



City of Lee's Summit Finance & Budget Meeting

July 6th, 2026





Agenda

- **Financial Review**
- **Benchmarking**
- **Strategic Considerations**
 - **MERP Options**
 - **Scenario 1**
 - **Scenario 2**
 - **Scenario 3**
 - **Plan Design Change Options**
 - **Plan Design 1**
 - **Plan Design 2**

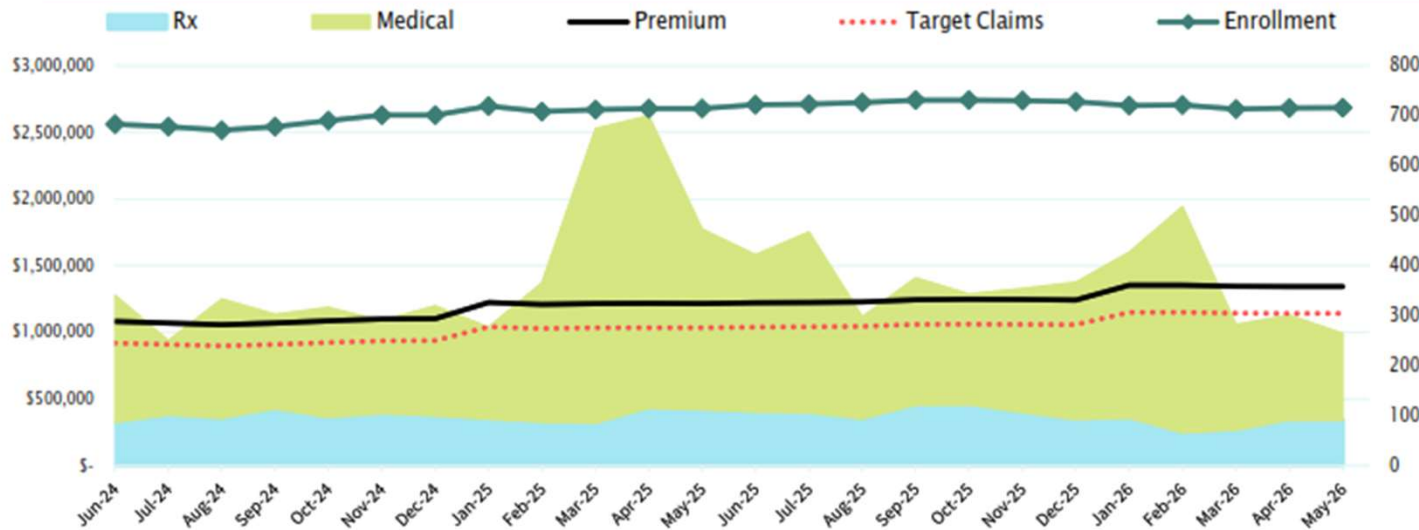


Financials



Medical Financial Summary

Monthly Trend



Commentary

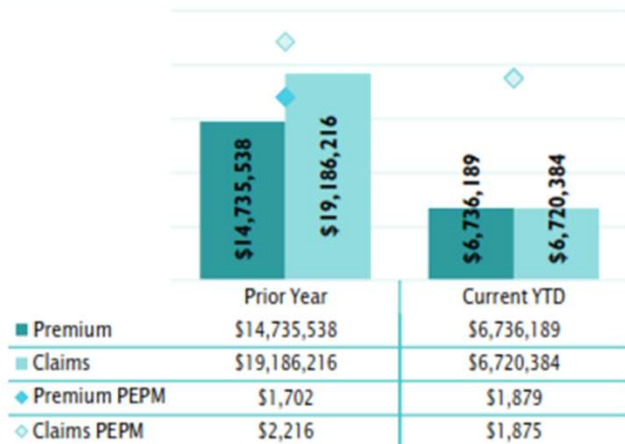
Summary

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

Plan Performance

- Overall the plan is running at 74% for the month and 100% for the current plan year

Medical Premium vs. Claims



Loss Ratio

	Prior Year	Current YTD	Rolling 12
Loss Ratio	130%	100%	108%

Cost Drivers

Top Large Claims

Top Diagnosis	Amount	Status
Congenital Malformation Of Heart, Unspecified	\$ 713,138	ACTIVE
Alcohol Dependence, Uncomplicated	\$ 634,496	ACTIVE
Malignant Neoplasm Of Cardia	\$ 597,194	TERMINATED

