

16



City of West Allis

7525 W. Greenfield Ave.
West Allis, WI 53214

Matter Summary

File Number	Title	Current Status
2015-0367	Report	Introduced
Communication from Finance Director/Comptroller submitting 2014 Health Insurance Fund Report.		
Introduced: 5/19/2015		Controlling Body: Administration & Finance Committee

COMMITTEE RECOMMENDATION

place on file

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
			Barczak				
			Czaplewski				
		X	Haass	X			
			Lajsic	X			
5/19/15	X		May	X			
			Probst	X			
			Reinke				
			Roadt				
			Vitale	X			
			Weigel				
TOTAL				5-0			

SIGNATURE OF COMMITTEE MEMBER

[Signature]
 Chair _____ Vice-Chair _____ Member _____

COMMON COUNCIL ACTION **PLACE ON FILE**

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
			Barczak	✓			
			Czaplewski	✓			
			Haass	✓			
			Lajsic	✓			
		✓	May	✓			
			Probst	✓			
			Reinke	✓			
			Roadt	✓			
	✓		Vitale	✓			
			Weigel	✓			
TOTAL				10			

**STANDING COMMITTEES OF THE
CITY OF WEST ALLIS COMMON COUNCIL**

ADMINISTRATION & FINANCE

Chair: Vincent Vitale
Vice-Chair: Kevin Haass
Thomas G. Lajsic
Michael P. May
Cathleen M. Probst

PUBLIC WORKS

Chair: Gary T. Barczak
Vice-Chair: Martin J. Weigel
Michael J. Czaplewski
Rosalie L. Reinke
Daniel J. Roadt

SAFETY & DEVELOPMENT

Chair: Thomas G. Lajsic
Vice-Chair: Cathleen M. Probst
Michael P. May
Rosalie L. Reinke
Vincent Vitale

LICENSE & HEALTH

Chair: Michael J. Czaplewski
Vice-Chair: Daniel J. Roadt
Gary T. Barczak
Kevin Haass
Martin J. Weigel

ADVISORY

Chair: Rosalie L. Reinke
Vice-Chair: Michael P. May
Thomas G. Lajsic
Cathleen M. Probst
Vincent Vitale



DEPARTMENT OF ADMINISTRATION & FINANCE
FINANCE DIVISION

May 14, 2015

Common Council
Administration and Finance Committee
West Allis, WI

Dear Council Members:

Mark D. Wyss
Manager of Finance/Comptroller
mwyss@westalliswi.gov
Kris Moen, CPA
Finance Supervisor
kmoen@westalliswi.gov
Nicole O'Connor
Senior Accountant
noconnor@westalliswi.gov
Shawn Hart
Accountant
shart@westalliswi.gov

Attached please find information related to the fiscal outcome of the City's Health Insurance Fund for 2014. For the year, the fund finished with a deficit of revenue over expenditures of -\$682,636.

The fund balance is reduced from \$8,328,884 to \$7,646,248. While I certainly feel that the fund balance remains at a safe level, we certainly don't want to continue operating the fund at a deficit.

Changes to the health plan were made for 2015. It is still too early to measure the impact of those changes, but I plan to update the Common Council and the Finance Committee on a quarterly basis as to the progress of the Health Insurance Fund.

Also attached are two slides discussing the impending "Cadillac Tax" which is a critical component of the Affordable Care Act. Simply put, the Cadillac Tax is a 40% surcharge on the difference between the City's health insurance premiums for single and family coverage and the ACA maximum premiums establish by congress.

The critical concern of the computation of the Tax is that the ACA maximum premiums increase annually at the rate of normal inflation (currently around 2%), while the City's premiums increase at the rate of health care inflation (for the CWA that has averaged 6% annually). The difference in these two measurements is what creates the exposure to the tax. As presented graphically, it is very clear that the City could face a substantial surtax by 2022 unless we can reduce this premium gap.

It should be pointed out that these are estimates and could change. I have no deeper insight into the future of the ACA than any of you do, and the plan could be modified and phase in dates and rates could be changed. But I think it's important that you have an idea of the City's exposure so that conversations relative to the City's health plan can be approached in an informed and reasonable manner.

I will be happy to answer any questions or provide further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Wyss", is written over a horizontal line. The signature is fluid and cursive.

