



City of Lee's Summit Finance & Budget

June 1, 2026



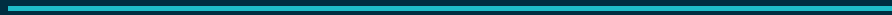


Agenda

- **Financial Review**
- **Estimated Renewal**
- **City Budget**
- **Strategic Considerations**
- **City Management Team Feedback**

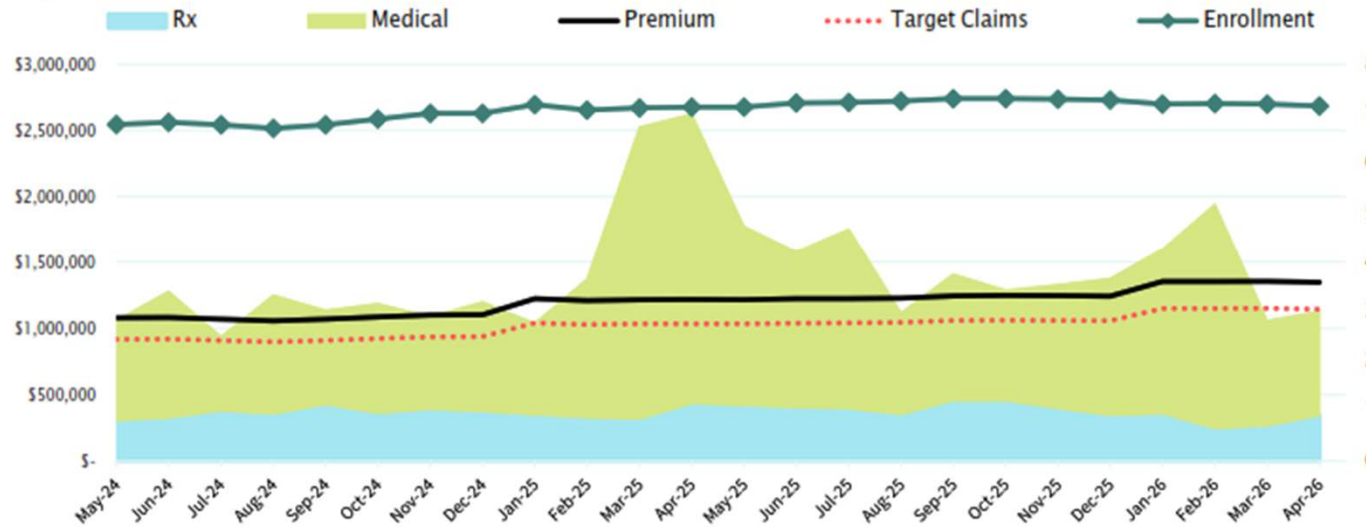


Financials



Medical Financial Summary

Monthly Trend



Commentary

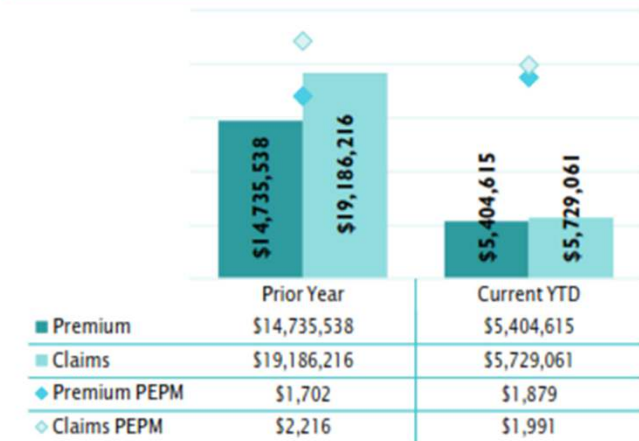
Summary

- ▶ Medical Premium vs. Claims
- ▶ YOY Claims Trend
- ▶ 12 Month Enrollment Trend

Plan Performance

- Overall the plan is running at 84% for the month and 106% for the current plan year

Medical Premium vs. Claims



Loss Ratio

	Prior Year	Current YTD	Rolling 12
Loss Ratio	130%	106%	114%

Cost Drivers

Top Large Claims

Top Diagnosis	Amount	Status
Interruption Of Aortic Arch	\$ 974,760	ACTIVE
Malignant Neoplasm Of Cardia	\$ 656,559	TERMINATED
Alcohol Dependence, Uncomplicated	\$ 629,273	ACTIVE