Top 3 Large Claimant Total \$ 1,944,828

Remaining Large Claims > \$100,000 \$ 3,888,208

Total Large Claims > \$100,000 \$ 5,833,036

% of Total Claims 35%

Additional Commentary

There are 1 new large claimants this

Premium vs. Claims

Loss Ratio	Current Month - May 2026	Prior Rolling 12 Months	Current Rolling 12 Months	Change	Prior Year	Prior YTD	Current YTD	Change
		74%	128%	108%	-16%	130%	154%	100%
Premium								
Employee Contribution	\$ 164,532	\$ 2,543,901	\$ 2,400,012	\$ (143,889) -6%	\$ 2,689,927	\$ 1,115,118	\$ 825,204	\$ (289,915) -26%
Company Contribution	\$ 1,178,821	\$ 11,101,208	\$ 12,990,027	\$ 1,888,820 17%	\$ 12,045,612	\$ 4,966,569	\$ 5,910,985	\$ 944,416 19%
Total Premium	\$ 1,343,354	\$ 13,645,109	\$ 15,390,040	\$ 1,744,931 13%	\$ 14,735,538	\$ 6,081,688	\$ 6,736,189	\$ 654,501 11%
Total Claims								
Medical Claims	\$ 650,877	\$ 12,953,399	\$ 12,216,914	\$ (736,484) -6%	\$ 14,539,404	\$ 7,490,338	\$ 5,167,848	\$ (2,322,490) -31%
Pharmacy Claims	\$ 340,445	\$ 4,454,352	\$ 4,354,172	\$ (100,181) -2%	\$ 4,646,812	\$ 1,845,176	\$ 1,552,535	\$ (292,640) -16%
Total Claims	\$ 991,322	\$ 17,407,751	\$ 16,571,086	\$ (836,665) -5%	\$ 19,186,216	\$ 9,335,514	\$ 6,720,384	\$ (2,615,130) -28%
Additional Expenses or Adjustments								
HSA Contribution	\$ 19,200	\$ 175,800	\$ 212,200	\$ 36,400 21%	\$ 194,700	\$ 79,250	\$ 96,750	\$ 17,500 22%
Net Employer Spend	\$ 1,198,021	\$ 11,277,008	\$ 13,202,227	\$ 1,925,220 17%	\$ 12,240,312	\$ 5,045,819	\$ 6,007,735	\$ 961,916 19%

Medical/Rx Loss Ratio

Current R24 Months: 117%

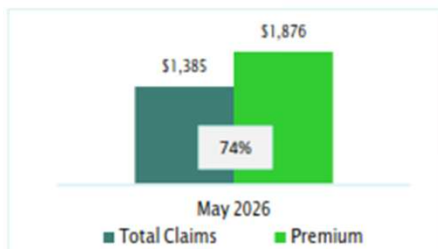
Current R12 Months: 108%

Plan YTD: 100%

Current Month 2026 (May): 74%

PY27 Projection: 25% increase as of May 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

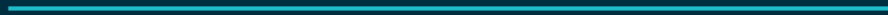
Rolling 12 Large Claimants gross cost summary:

- 21 members over \$100K with \$5.8M in claims
 - 16 Active members, 4 terminated, 1 Retiree
 - 8 Spouses with \$1.9M in claims
 - 4 Dependent children with \$1.8M in claims
 - 9 Employees with \$2.1M in claims
- 3 members age 65+ with \$855K in claims
 - 2 members ages 60-64 with \$276K in claims
- Top 3 claimants
 - Cardiology - \$713K
 - Mental Health - \$634K
 - Cancer - \$597K
- Top 3 Diagnosis Categories
 - Cardiology/Circulatory
 - Cancer
 - Inflammation related

Current rolling 12 months, there are 21 members over the \$100K large claims threshold totaling \$5.8M, accounting for 35% of the total claims paid.



Benchmarking



Benchmark - Market Comparator Group

Benchmark of Local Market Comparator Group:

Benchmark is based on current Plan Year information and are subject to change as each entity makes changes at renewal.

