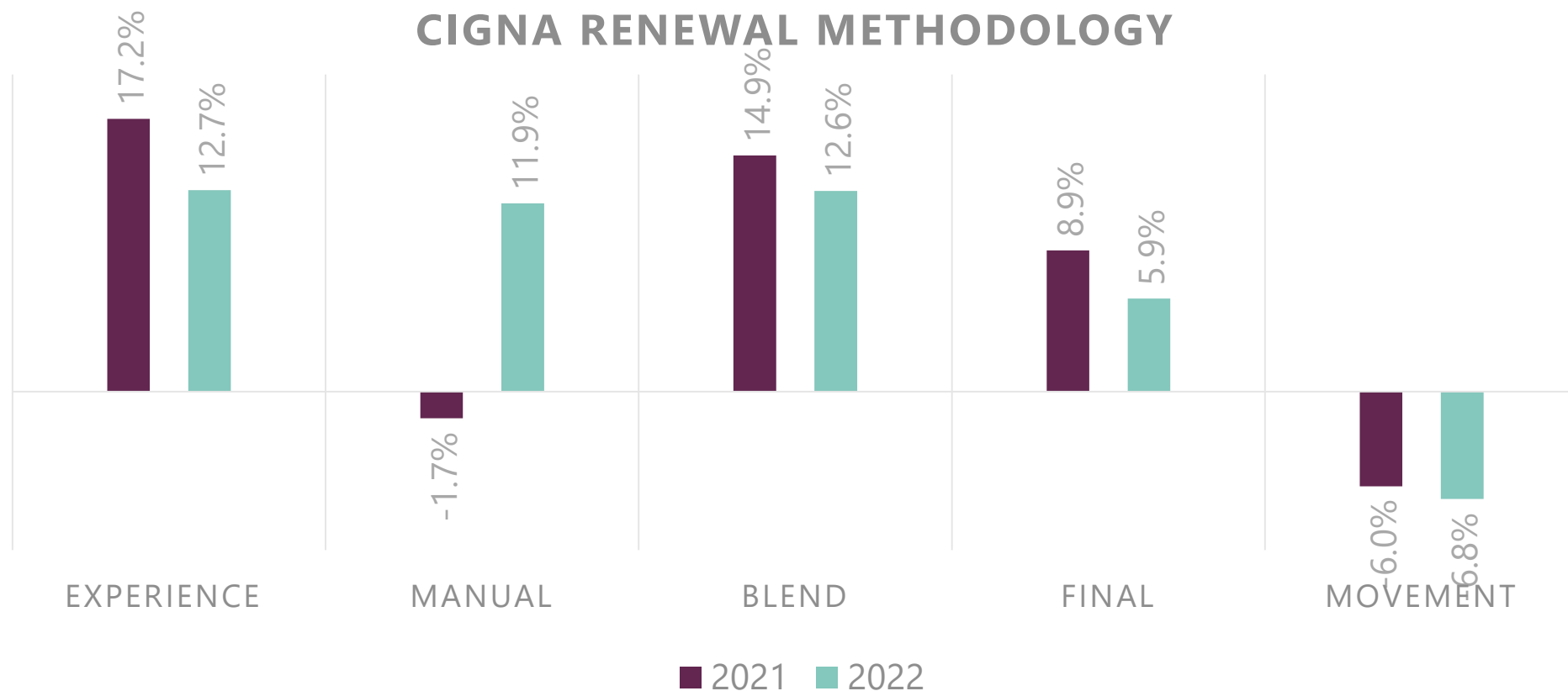
# HM 2022 MEDICAL PROJECTION

Rolling 12 Gross Medical / Rx Claims		\$10,259,599
COVID Adjustment (Medical Claims Adjusted Only)		\$78,716
Adjusted Gross Medical/Rx Claims		\$10,338,315
Less Pooled Claims (Over \$150,000)		(\$972,278)
Rolling 12 Net Claims		\$9,366,037
Rolling 12 Membership		18,495
NET PMPM Claims		\$506
Midpoint Trend	19	1.123
Trended Claims PMPM		\$569
Current Month Membership*12		18,060
<b>Forecasted Claims - 2022 Plan Year</b>		<b>\$10,271,944</b>
<b>Add Pooling</b>		<b>\$990,855</b>
<b>Total</b>		<b>\$11,262,799</b>
<b>Projected Loss Ratio</b>		<b>104%</b>
<b>Target Loss Ratio</b>		<b>91.6%</b>
<b>Base Premium Needed</b>	<b>13.3%</b>	<b>\$12,295,632</b>
<b>Experience Credibility</b>		<b>87%</b>
<b>Manual Used</b>	<b>11.0%</b>	<b>\$12,045,367</b>
<b>Manual Credibility</b>		<b>13%</b>
<b>Blended Needed Premium</b>		<b>\$12,263,097</b>
<b>Existing Premium</b>		<b>\$10,851,682</b>
<b>Anticipated Calculated Increase for 2022</b>	<b>\$1,411,415</b>	<b>13.0%</b>
<b>Increase Assuming Same CIGNA Reduction of Form</b>	<b>\$814,573</b>	<b>7.5%</b>

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 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 2022

## YEAR OVER YEAR METHODOLOGY – WHAT DID HAPPEN



1. CIGNA was consistent in reducing their calculation by nearly 6.8%
2. Manual adjustments didn't help in 2022, but are only weighted at 12% of the calculation
3. Blended starting point was 2.3% better than 2021
4. Annual trend used was 7.6%; about matching COLS over 3 years
