



CITY ADMINISTRATIVE OFFICE

PAUL M. ZIEHLER
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September 28, 2012

The Honorable Mayor Dan Devine
and Members of the Common Council
7525 W. Greenfield Avenue
West Allis WI 53214

RE: Health Insurance Benefit Level Changes

Dear Mayor Devine and Common Council Members:

This letter is to request your approval of the attached health insurance benefit level changes for implementation with the City's new March 1, 2013 Plan Year. When approved, these changes will apply to all City employees and officials except Police and Fire represented employees who are governed by their respective labor agreements. In that regard, these same changing benefit levels are already in place in the three year (2011-2013) Police Union contract, effective the same date of March 1, 2013. In addition, these same changes are also included in the almost finalized three year (2012-2014) Fire Union Contract with the same effective date of March 1, 2013. For consistency reasons, it is important that all City employees' health insurance benefit levels be uniform. This recommendation is being brought forward for approval at this time due to the scheduling of the Health Risk Assessments (HRAs) for all of our 500-600 employees, which is a part of the changes.

In addition to the above changes, one other modification is being implemented for the City's health insurance plan as of March 1, 2013. That change is to replace the City health insurance network from Humana's National Point of Service Network to the Business Health Care Group (BHCG) Network. The BHCG is a health insurance provider network created several years ago by major employers in the area. All Aurora facilities and physicians are included in the network as are the other major area systems, except Columbia/St. Mary's. The City's health insurance consultant, Willis Inc., has recommended this change, which it has estimated will save the City almost \$800,000 in health insurance costs on an annual basis. Willis has also commented that the disruption rate in regard to providers should be less than 2.5%

I trust that this letter of explanation and the attached summary is clear and understandable. However, if you have any questions or need further information or clarification, please feel free to contact me.

Thank you for your attention to this request.

Sincerely,

A handwritten signature in blue ink that reads "Paul M. Ziehler".

Paul M. Ziehler,
City Administrative Officer, Clerk/Treasurer

PMZ:jfw

cc: Alderpersons
Department/Division Heads

Recommended Health Insurance Benefit Level Changes for Implementation with the March 1, 2013 Plan Year

(NOTE: *these recommendations are consistent with that already approved/agreed to in the Police Union contract.*)

Monthly Premium Sharing effective 3-1-13 to be tied to HRA participation (currently benefit level equal to "(A)"):

(A) Employees and retirees who participate in a City sponsored HRA*:

- 5% not to exceed \$60.00/month for a single plan.
- 5% not to exceed \$90.00/month for a couple plan.
- 5% not to exceed \$120.00/month for a family plan.

(B) Employees and retirees who do not participate in a City sponsored HRA*:

- 7.5% not to exceed \$75.00/month for a single plan.
- 7.5% not to exceed \$112.00/month for a couple plan.
- 7.5% not to exceed \$180.00/month for a family plan.

NOTE:

- If a Health Risk Assessment (HRA) is not offered in any given plan year, employees and retirees will be subject to the rates listed in (A);
- Eligible dependents (spouse/children) may participate in City sponsored HRAs.

Prescription Drug Co-payment:

- \$15/\$25/\$35 for retail (34 day supply) prescriptions (current benefit level = \$10/\$20/\$30);
- \$37.50/\$62.50/\$87.50 for mail order (90 day supply) prescriptions (current benefit level = \$20/\$40/\$60);
- Specialty medications (4th tier) subject to \$100 per script per month co-payment with a cap of \$1,500 per plan year per member (this is a new tier/copay).

Emergency Room Copay:

- Effective March 1, 2013, the emergency room co-pay will be \$100 per incident (current benefit level = \$75); the co-payment may be waived if the member is admitted or transported by emergency vehicle.

Benefit levels for retirees retiring on or after March 1, 2013:

- Benefit levels will adjust automatically with active employee benefit levels. (Benefit levels are defined as any medical services [procedures, surgeries, exams, consultations, advice, diagnosis, referrals, treatment, tests, supplies, drugs, devices or technologies] administered by a qualified practitioner/treatment facility.).