Top 3 Large Claimant Total \$ 2,260,592

Remaining Large Claims > \$100,000 \$ 4,105,865

Total Large Claims > \$100,000 \$ 6,366,457

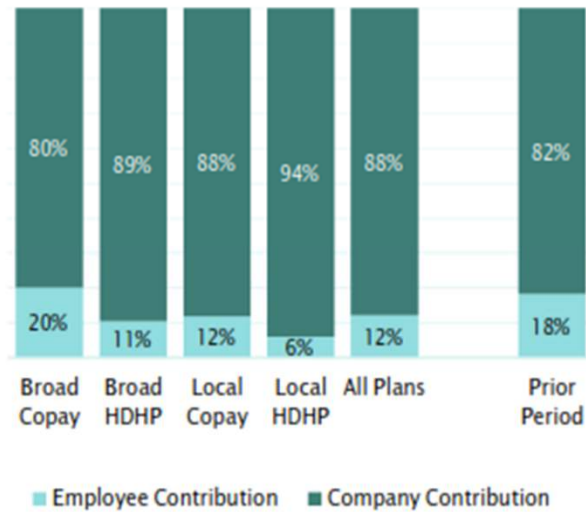
% of Total Claims 37%

Additional Commentary

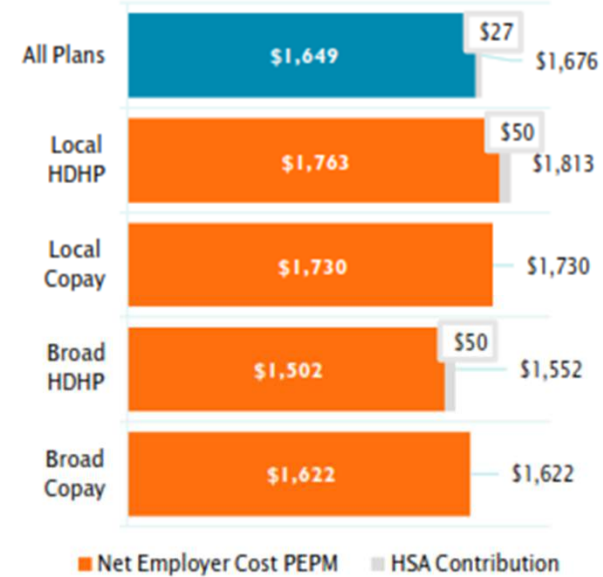
There are 0 new large claimants this

Medical Plan Overview

CONTRIBUTION BY PLAN



NET EMPLOYER COST



	Enrollment	Premium	PEPM	Claims	PEPM	Loss Ratio
Broad Copay	183	\$ 1,481,821	\$ 2,030	Data by plan is not available		
Broad HDHP	198	\$ 1,327,910	\$ 1,679			
Local Copay	148	\$ 1,162,512	\$ 1,964			
Local HDHP	191	\$ 1,432,372	\$ 1,875			
All Plans	719	\$ 5,404,615	\$ 1,879			
Prior Period	713	\$ 4,865,801	\$ 1,706	\$ 7,561,686	\$ 2,650	155%
Δ	1%	11%	10%	-24%	-25%	-32%

	Employee Contribution	PEPM		Company Contribution	PEPM		Net Employer Cost PEPM
	\$ 297,618	\$ 408	20%	\$ 1,184,203	\$ 1,622	80%	\$ 1,622
	\$ 139,877	\$ 177	11%	\$ 1,188,033	\$ 1,502	89%	\$ 1,502
	\$ 138,333	\$ 234	12%	\$ 1,024,179	\$ 1,730	88%	\$ 1,730
	\$ 85,729	\$ 112	6%	\$ 1,346,643	\$ 1,763	94%	\$ 1,763
	\$ 661,557	\$ 230	12%	\$ 4,743,058	\$ 1,649	88%	\$ 1,649
	\$ 893,264	\$ 313	18%	\$ 3,972,537	\$ 1,392	82%	\$ 1,392
	-26%	-27%	-33%	19%	18%	7%	18%