5. Positively, CIGNA reduced claims baselines by 5% to counter the book of business manual adjustment
6. Negatively, they increased large claimant exposure yielded a pooling increase within premium that was a 4% influencer
7. CIGNA wouldn't reduce further given that the adjustment is below actual COLS inflation





# CIGNA RENEWAL 2022

## FULLY INSURED WITH CURRENT PLANS

Buy-Up PPO \$0 Deductible	April Enrollment	Current 2021 Rates	2022 Renewal Rates	2022 Renewal Rates Commission Adjustment
Employee Only	75	\$892.94	\$945.30	\$943.82
Employee + Spouse or Child(ren)	36	\$1,952.75	\$2,067.25	\$2,064.01
Family	92	\$2,266.79	\$2,399.70	\$2,395.95
<b>Total Monthly</b>	<b>203</b>	<b>\$345,814</b>	<b>\$366,091</b>	<b>\$365,518</b>
<b>Total Annual</b>		<b>\$4,149,770</b>	<b>\$4,393,091</b>	<b>\$4,386,219</b>
<b>\$ Increase/Decrease</b>		<b>\$339,152</b>	<b>\$243,321</b>	<b>\$236,449</b>
<b>% Increase/Decrease</b>			<b>5.9%</b>	<b>5.7%</b>

Base PPO \$500 Deductible	April Enrollment	Current 2021 Rates	2022 Renewal Rates	2022 Renewal Rates Commission Adjustment
Employee Only	120	\$798.97	\$845.83	\$844.51
Employee + Spouse or Child(ren)	60	\$1,758.70	\$1,861.86	\$1,858.95
Family	93	\$2,041.61	\$2,161.37	\$2,157.99
<b>Total Monthly</b>	<b>273</b>	<b>\$391,268</b>	<b>\$414,219</b>	<b>\$413,571</b>
<b>Total Annual</b>		<b>\$4,695,218</b>	<b>\$4,970,623</b>	<b>\$4,962,855</b>
<b>\$ Increase/Decrease</b>		<b>\$383,722</b>	<b>\$275,406</b>	<b>\$267,638</b>
<b>% Increase/Decrease</b>			<b>5.9%</b>	<b>5.7%</b>