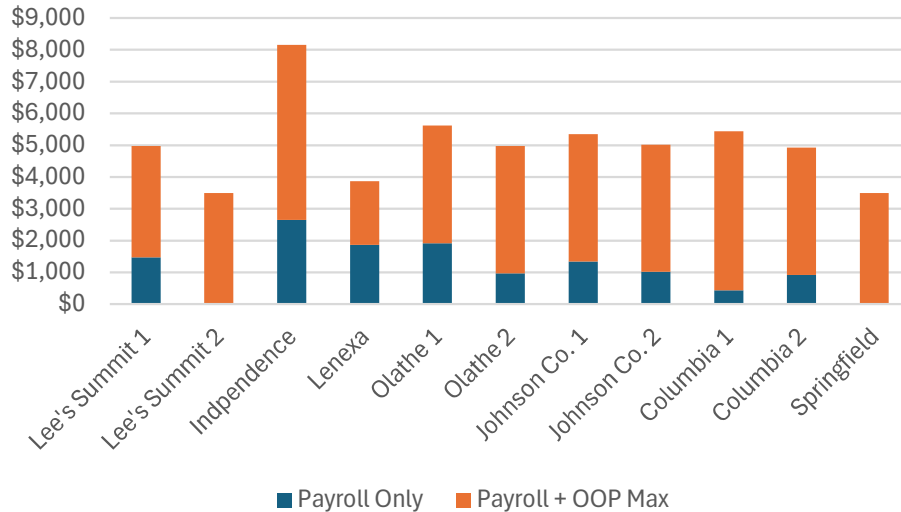
- City of Independence, MO
- City of Lenexa, KS
- City of Olathe, KS
- Johnson County, KS
- City of Columbia, MO
- City of Springfield, MO
- City of St. Charles, MO
- KCMO, OPKS, and O'Fallon, MO do not provide publicly available benefit information
- St. Charles does not publicly provide cost information

Notes for HDHP:

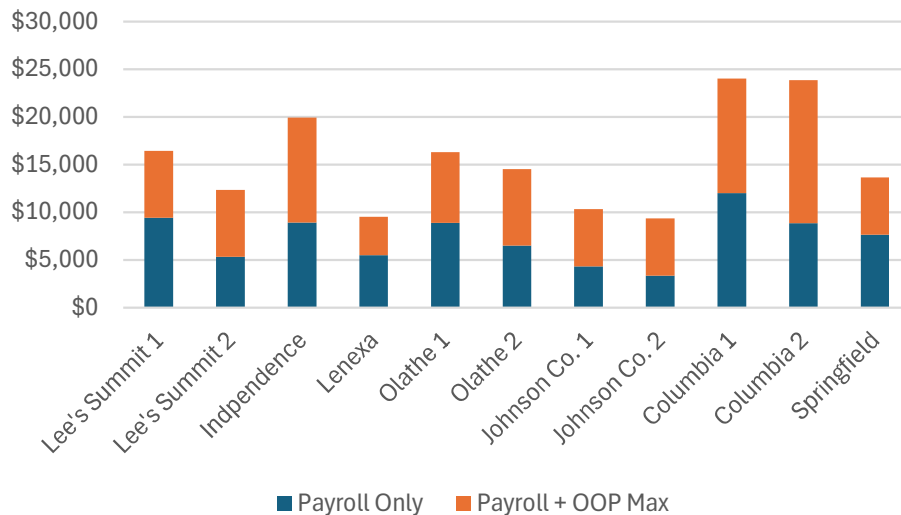
- Independence, Lenexa, and Johnson County have different plan functionality with aggregate deductibles and out of pockets versus an embedded deductible and out-of-pocket structure for the City.

Benchmark - Market Comparator Group

PPO - Min. & Max Employee Cost



PPO - Min. & Max Family Cost



PPO - Total of Pocket Cost Comparison

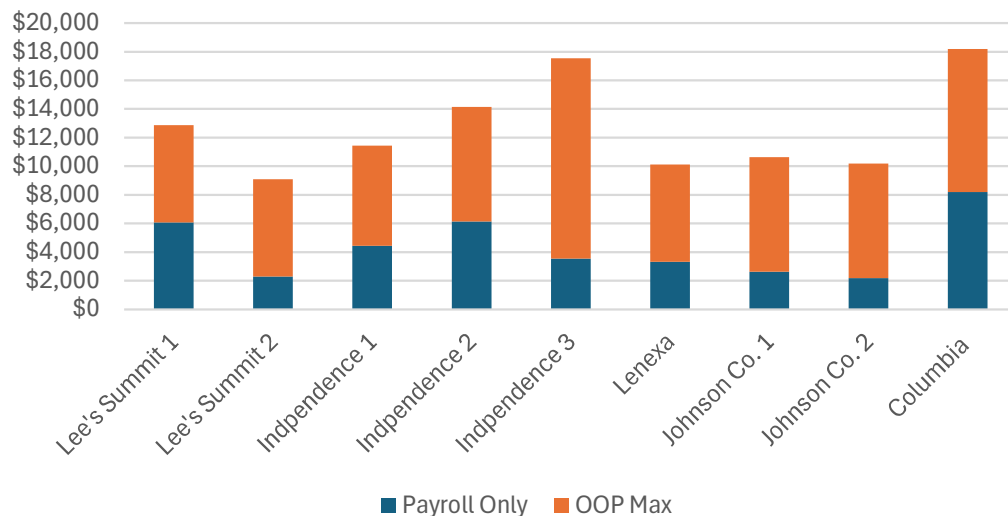
- Minimum equals annual payroll deductions and assumes no claims
- Maximum equals annual payroll deductions plus Out-of-Pocket Maximum
- **Local Plus Plan has the lowest minimum (contribution) for Employee and 3rd lowest for Family**
- **Broad Plan is 7th highest minimum (contribution) and 6th highest maximum for Employee. Families have the 2nd highest minimum(contribution) and 6th highest maximum**
- St. Charles did not provide employee contributions