Premium vs. Claims

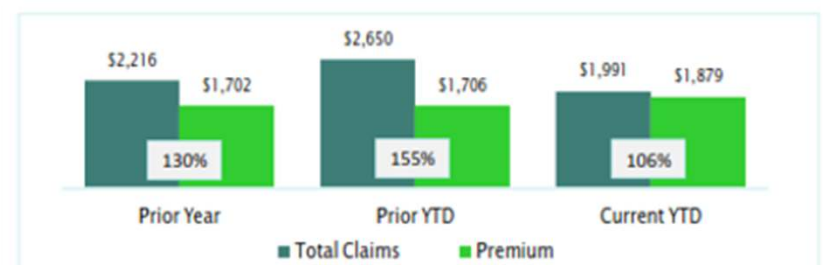
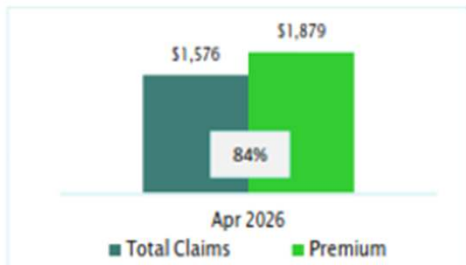
Loss Ratio	Current Month - Apr 2026	Prior Rolling 12 Months	Current Rolling 12 Months	Change	Prior Year	Prior YTD	Current YTD	Change
		84%	124%	114%	-8%	130%	155%	106%
Premium								
Employee Contribution	\$ 165,009	\$ 2,528,769	\$ 2,458,220	\$ (70,549) -3%	\$ 2,689,927	\$ 893,264	\$ 661,557	\$ (231,707) -26%
Company Contribution	\$ 1,180,678	\$ 10,978,964	\$ 12,816,133	\$ 1,837,169 17%	\$ 12,045,612	\$ 3,972,537	\$ 4,743,058	\$ 770,521 19%
Total Premium	\$ 1,345,686	\$ 13,507,732	\$ 15,274,353	\$ 1,766,620 13%	\$ 14,735,538	\$ 4,865,801	\$ 5,404,615	\$ 538,814 11%
Total Claims								
Medical Claims	\$ 786,951	\$ 12,351,113	\$ 12,920,871	\$ 569,758 5%	\$ 14,539,404	\$ 6,135,504	\$ 4,516,971	\$ (1,618,533) -26%
Pharmacy Claims	\$ 341,112	\$ 4,342,426	\$ 4,432,720	\$ 90,294 2%	\$ 4,646,812	\$ 1,426,182	\$ 1,212,090	\$ (214,092) -15%
Total Claims	\$ 1,128,063	\$ 16,693,539	\$ 17,353,591	\$ 660,052 4%	\$ 19,186,216	\$ 7,561,686	\$ 5,729,061	\$ (1,832,625) -24%
Additional Expenses or Adjustments								
HSA Contribution	\$ 19,300	\$ 173,200	\$ 209,250	\$ 36,050 21%	\$ 194,700	\$ 63,200	\$ 77,750	\$ 14,550 23%
Net Employer Spend	\$ 1,199,978	\$ 11,152,164	\$ 13,025,383	\$ 1,873,219 17%	\$ 12,240,312	\$ 4,035,737	\$ 4,820,808	\$ 785,071 19%

Medical/Rx Loss Ratio

Current R24 Months: 118%
 Current R12 Months: 114%
 Plan YTD: 106%
 Current Month 2026: 84%

PY27 Projection: 25% increase as of April 2026

Please note: This is a very high-level estimate and does not reflect all plan- and group-specific adjustments. A detailed projection will be calculated and provided to CoLS later in the plan year.



Large Claimants

Rolling 12 Large Claimants gross cost summary:

- 21 members over \$100K with \$6.3M in claims
 - 16 Active members, 4 terminated, 1 Retiree
 - 8 Spouses with \$1.9M in claims
 - 4 Dependent children with \$2.1M in claims
 - 9 Employees with \$2.3M in claims
- 3 members age 65+ with \$855K in claims
 - 2 members ages 60-64 with \$276K in claims
- Top 3 claimants
 - Cardiology - \$974K
 - Cancer - \$656K
 - Mental Health - \$629K
- Top 3 Diagnosis Categories
 - Cardiology/Circulatory
 - Cancer
 - Inflammation related

Current rolling 12 months, there are 21 members over the \$100K large claims threshold totaling \$6.3M, accounting for 37% of the total claims paid.