HDHP Plan	April Enrollment	Current 2021 Rates	2022 Renewal Rates	2022 Renewal Rates Commission Adjustment
Employee Only	88	\$739.17	\$782.53	\$781.31
Employee + Spouse or Child(ren)	23	\$1,626.47	\$1,721.88	\$1,719.19
Family	44	\$1,888.05	\$1,998.80	\$1,995.67
<b>Total Monthly</b>	<b>155</b>	<b>\$185,530</b>	<b>\$196,413</b>	<b>\$196,106</b>
<b>Total Annual</b>		<b>\$2,226,360</b>	<b>\$2,356,957</b>	<b>\$2,353,274</b>
<b>\$ Increase/Decrease</b>		<b>\$181,952</b>	<b>\$130,597</b>	<b>\$126,914</b>
<b>% Increase/Decrease</b>			<b>5.9%</b>	<b>5.7%</b>

<b>Total Monthly</b>	<b>631</b>	<b>\$922,612</b>	<b>\$976,723</b>	<b>\$975,196</b>
<b>Total Annual</b>		<b>\$11,071,347</b>	<b>\$11,720,671</b>	<b>\$11,702,348</b>
<b>\$ Increase/Decrease</b>		<b>\$904,826</b>	<b>\$649,324</b>	<b>\$631,001</b>
<b>% Increase/Decrease</b>			<b>5.9%</b>	<b>5.7%</b>



# CIGNA RENEWAL 2022 CONTRIBUTIONS

## FULLY INSURED WITH CURRENT PLANS

April Enrollment	Employee Monthly Contribution	%	City Monthly Contribution	%	Total Monthly Premium	Monthly Employee Increase
75	\$183.76	19%	\$760.06	81%	\$943.82	\$9.89
36	\$669.80	32%	\$1,394.21	68%	\$2,064.01	\$36.08
92	\$777.46	32%	\$1,618.49	68%	\$2,395.95	\$41.88
<b>203</b>	<b>\$109,421</b>		<b>\$256,097</b>		<b>\$365,518</b>	
	<b>\$1,313,053</b>		<b>\$3,073,166</b>		<b>\$4,386,219</b>	
	<b>30%</b>		<b>70%</b>			

April Enrollment	Employee Monthly Contribution	%	City Monthly Contribution	%	Total Monthly Premium	Monthly Employee Increase
120	\$84.45	10%	\$760.06	90%	\$844.51	\$4.55
60	\$464.74	25%	\$1,394.21	75%	\$1,858.95	\$25.07
93	\$539.50	25%	\$1,618.49	75%	\$2,157.99	\$29.10
<b>273</b>	<b>\$88,192</b>		<b>\$325,380</b>		<b>\$413,571</b>	
	<b>\$1,058,300</b>		<b>\$3,904,556</b>		<b>\$4,962,855</b>	
	<b>21%</b>		<b>79%</b>			

April Enrollment	Employee Monthly Contribution	%	City Monthly Contribution	%	Total Monthly Premium	Monthly Employee Increase
88	\$21.25	3%	\$760.06	97%	\$781.31	\$1.15
23	\$324.98	19%	\$1,394.21	81%	\$1,719.19	\$17.54
44	\$377.18	19%	\$1,618.49	81%	\$1,995.67	\$20.34
<b>155</b>	<b>\$25,940</b>		<b>\$170,166</b>		<b>\$196,106</b>	
	<b>\$311,286</b>		<b>\$2,041,988</b>		<b>\$2,353,274</b>	
	<b>13%</b>		<b>87%</b>		<b>87%</b>	

<b>631</b>	<b>\$223,553</b>		<b>\$751,642</b>		<b>\$975,196</b>	
	<b>\$2,682,639</b>		<b>\$9,019,709</b>		<b>\$11,702,348</b>	
	<b>23%</b>		<b>77%</b>			

	<b>\$144,593</b>		<b>\$486,408</b>		<b>\$631,001</b>	
	<b>5.7%</b>		<b>5.7%</b>		<b>5.7%</b>	