Benchmark - Market Comparator Group

HDHP - Min. & Max Employee Cost



HDHP - Min. & Max Family Cost

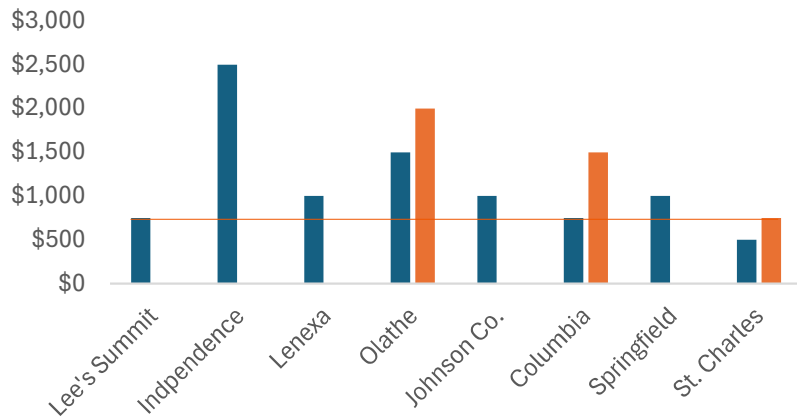


HDHP – Total of Pocket Cost Comparison

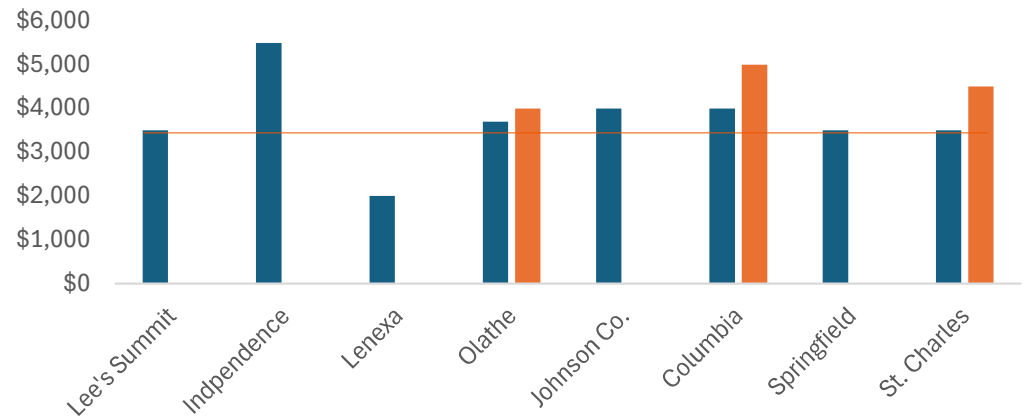
- Minimum equals annual payroll deductions and assumes no claims
- Maximum equals annual payroll deductions plus Out-of-Pocket Maximum
- **Local Plus Plan has the lowest minimum and maximum of comparator group for both Employee and Family**
- **Broad Plan is second lowest minimum for Employee (only behind LS Local Plus Plan), but 3rd highest maximum for Family**
- **Employee Contributions: LP and Broad are better than comparators for Employees, Families are better than comparators on LP, but 3rd highest on Broad.**
- St. Charles did not provide employee contributions