Estimated Cigna Renewal

Current Medical Plan Cost

Total Premium: \$16,148,237

Employee Contribution: \$1,980,104

City of Lee's Summit Cost: \$14,168,133

Estimated Cigna Renewal (25% increase)

Total Premium: \$20,185,296

Employee Contribution: \$2,462,985

City of Lee's Summit Cost: \$17,722,311

(Based on enrollment as of April at 716)

Renewal estimate is based on claims data through April 2026 with a rolling 24 months of historical claims. The estimate also factors in the migration of 47% of the population to the lower cost Network plans that were introduced for the 2026 Plan Year.



Strategy Considerations



2027 City Budget

2027 Estimated Cigna Renewal (25% increase)

Total Premium: \$20,185,296

Employee Contribution: \$2,462,985

City of Lee's Summit Cost: \$17,722,311

2027 City Budget (10% Increase Allotted)

2027 Medical Budget: \$15,390,420

Difference in Budget and Estimated Renewal Cost: \$2,331,891

How do we solve for the \$2.3M funding gap?

Category	Strategy	COLS Budget with Change	Savings towards \$2.3M
Reduction In Premium			
Contribution	3-Tier to 4-Tier	\$17,579,711	\$142,600
Contribution	Contribution Splits	\$16,386,311	\$1,336,000
Plan Design	MERP	\$15,801,311	\$1,921,000
Plan Design	Plan Design Changes (3% reduction)	\$17,190,642	\$531,669
Plan Design	Plan Design Changes (5% reduction)	\$16,836,195	\$886,116
Reducing Long Term Claims Risk			
Navigation	Provider Navigation	\$17,578,311	\$144,000
Medicare	Medicare Education	\$17,562,311	\$160,000

The savings estimates are independent of each other and not cumulative.

Strategy Summary

Category	Strategy	Strategy Description	Disruption		Savings Range	
			Employee Impact	HR/Benefit Team	Conservative	Aggressive
Contribution	3-tier to 4-tier	Move to 4-tiers to appropriately price for high cost of spouses	Moderate	Moderate	1.0%	3.0%
Contribution	Increase member contribution	Increase contributions up to maximum allowed under CBA's	Significant	Moderate	5.0%	10.0%
Plan Design	MERP	Adjust plan design to optimize premium dollars	Moderate	Moderate	8.0%	16.0%
Plan Design	Plan Design Changes	Less rich coverage options	Significant	Moderate	3.0%	5.0%
Navigation	Provider Navigation	Supporting members to find the right providers	Enhancement	Simple	1.0%	5.0%
Medicare	Medicare Education	Educate older employees about Medicare offers; dependent on plan design and subsidy may be more beneficial to elect Medicare	Minimal	Simple	0.0%	3.0%

Potential Savings dollars are savings to the City and will vary based on the actual renewal from Cigna. Navigation and Medicare indicate potential reduction in claims and not fixed cost reductions.

Contribution Structure

Opportunities :

- 4 Tier Structure
- Spouse Differential
- Contribution % Splits (CoLS and EE)

Contribution splits can be adjusted up to 10% for the EE and 25% to the Dep based on CBAs. The analysis shown is at a max 25% renewal with Cigna. This can be adjusted as we get the actual renewal from Cigna.

Spouses cost the plan 63% more in 2025 on a PMPY basis. Adding a 4th tier will more appropriately price the spouses to reduce adverse selection.

available. The City will pay 90% of the premium cost for coverage under the base plan for full time employees and 75% of the premium cost for coverage under the base plan for employee plus spouse and families.