# 2021 MEDICAL PLAN BENEFIT SUMMARIES

## CIGNA

	Buy Up PPO	Base PPO	HDHP with HSA
Benefit Provisions	In-Network	In-Network	In-Network
<b>Calendar Year Deductible</b>			
Individual	\$0	\$500	\$2,800
Family	\$0	\$1,000	\$5,600
<b>Calendar Year Out-of-Pocket Maximum</b>			
Individual	\$3,000	\$2,800	\$2,800
Family	\$6,000	\$5,600	\$5,600
<b>Coinsurance</b>	100%	90%	100%
<b>Office Visits</b>			
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%
<b>Emergency Medical Care</b>			
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
<b>Hospital Services</b>			
Inpatient Services	\$300 copay per day	10% after deductible	0% after deductible
Outpatient Services	No member cost share	10% after deductible	0% after deductible
<b>Pharmacy Benefits</b>			
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



# CITY HEALTH SAVINGS ACCOUNT CONTRIBUTION

The City has decided to continue to contribute to employee HSA Accounts in 2022

- If you enroll in any tier (employee, family, etc.) of the HDHP plan for 2022, the City will deposit \$50 per month into your HSA Account
- This equals up to \$600 per year

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# DENTAL RENEWAL

# PLAN YEAR TO DATE PERFORMANCE 1/2021 – 5/2021

Month	EE Only	Family	Total Enrollment	Total Paid Claims	Premium	Loss Ratio
Jan-21	255	409	664	\$42,781	\$44,734	96%
Feb-21	254	409	663	\$46,461	\$44,699	104%
Mar-21	258	407	665	\$54,938	\$44,662	123%
Apr-21	254	407	661	\$53,054	\$44,524	119%
May-21	246	405	651	\$42,071	\$44,072	95%
<b>Total</b>	<b>1,267</b>	<b>2,037</b>	<b>3,304</b>	<b>\$239,304</b>	<b>\$222,690</b>	<b>123%</b>
<b>AVG</b>	<b>253</b>	<b>407</b>	<b>661</b>	<b>\$47,861</b>	<b>\$44,538</b>	

- The loss ratio prior year, during this same reporting period, was 83%
- Total paid claims prior year were \$136,328, as compared to \$239,304 in current year

# DENTAL PROJECTION

Paid Claims From	6/1/2020
Paid Claims Through	5/31/2021
Employee Count	7,997
Avg Employees / Month	666
Paid Claims (Includes BlueKC Run-Out)	\$543,092
PEPM Dental Claims	\$67.91
<b>Renewal Plan Year Forecast</b>	
Dental Claims PEPM Cost 6/1/2020 - 5/31/2021	\$67.91
Annual Trend	2.00%
Months of Additional Trend (Midpoint)	19
Trend Factor (Compounded)	1.032
Projected Dental Claims PEPM 1/1/2022-12/31/2022	\$70.08
Projected Dental Claims 1/1/2022-12/31/2022 Using Current Enrollment	\$549,949
<b>Current Annual Premium</b>	<b>\$528,863</b>
<b>Desired Loss Ratio</b>	<b>89%</b>
<b>Needed Premium for 2022</b>	<b>\$617,920</b>
<b>Needed Renewal Change</b>	<b>16.8%</b>

# CIGNA DENTAL RENEWAL: FULLY INSURED

Cigna Total DPPO Tier	Expected Lives	Current Rates	Renewal Rates*
<b>Dental PPO - DPPO</b>			
Employee Only	249	\$35.19	\$36.95
Employee + Family	405	\$88.57	\$93.00
Annual Cost	654	\$535,598	\$562,387
<b>Percent Change (Renewal vs Current)</b>			<b>5.00%</b>

- Cigna year three negotiated rate cap is 6% for 2022. The renewal proposed is 5%.
- The Rolling 12 Dental projection is calling for 16.8% increase even with adjusted trend of 2%.



The background is a solid dark purple color. It features several large, overlapping, organic shapes in a lighter shade of purple. These shapes are fluid and somewhat abstract, resembling soft-edged triangles or organic forms that create a sense of depth and movement. The overall aesthetic is modern and minimalist.

**EAP**

# NEW DIRECTIONS EAP RENEWAL

	Enrollment	NDBH Current Rates	NDBH Renewal Rates
Monthly Rate	656	\$2.39	\$2.70
Annual Total	656	\$18,814.08	\$21,254.40
<i>\$ Change from Current</i>			\$2,440.32
<i>% Change from Current</i>			<b>12.97%</b>