Benchmark - Market Comparator Group - PPO

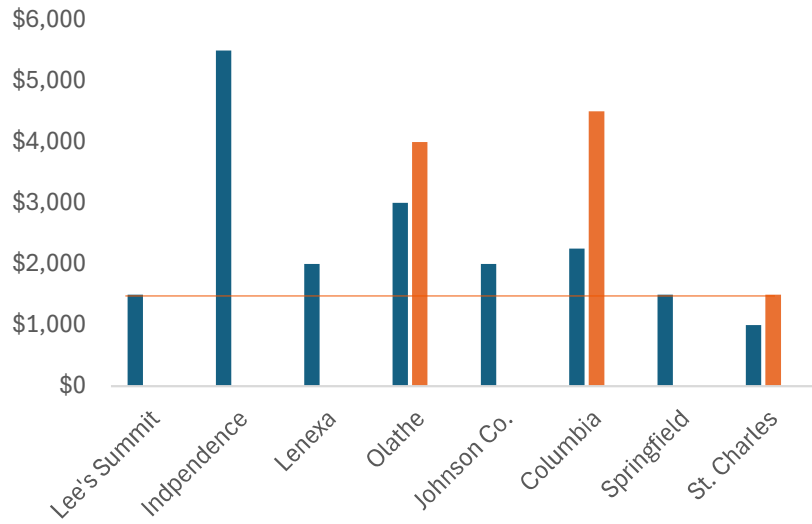
PPO - Individual Deductible



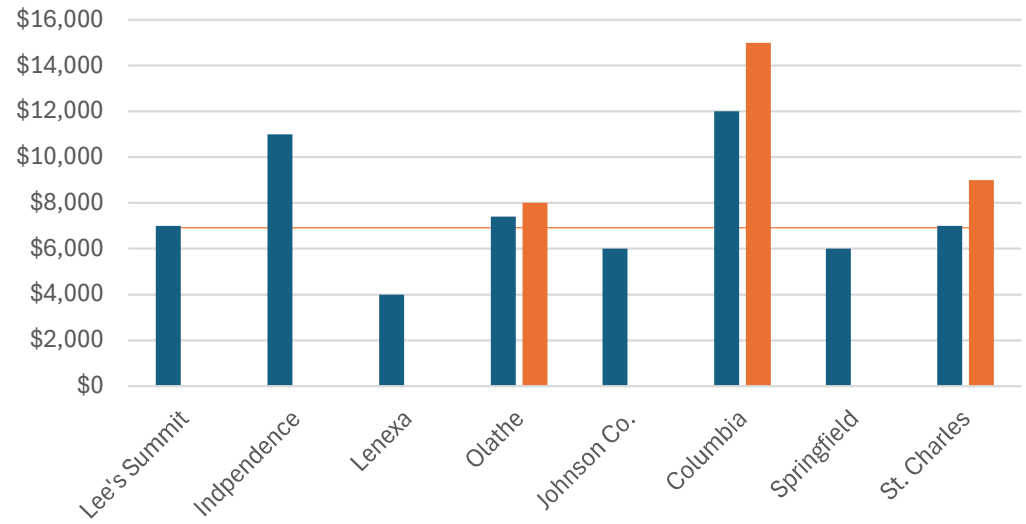
PPO - Ind. OOP Max



PPO - Family Deductible



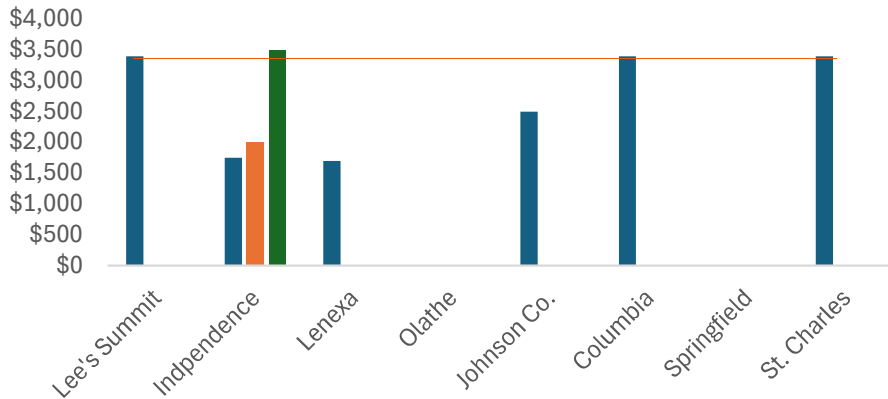
PPO - Family OOP Max



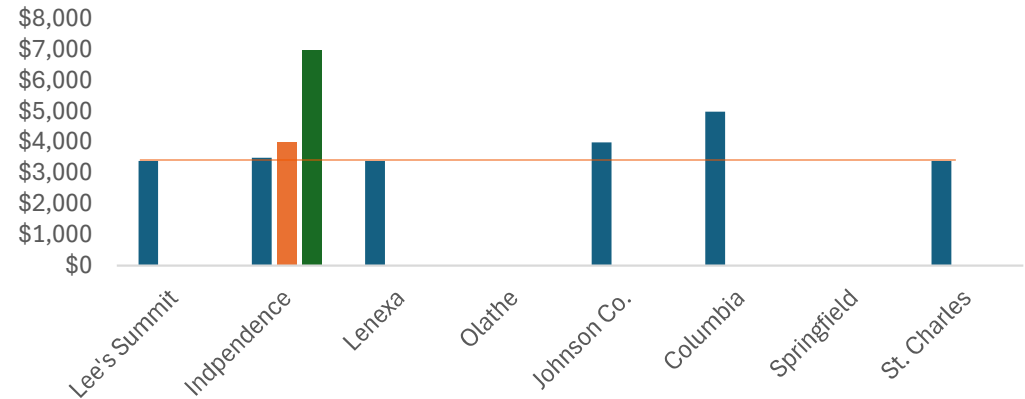
Kansas City, MO, Overland Park, KS and O'Fallon were not publicly available