Wording in all 3 CBA's

- Contributions options:
- 3-Tier Max Contributions
 - 4-Tier Contributions
 - 4-Tier Max Contributions

Average spend by relationship

	Base	Current
All Members		
Employee	\$10,084	\$10,777
Spouse	\$14,688	\$17,567
Dependent	\$4,533	\$9,166
Excluding Catastrophic		
Employee	\$5,601	\$6,153
Spouse	\$6,688	\$7,137
Dependent	\$3,330	\$3,512

Current Period reflects claims incurred between Nov. 2024 and Oct. 2025, paid through Dec. 2025
Base Period reflects claims incurred between Nov. 2023 and Oct. 2024, paid through Dec. 2024

Contribution Structure

Current Structure

Broad Copay	COLS%
Employee	90%
Employee + 1	75%
Employee + Family	75%
	80%

Local PPO	COLS%
Employee	100%
Employee + 1	84%
Employee + Family	84%
	88%

Broad HDHP	COLS%
Employee	99%
Employee + 1	82%
Employee + Family	82%
	89%

Local HDHP	COLS%
Employee	100%
Employee + 1	93%
Employee + Family	93%
	94%

3-Tier to 4-Tier

Broad Copay	COLS%
Employee	90%
Employee + Sp	75%
Employee + Ch	75%
Employee + Family	75%
	80%

Local PPO	COLS%
Employee	100%
Employee + Sp	84%
Employee + Ch	84%
Employee + Family	84%
	88%

Broad HDHP	COLS%
Employee	99%
Employee + Sp	82%
Employee + Ch	82%
Employee + Family	82%
	89%

Local HDHP	COLS%
Employee	100%
Employee + Sp	93%
Employee + Ch	93%
Employee + Family	93%
	94%

4-Tier & Max Contribution

Broad Copay	COLS%
Employee	77%
Employee + Sp	61%
Employee + Ch	61%
Employee + Family	61%
	66%

Local PPO	COLS%
Employee	87%
Employee + Sp	69%
Employee + Ch	69%
Employee + Family	69%
	73%

Broad HDHP	COLS%
Employee	84%
Employee + Sp	67%
Employee + Ch	67%
Employee + Family	67%
	74%

Local HDHP	COLS%
Employee	95%
Employee + Sp	75%
Employee + Ch	75%
Employee + Family	75%
	79%

CoLS Cost: \$14,168,133

CoLS Cost: \$17,579,711

CoLS Cost: \$16,386,311

- 3-Tier to 4-Tier adds Employee + Spouse and Employee + Child(ren) tiers
- Max Contribution uses the Local HDHP as the defined contribution and each other plan adds the difference in cost by tier

Medical Expense Reimbursement Plan (MERP)

What is a MERP?

A MERP is an employer-sponsored benefit plan that helps employees cover eligible medical expenses. It is a type of reimbursement plan that allows employees to receive reimbursement for out-of-pocket medical costs incurred during the plan year.

How a MERP would work with CoLS's Health Plan?

- Choose the lowest benefit option(s) with the Cigna to reduce the fully-insured premium
- The MERP pays the difference in OOP expenses
- When members have a claim, they can use a debit card or submit claim form

How is savings achieved?

- Savings from reduced premium are partially used to pay for the MERP
- National average is 5%-15% that meet the OOP Max. CoLS averaged \$865 in OOP cost share PMPY.
- Average savings by implementing a MERP is 18% (after premium reduction, plus cost of the MERP)
- **Estimated savings to CoLS based on average:**
 - From Current - \$1.5M, From renewal (with 25% increase) - \$1.9M

Example MERP

	Current PPO	Current HDHP	Alternate PPO	MERP Cost Share	Alternate HDHP	MERP Cost Share
BENEFITS	INN	INN	INN		INN	
Individual Deductible	\$750	\$3,400	\$5,000	\$4,250	\$4,000	\$600
Family Deductible	\$1,500	\$6,800	\$10,000	\$8,500	\$8,000	\$1,200
Individual Out of Pocket Max	\$3,500	\$3,400	\$10,000	\$6,500	\$8,500	\$5,100
Family Out of Pocket Max	\$7,000	\$3,800	\$20,000	\$13,000	\$17,000	\$13,200
Coinsurance	80%	100%	50%	30%	50%	50%
Office Visit - PCP	\$25	100%	\$50	\$25	50%	50%
Office Visit - Specialist	\$50	100%	\$100	\$50	50%	50%
Preventive Care	\$0	100%	\$0	N/A	100%	N/A
Hospital - Inpatient	80%	100%	50%	30%	50%	50%
Outpatient Surgery	80%	100%	50%	30%	50%	50%
Emergency Room	80%	100%	50%	30%	50%	50%
Additional ER Copay	\$200	N/A	\$400	\$200	N/A	N/A
Urgent Care Copay	\$50	100%	\$75	\$25	50%	50%
Retail RX (In-Network)	10% / 40% / 60%	Plan pays: 100%	10% / 40% / 60%	N/A	Plan pays: 50%	50%

