



Finance and Budget Presentation



August 12, 2019

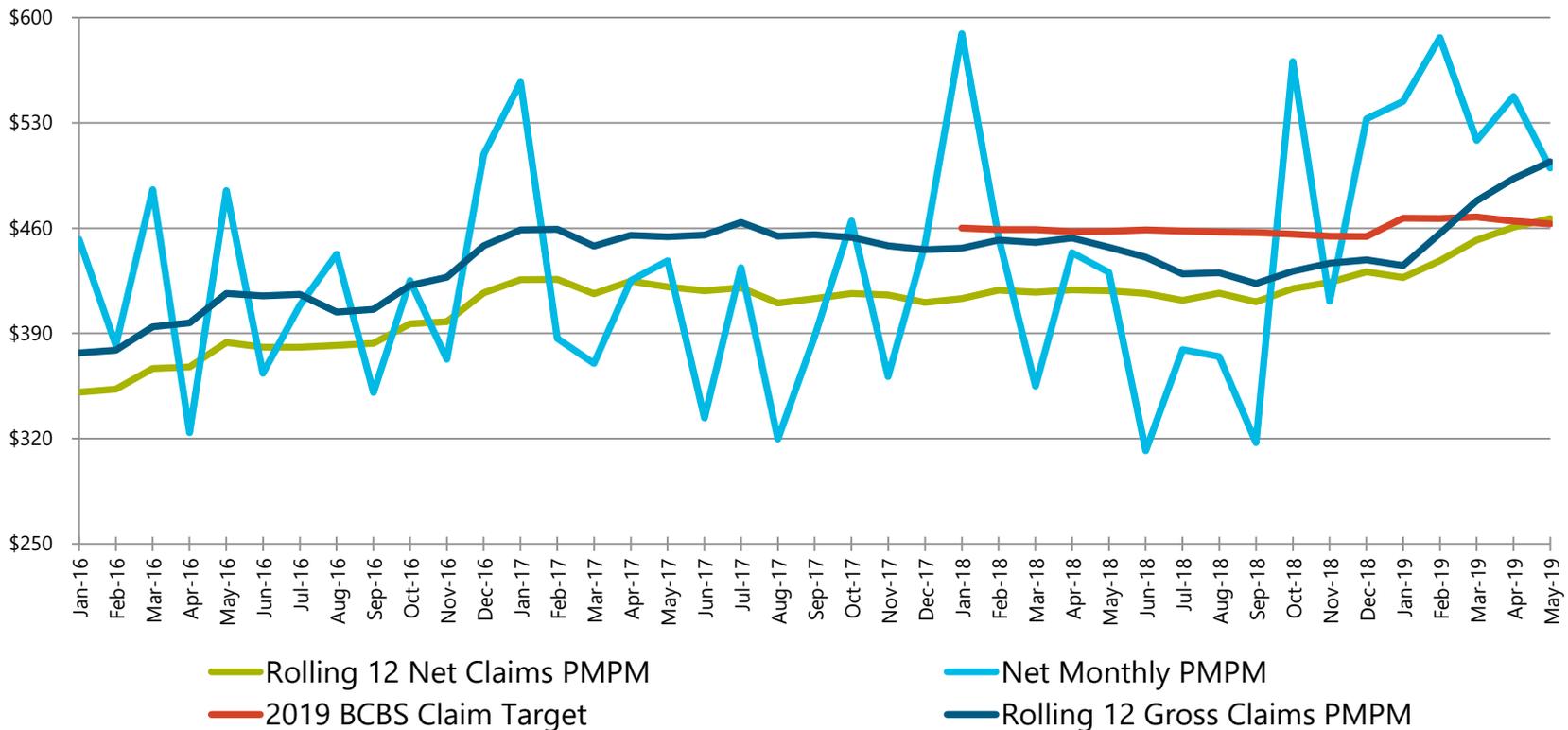
Overview Of Changes:

- Medical Plan Renewal
- Dental Plan Renewal
- Vision Plan Renewal
- EAP Plan Renewal



Medical Plan

How is the Medical Plan Trending?