Benchmark - Market Comparator Group - HDHP

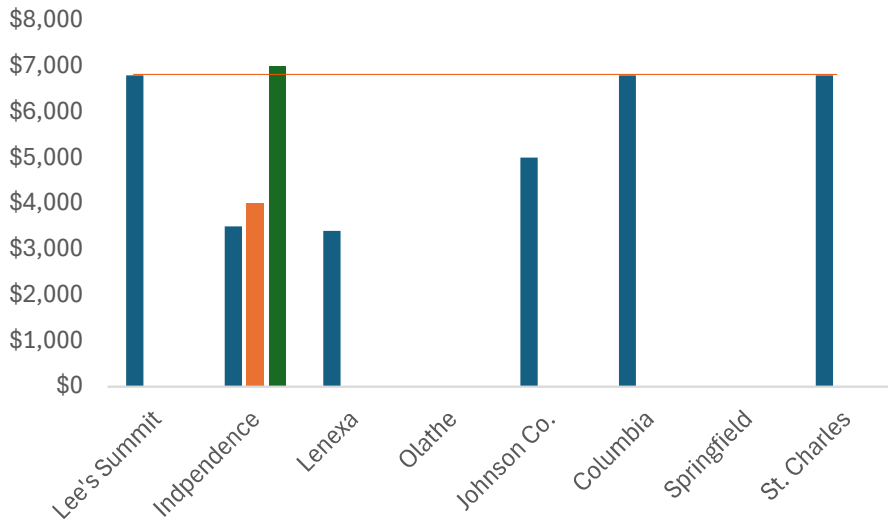
HDHP - Individual Deductible



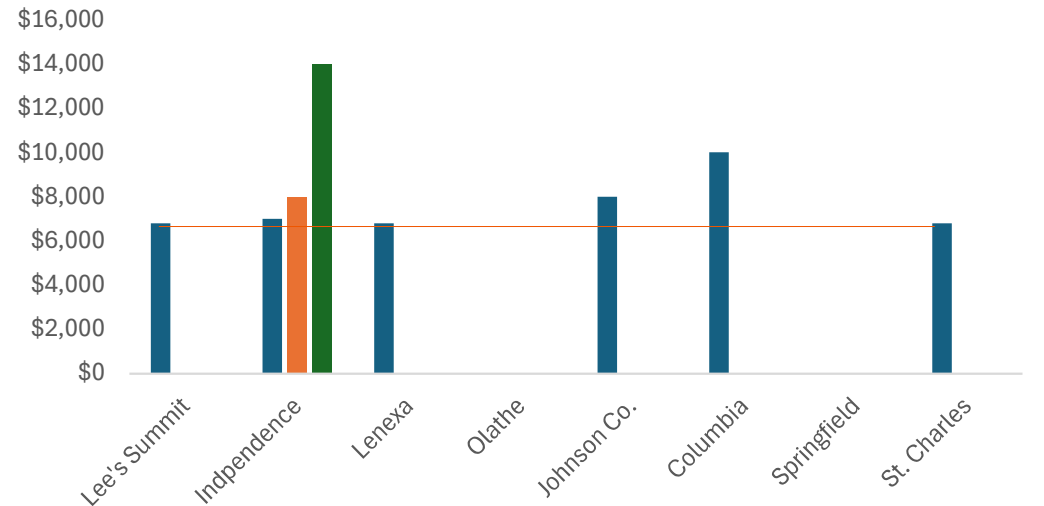
HDHP - Individual OOP Max



HDHP - Family Deductible



HDHP - Family OOP Max





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

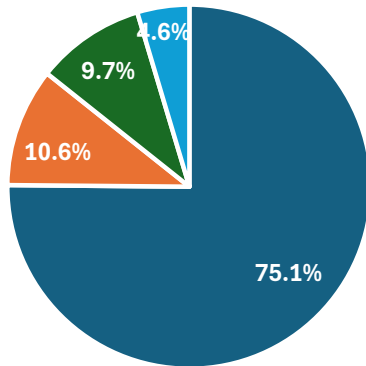
How do we solve for the \$2.33M funding gap?