Sample Plan Design Changes

	Current PPO	Current HDHP	Alternate PPO	Alternate HDHP	Alternate PPO	Alternate HDHP
BENEFITS	INN	INN	INN	INN	INN	INN
Individual Deductible	\$750	\$3,400	\$1,000	\$3,750	\$1,250	\$4,000
Family Deductible	\$1,500	\$6,800	\$2,000	\$7,000	\$2,500	\$8,000
Individual Out of Pocket Max	\$3,500	\$3,400	\$5,000	\$6,000	\$6,000	\$7,000
Family Out of Pocket Max	\$7,000	\$3,800	\$10,000	\$12,000	\$12,000	\$14,000
Coinsurance	80%	100%	80%	100%	80%	80%

CoLS Cost: \$14,168,133

CoLS Cost: \$16,836,195
Est. Savings: \$531K

CoLS Cost: \$16,836,195
Est. Savings: \$886K

Finalized plan design and cost options will be determined by the Cigna renewal. Plan designs and cost are only estimates.

Provider Navigation

Navigation Solutions Can Improve Health Care Decisions


Navigation vendors help employees

- Find the right care
- Compare provider cost/quality
- Manage health plan complexities


2024 Claims Analysis	Employer A	Employer B	Employer C	Employer D
Total Claims	21,000	59,000	72,000	94,000
Total Doctors Seen	3,800	6,200	9,300	9,800
Unique Conditions & Procedures	2,800	3,900	4,200	4,900
% Seeing Right Doctor	28%	25%	27%	21%
% Seeing Wrong Doctor	72%	75%	73%	79%

Analysis of 4 Alliant clients. Right Doctor is considered to be in the top 20% of Quality metrics.

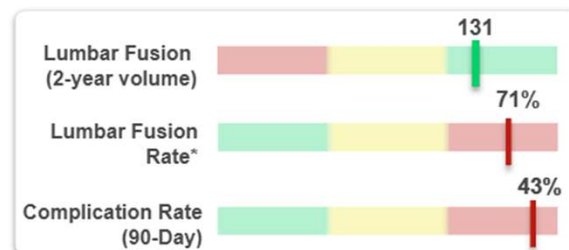
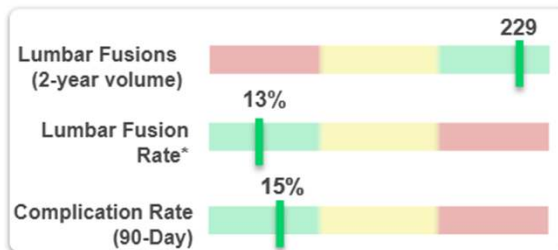
Example: Lumbar Fusion in Atlanta



Dr. Danielle Harris, MD
Neurosurgery, Spine Surgery
Piedmont Healthcare
105 Collier Rd, Atlanta, GA 30309
4.8 out of 5 ★★★★★



Dr. Michael Malek, MD
Neurosurgery, Spine Surgery
Piedmont Healthcare
77 Collier Rd, Atlanta, GA 30309
4.9 out of 5 ★★★★★



Navigation connects members to highest quality providers for their specific care/procedure.

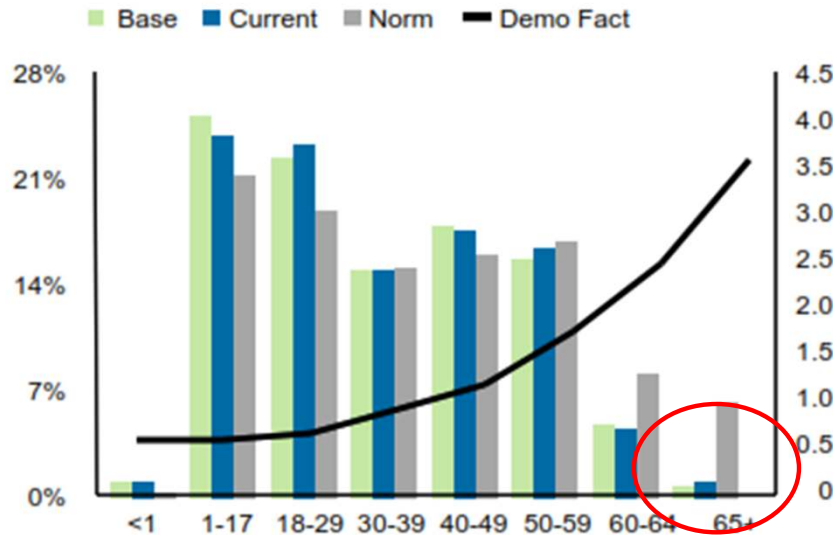
Higher quality providers lead to better outcomes and lower long-term cost.