		Net Trend	Gross Trend
Annual Trend Over:	36 Months	7.2%	7.0%
Annual Trend Over:	24 Months	5.4%	5.5%
Annual Trend Over:	12 Months	11.5%	12.7%



Current Carrier Initial 2020 Renewal

- Initial Renewal Offer from current carrier:
 - Max Refund Contract (Current Contract): +11.9%
 - Fully-Insured Contract: +9.9%
- Marketed the Plan to additional Carriers
 - Base Plan has Employee Single Cost Share Added
 - Important to hold down employee cost impact
 - Limited modifications to current plan

Proposed 2020 Employee Costs

Cigna +1.8% Fully-Insured (Assumes Sale of Dental)
2020 Cost Share of 90%/75% of \$500 PPO Plan

Enrollment Tier	Employee Contribution	%	Employer Contribution	%	Total Monthly Premium Rate	Monthly EE Change	Annual EE Change
Preferred Care Blue Choice \$0 Deductible							
Employee Only	\$159.66	19%	\$660.30	81%	\$819.96	\$74.91	\$898.88
Employee + Spouse or Child(ren)	\$581.93	32%	\$1,211.23	68%	\$1,793.16	\$89.66	\$1,075.97
Family	\$675.46	32%	\$1,406.07	68%	\$2,081.53	\$104.07	\$1,248.82

Enrollment Tier	Employee Contribution	%	Employer Contribution	%	Total Monthly Premium Rate	Monthly EE Change	Annual EE Change
Preferred Care Blue \$500 Deductible							
Employee Only	\$73.37	10%	\$660.30	90%	\$733.67	\$73.37	\$880.40
Employee + Spouse or Child(ren)	\$403.74	25%	\$1,211.23	75%	\$1,614.97	\$86.45	\$1,037.45
Family	\$468.69	25%	\$1,406.07	75%	\$1,874.76	\$100.37	\$1,204.42

Enrollment Tier	Employee Contribution	%	Employer Contribution	%	Total Monthly Premium Rate	Monthly EE Change	Annual EE Change
BlueSaver HDHP Plan							
Employee Only	\$18.46	3%	\$660.30	97%	\$678.76	\$18.46	\$221.48
Employee + Spouse or Child(ren)	\$282.31	19%	\$1,211.23	81%	\$1,493.54	\$84.32	\$1,011.89
Family	\$327.68	19%	\$1,406.07	81%	\$1,733.75	\$97.84	\$1,174.06

2019 Raises vs New Employee Costs

Cigna +1.8% Fully-Insured (Assumes Sale of Dental)
 2020 Cost Share of 90%/75% of \$500 PPO Plan

	Annual Employee Change in cost	Average Core Increase Since 1/18/19	Average Fire Increase Since 1/18/19	Average PD Increase Since 1/1/18
Preferred Care Blue Choice \$0 Deductible				
Employee Only	\$898.88	\$3.8152/hr	\$2.0701/hr	\$3.9823/hr
		annualized at 2080 hours	annualized at 2080 hours	annualized at 2080 hours
Employee + Spouse or Child(ren)	\$1,075.97	\$7,935.616	\$4,305.808	\$8,283.184
Family	\$1,248.82			
Preferred Care Blue \$500 Deductible				
Employee Only	\$880.40			
Employee + Spouse or Child(ren)	\$1,037.45			
Family	\$1,204.42			
BlueSaver HDHP Plan				
Employee Only	\$221.48			
Employee + Spouse or Child(ren)	\$1,011.89			
Family	\$1,174.06			

Changes And Disruption Moving To Cigna

- Top utilized inpatient / outpatient facilities completely overlap
- Of the top utilized providers, 90% are in network
- Plan design on all major features is equivalent to Current Plan
 - On the \$0 & \$500 Deductible Plans, outpatient facility for Cigna will be administered as deductible/coinsurance (not co-pay)
 - On the \$0 Deductible Plan, MRI/CT/PET scans are covered with a \$100 copay per day. Cigna will administer this as deductible/coinsurance.
- Employee experience and service will be enhanced
 - Pre-enrollment customer service line
 - Live Customer Service available 24/7