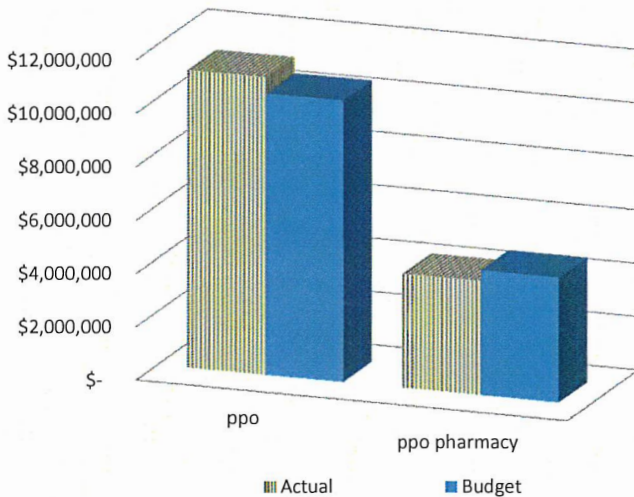
Mark Wyss
Finance Director/Comptroller/City Treasurer

City of West Allis Health Insurance Fund Budget Comparison - December, 2014

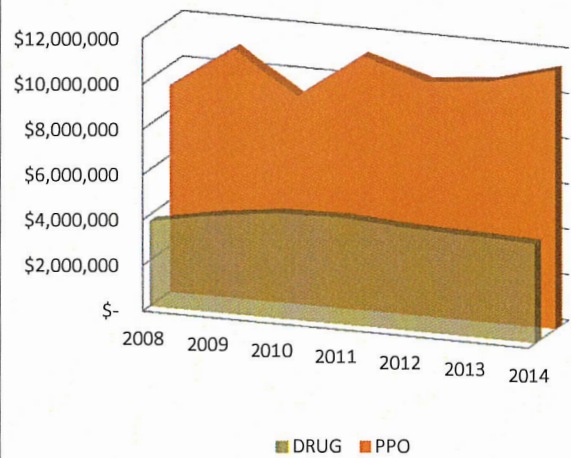
Revenues	2014		2014 Actual	Budgetary	Projected 12 months	% over budget
	Budget	mths budget		2014 (Under)/Over		
Property Taxes	\$2,000,000	\$2,000,000	\$ 2,000,000	\$0	\$ 2,000,000	0.00%
General Fund Premiums	\$9,525,000	\$9,525,000	\$ 9,204,948	(\$320,052)	\$9,204,948	-3.36%
Retiree Premiums	\$2,600,000	\$2,600,000	\$ 2,285,342	(\$314,658)	\$2,285,342	-12.10%
Enterprise/Grants	\$180,000	\$180,000	\$ 118,593	(\$61,407)	\$118,593	-34.12%
Employee Premium Share	\$535,000	\$535,000	\$ 516,043	(\$18,957)	\$516,043	-3.54%
Misc Revenue	\$700,000	\$700,000	\$ 514,173	(\$185,827)	\$514,173	-26.55%
General Fund Retiree Contr	\$730,000	\$730,000	\$ 1,362,999	\$632,999	\$1,362,999	86.71%
Stop Loss	\$350,000	\$350,000	\$ 167,662	(\$182,338)	\$ 167,662	-52.10%
	<u>\$16,620,000</u>	<u>\$16,620,000</u>	<u>\$16,169,760</u>	<u>(\$450,240)</u>	<u>\$16,169,760</u>	<u>-2.71%</u>

Expenditures	2014		2014 Actual	Budgetary	Projected 12 months	% over budget
	Budget	mths budget		2014 (Under)/Over		
health standard plan		\$0	\$ -	\$0	\$ -	
ppo	\$10,550,000	\$10,550,000	\$ 11,158,425	(\$608,425)	\$11,158,425	5.77%
IBNR		\$0		\$0	\$0	0.00%
ppo pharmacy	\$4,691,020	\$4,691,020	\$ 4,288,473	\$402,547	\$4,288,473	-8.58%
Wellness /ADMIN	\$71,100	\$71,100	\$ 57,349	\$13,751	\$57,349	-19.34%
medical supplies	\$2,000	\$2,000	\$ 4,984	(\$2,984)	\$4,984	149.20%
stop-loss	\$575,000	\$575,000	\$ 589,439	(\$14,439)	\$589,439	2.51%
Outside Consultant	\$268,000	\$268,000	\$ 116,260	\$151,740	\$116,260	-56.62%
ppo admin	\$452,000	\$452,000	\$ 535,025	(\$83,025)	\$535,025	18.37%
other (EAP)	\$2,230	\$2,230	\$ 95,393	(\$93,163)	\$95,393	4177.71%
postage	\$5,150	\$5,150	\$ 4,058	\$1,092	\$4,058	-21.20%
printing (print shop)	\$3,500	\$3,500	\$ 2,990	\$510	\$2,990	-14.57%
	<u>\$16,620,000</u>	<u>\$16,620,000</u>	<u>\$16,852,396</u>	<u>(\$232,396)</u>	<u>\$16,852,396</u>	<u>1.40%</u>
Net Budget				<u>(\$682,636)</u>	<u>(\$682,636)</u>	