Category	Strategy	Total Cost	Employee Contribution	CoLS Cost
MERP Scenario 1	MERP	\$17,571,582	\$2,181,162	\$15,390,420
MERP Scenario 2	MERP	\$17,997,227	\$2,606,807	\$15,390,420
MERP Scenario 3	MERP	\$19,313,310	\$3,922,888	\$15,390,420
Plan Design Option 1	Plan Design Changes (8% reduction)	\$18,893,437	\$3,503,017	\$15,390,420
Plan Design Option 2	Plan Design Changes (12% reduction)	\$18,247,507	\$2,317,087	\$15,390,420

The costs above are estimates based on a 25% renewal from Cigna. Actual cost may vary with final renewal numbers and cost projections from the MERP.

Out-of-Pocket Maximum Distribution 2025

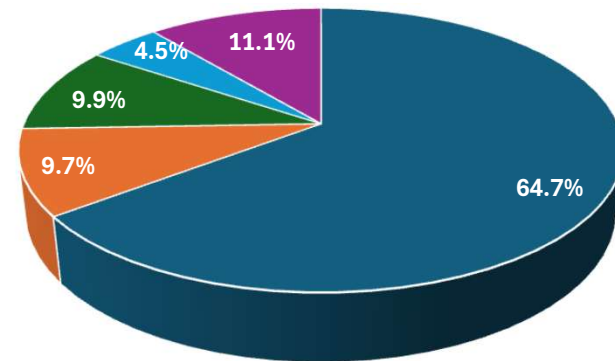
PPO - OOP Max Distribution



■ Less than \$500 ■ \$501-\$1,000 ■ \$1,001-\$2,000 ■ \$2,001-\$3,000

PPO		
	Members	%
Less than \$500	940	75.1%
\$501-\$1,000	132	10.6%
\$1,001-\$2,000	121	9.7%
\$2,001-\$3,000	58	4.6%
	1251	100.0%

HDHP - OOP Max Distribution



■ Less than \$500 ■ \$501-\$1,000 ■ \$1,001-\$2,000 ■ \$2,001-\$3,000 ■ \$3,000-\$3,300

HDHP		
	Members	%
Less than \$500	785	64.7%
\$501-\$1,000	118	9.7%
\$1,001-\$2,000	120	9.9%
\$2,001-\$3,000	55	4.5%
\$3,000-\$3,300	135	11.1%
	1213	100.0%

Combined 128 members of the 2,464 or 5.1% met the OOP Max in 2025

2027 Scenario Summary - MERP

Scenario 1

Current	Total Cost	EE Contribution	COLS Cost
	\$16,148,237	\$1,980,104	\$14,168,133
Cigna Renewal	Total Cost	EE Contribution	COLS Cost
25.0%	\$20,185,296	\$2,462,985	\$17,722,311
Renewal w/changes	Total Cost	EE Contribution	COLS Cost
8.8%	\$17,571,582	\$2,181,162	\$15,390,420

Scenario 2

Current	Total Cost	EE Contribution	COLS Cost
	\$16,148,237	\$1,980,104	\$14,168,133
Cigna Renewal	Total Cost	EE Contribution	COLS Cost
25.0%	\$20,185,296	\$2,462,985	\$17,722,311
Renewal w/changes	Total Cost	EE Contribution	COLS Cost
11.5%	\$17,997,227	\$2,606,807	\$15,390,420

Scenario 3

Current	Total Cost	EE Contribution	COLS Cost
	\$16,148,237	\$1,980,104	\$14,168,133
Cigna Renewal	Total Cost	EE Contribution	COLS Cost
25.0%	\$20,185,296	\$2,462,985	\$17,722,311
Renewal w/changes	Total Cost	EE Contribution	COLS Cost
19.6%	\$19,313,310	\$3,922,888	\$15,390,422

- Assumes a 25% renewal from Cigna.
- Scenarios vary based on decrements between the Cigna Renewal and Plan Design Changes

Scenario 1

MERP

4-Tier Contributions

Employee Contributions Average

Monthly Increase/tier:

EE: \$1, ES \$12, EC (\$61), FF \$94

Scenario 2

MERP

4-Tier Contributions

Contribution Splits

Employee Contributions

Average Monthly Increase/tier:

EE: \$28, ES \$74, EC (\$11), FF \$178

Scenario 3

MERP

4-Tier Contributions

Defined Contributions

Employee Contributions

Average Monthly Increase/tier:

EE: \$103, ES \$263, EC \$145, FF \$432

The Difference Card - Plan Design

PPO – Broad & Local Networks

BENEFIT CATEGORY	CURRENT PLAN DESIGN	BASE PLAN DESIGN	DIFFERENCE CARD PLAN DESIGN
Carrier	CIGNA	CIGNA	CIGNA
Plan Option	Local PPO	Local PPO	Local PPO
Network	LocalPlus	National OAP	National OAP
IN NETWORK	IN NETWORK	IN NETWORK	IN NETWORK
Primary Care	\$25 Copay	Ded	DC Pays \$4,000, then \$3,500
Specialist Care	\$50 Copay	Ded	
Emergency Room	\$200 Copay & Coin	Ded	
Urgent Care	\$50 Copay	Ded	
Lab Work	\$0 Copay	Ded	
X-Ray	Ded & Coin	Ded	
Major Diagnostic Imaging	Ded & Coin	Ded	
Inpatient Surgery	Ded & Coin	Ded	
Outpatient Surgery	Ded & Coin	Ded	
In Network Deductible	\$750	\$7,500	
In Network Coinsurance	20%	0%	0%
In Network Coinsurance Max	\$2,750	\$0	\$0
Maximum OOP	\$3,500	\$7,500	\$3,500
OUT OF NETWORK	OUT OF NETWORK	OUT OF NETWORK	OUT OF NETWORK
OON Deductible	\$2,250	\$20,000	\$20,000
OON Coinsurance	40%	50%	50%
OON Coins Max	\$8,250	\$7,000	\$7,000
PRESCRIPTION	PRESCRIPTION	PRESCRIPTION	PRESCRIPTION
Pharmacy Deductible	\$0	Integrated w/ Medical Ded	Integrated w/ Medical Ded
Pharmacy Copay	AD: \$10/40% to \$80/60% to \$120	Deductible	Deductible

The Difference Card - Plan Design

HDHP – Broad & Local Networks

BENEFIT CATEGORY	CURRENT PLAN DESIGN	BASE PLAN DESIGN	DIFFERENCE CARD PLAN DESIGN
Carrier	CIGNA	CIGNA	CIGNA
Plan Option	Local HDHP	Local HDHP	Local HDHP
Network	LocalPlus HSA	National OAP	National OAP
IN NETWORK	IN NETWORK	IN NETWORK	IN NETWORK
Primary Care	Ded	Ded	\$3,400 then DC Pays \$4,100
Specialist Care	Ded	Ded	
Emergency Room	Ded	Ded	
Urgent Care	Ded	Ded	
Lab Work	Ded	Ded	
X-Ray	Ded	Ded	
Major Diagnostic Imaging	Ded	Ded	
Inpatient Surgery	Ded	Ded	
Outpatient Surgery	Ded	Ded	
In Network Deductible	\$3,400	\$7,500	
In Network Coinsurance	0%	0%	
In Network Coinsurance Max	\$0	\$0	
Maximum OOP	\$3,400	\$7,500	
OUT OF NETWORK	OUT OF NETWORK	OUT OF NETWORK	
OON Deductible	\$3,400	\$20,000	\$20,000
OON Coinsurance	30%	50%	50%
OON Coins Max	\$3,400	\$70,000	\$70,000
PRESCRIPTION	PRESCRIPTION	PRESCRIPTION	PRESCRIPTION
Pharmacy Deductible	\$0	Integrated w/ Medical Ded	Integrated w/ Medical Ded
Pharmacy Copay	Deductible	Deductible	Deductible

Sample Plan Design Changes

	Current PPO	Current HDHP	Alternate PPO	Alternate HDHP	Alternate PPO	Alternate HDHP
Plan Option Considerations			Richer Benefits/ Higher Contributions		Less Rich Benefits/Lower Contributions	
Individual Deductible	\$750	\$3,400	\$1,500	\$4,500	\$2,500	\$5,500
Family Deductible	\$1,500	\$6,800	\$3,000	\$9,000	\$5,000	\$11,000
Individual Out of Pocket Max	\$3,500	\$3,400	\$5,000	\$4,500	\$8,000	\$8,000
Family Out of Pocket Max	\$7,000	\$3,800	\$10,000	\$9,000	\$16,000	\$16,000
Coinsurance	80%	100%	80%	100%	80%	80%

Total Cost: \$16,148,237
EE Contribution: \$1,980,104
CoLS Cost: \$14,168,133

Total Cost: \$18,893,437
EE Contribution: \$3,503,017
CoLS Cost: \$15,390,420
EE Contributions Average
Monthly Increase/tier:
EE: \$89, ES \$200, EC \$93, FF
\$347

Total Cost: \$18,247,507
EE Contribution: \$2,317,087
CoLS Cost: \$15,390,420
EE Contributions Average
Monthly Increase/tier:
EE: \$37, ES \$119, EC \$26, FF
\$237

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



Thank you