Changes And Disruption Moving To Cigna - Rx

- The \$10 mail order copay penalty will no longer be in place
- The Rx tier formulary will be different and will cause disruption
 - 89.53% of scripts will stay in the same Rx tier
 - 5.85% of scripts will move to a less expensive Rx tier
 - 1.66% of scripts will move to a more expensive Rx tier
 - 2.96% of scripts will be excluded from the new formulary
 - Of these, 1.88% could be excepted for coverage with a medical necessity letter from a physician
 - Of these, 1.09% are completely excluded
- The Rx network is slightly different
 - Walgreens will now be in the retail network
 - Cigna offers a pick up of a 90 day supply at retail pharmacy
 - 1.88% (5 total) currently utilized pharmacies will now be out of network
 - St. Luke's East Hospital Outpatient, Forest Hill Pharmacy, KC Urology Care PA, Liberty Medical Center, Butterfield Pharmacy



Changes And Disruption Moving To Cigna - HSA

- The HSA banking partner will change to HSA Bank from UMB
- The City will continue to contribute to employee HSA Accounts in 2020
 - If you enroll in any tier (employee, family, etc.) of the HDHP plan for 2020, the City will deposit \$50 per month into your HSA Account (The contribution was \$54 per month)
 - This equals up to \$600 per year