Average savings of \$920 per member year. Assuming 10% utilization, estimated savings of **\$144K**.

In the example, unnecessary lumbar fusion can cost \$50K-\$70k in waste.

Medicare Solution

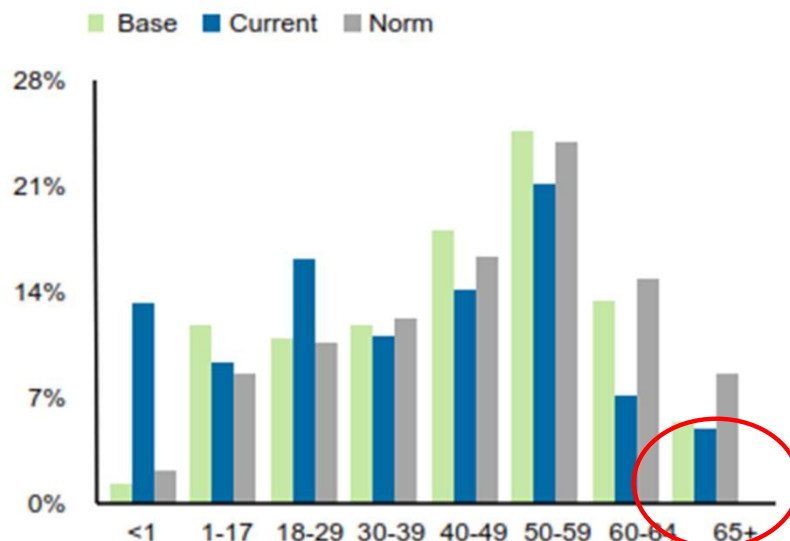
Percent of membership by age band



High-Cost Claimants

- 3 HCC 65+ with spend of \$855K
- 2 additional HCC 60-64 with spend of \$276K

Percent of plan spend by age band



Average spend by age band

	Base	Current	Trend	Norm
All Members				
40-49	\$9,473	\$9,699	2.4%	\$10,032
50-59	\$14,595	\$15,587	6.8%	\$14,025
60-64	\$25,117	\$18,631	-25.8%	\$17,858
65+	\$57,407	\$50,609	-11.8%	\$13,244
Excluding Catastrophic				
40-49	\$6,147	\$6,661	8.3%	\$6,186
50-59	\$7,750	\$7,854	1.3%	\$7,677
60-64	\$8,144	\$9,247	13.5%	\$8,682
65+	\$8,377	\$13,279	58.5%	\$6,890

Current Period reflects claims incurred between Nov. 2024 and Oct. 2025, paid through Dec. 2025
 Base Period reflects claims incurred between Nov. 2023 and Oct. 2024, paid through Dec. 2024

Management Team Feedback

We met with the Management Team on 5.27.26 and provided them with a high-level overview of the Medical Plan performance. We discussed the budget constraints associated with a potential increase to the cost with some solutions to gain their feedback.

Feedback Summary:

- Changes to benefits were preferable to increases to contributions
- Open to changing to a 4-tier contribution structure that adequately prices for spouses to match the higher risk/cost
- Significant interest to the MERP option
- Interest in tools to support members in utilizing high value providers. Higher interest in the self-serve model versus the incentive model
- Liked Medicare Education

Additional Feedback:

- Longer term interest in wellness programs that bring care to members: on-site provider, near-site clinics, Direct Primary Care, and Virtual Care options
- Benchmarking with Peer Groups (Alliant was provided list of comparative group used in Comp study)



Thank you