2014 Health Insurance PPO



PPO & Drug Expense 2008-2013



What is the “Cadillac Tax”

(And why should I care?)



- Simply put, the Cadillac Tax is a 40% surcharge on the difference between the City’s health insurance premiums and the ACA maximum premiums.

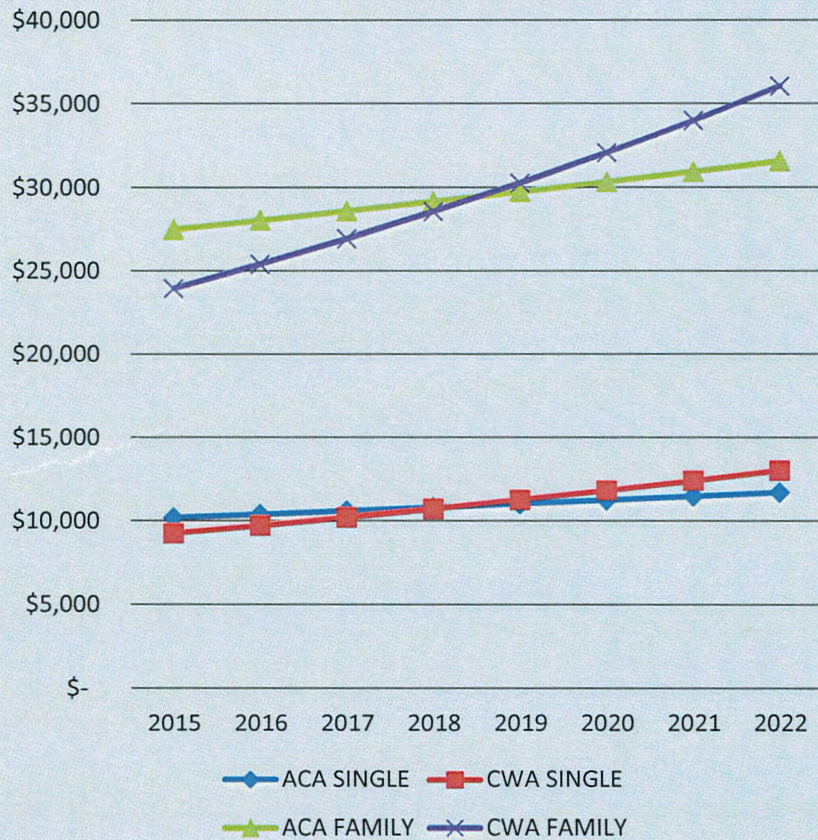
	Affordable Care Act Maximum Premiums (Estimated with 2% CPI)							
	2015	2016	2017	2018	2019	2020	2021	2022
Single	\$ 10,200	\$ 10,400	\$ 10,610	\$ 10,820	\$ 11,040	\$ 11,260	\$ 11,490	\$ 11,720
Family	\$ 27,500	\$ 28,050	\$ 28,610	\$ 29,180	\$ 29,760	\$ 30,360	\$ 30,970	\$ 31,590
	City of West Allis Premiums (Estimated with 6% Health Inflation)							
	2015	2016	2017	2018	2019	2020	2021	2022
Single	\$ 9,288	\$ 9,750	\$ 10,240	\$ 10,750	\$ 11,290	\$ 11,850	\$ 12,440	\$ 13,060
Family	\$ 23,987	\$ 25,426	\$ 26,952	\$ 28,569	\$ 30,283	\$ 32,100	\$ 34,026	\$ 36,067
Difference:	\$ (4,425)	\$ (3,274)	\$ (2,028)	\$ (681)	\$ 773	\$ 2,330	\$ 4,006	\$ 5,817

What is the “Cadillac Tax”

(And why should I care?)



ACA GROWTH vs CWA GROWTH



EST CADILLAC TAX EXPOSURE