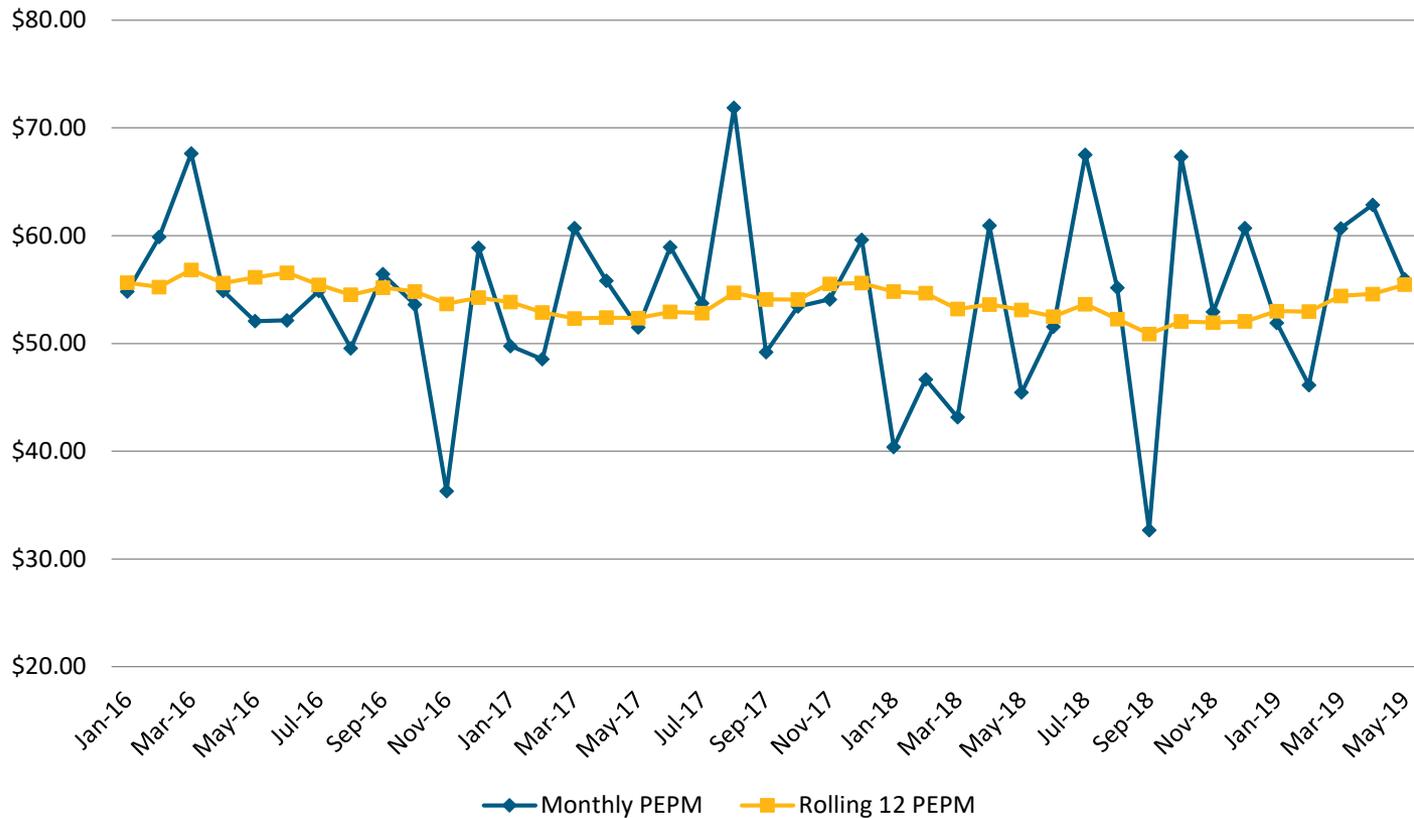
Employee Cigna Premium Rebate

- The City will share the savings from accepting the Cigna offer with employees
- The City will add \$350 premium rebate a paycheck of eligible employees during the first quarter in 2020
- The rebate is designed to further reduces the burden of the new cost share for employees



Dental Plan Discussion

How is the Dental Plan Trending?





Dental RFP Process Considerations

- Current Carrier initial renewal was at a 0% increase.
- The Dental RFP process had initial proposals come in from 13 other dental insurance carriers with rates lower than current
- Revised proposals requested
 - Goal to explore how to enhance benefits while keeping rates close to no increase

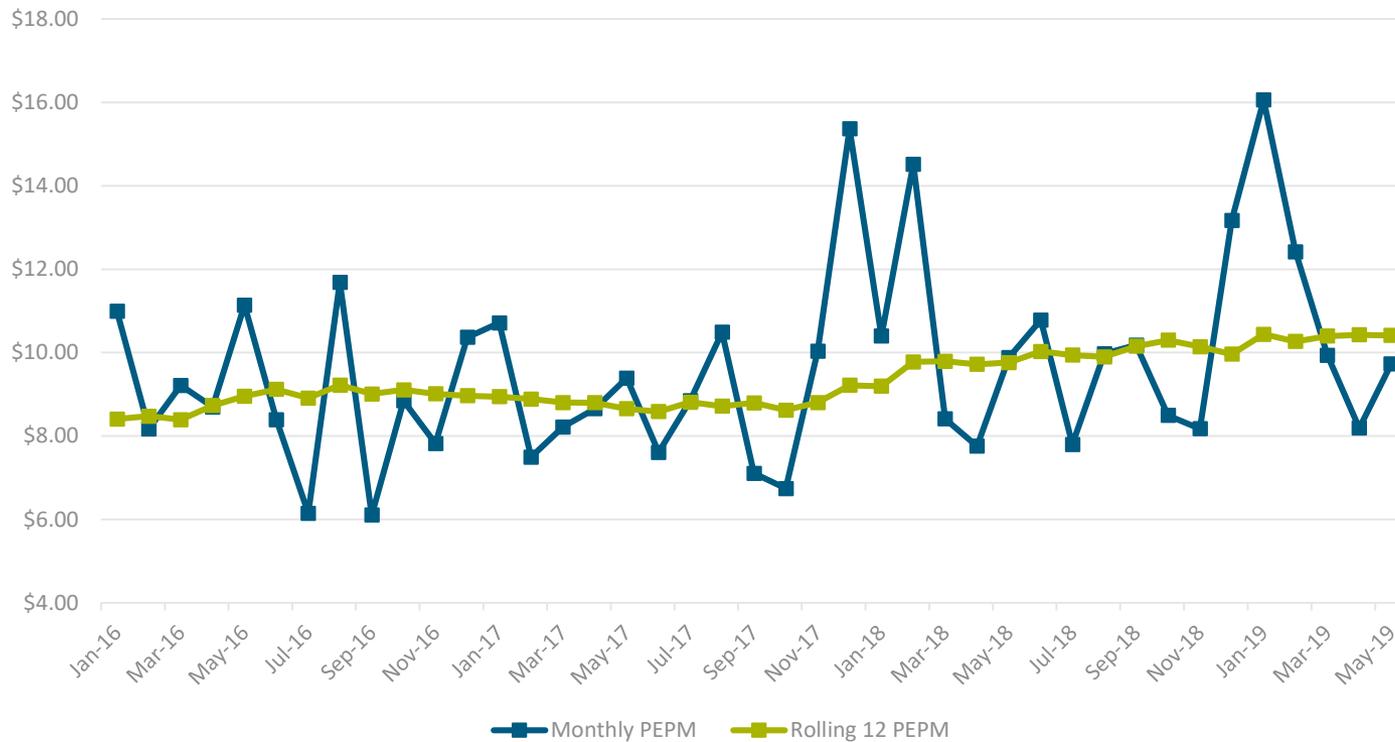
What Do You Need To Know About A Move To Cigna?

- 1.6% increase to total dental premiums
- Employees will see no change to employee only cost. Family cost will go up \$0.28 per month.
- Enhanced Benefits
 - Preventive Services not counted towards Annual Maximum Benefit
 - Wellness Plus Progressive Annual Maximum
 - If you receive a preventive service, your annual maximum will increase by \$250 the following year: Year 1: \$1,250, Year 2: \$1,500, Year 3: \$1,750, Year 4: \$2,000
 - Orthodontia Lifetime Maximum Increased to \$1,500
 - Orthodontia Lifetime Maximum will reset (those that have previously exhausted under BCBS will be able to access the benefit again).
 - Implant coverage added at 55% coinsurance
- 2 year rate guarantee; Year 3 rate cap of +5%
- 2 of top 50 providers not in-network
- Remainder of overall plan design almost matching current



Vision Plan Discussion

How is the Vision Plan Trending?





VSP Initial 2020 Vision Renewal Release

- Initial Vision Renewal Offer from VSP: +22%
 - 2 year rate guarantee
- Bid the benefit to 15 carriers
 - Quotes varied widely (negative to +56%)

Vision RFP Process Considerations

- The Vision RFP process focused on limiting provider network disruption and maintaining/enhancing benefits
 - Many other vision insurance carriers rent VSP's Choice Network
 - Many of the carriers that offered savings had significant disruption of currently utilized providers
- MetLife Vision was selected as the recommended finalist:
 - +3% over current premium rates with a 3 year rate guarantee
 - No disruption of current provider network – VSP Choice Network + MetLife additional affiliates
 - Plan design minimal changes
 - Includes contact lens allowance enhancement from \$130 to \$160



Changes And Disruption Moving To Cigna

- 3% increase to total vision premiums. City will continue to pay 100%/80%
- Employees will see no change to employee only cost. Family cost will go up \$0.08 per month.
- No disruption of current provider network – VSP Choice Network + MetLife additional affiliates
- Overall plan design almost matching current
 - Includes contact lens allowance enhancement from \$130 to \$160
- 3 year rate guarantee
- Different customer service feel



Questions?

Pay Increases By Employee Group

	\$/hr	%	Count
Core	\$ 3.8152	15.23%	319
Fire	\$ 2.0701	10.53%	128
IAM	\$ 2.1177	12.52%	45
Police	\$ 3.9823	15.71%	125
Total	\$ 3.3632	14.15%	617