

Health Insurance 2017 Plan Year Recommendations

Presented to Administration & Finance Committee January 9, 2017



Dental Insurance

City currently offers dual choice (2 plan options)

- ❖ Care Plus Dental Plan (Dental Associates)
 - Approximately 33% of employees elect this option
- ❖ Standard Dental Plan (self-insured offering)
 - Approximately 67% of employees elect this option
 - Provider network, administered by Anthem, allows for employee choice of 138 area dentists

Proposed for 2017 (offering remains the same)

- ❖ Care Plus Dental
 - **5.0% Increase in Premium (100% City paid) / Equivalent ~ \$9K annual increase**
- ❖ Standard Dental Plan
 - 4.1% Decrease in Premium / Equivalent ~ \$15K annual decrease
 - Administration Fees—no change, remains at \$3.16 per employee, per month
- ❖ **Approximate Annual Cost for 2016 = \$531,800 / Approximate Annual Cost for 2017 = \$526,100**

Dental Insurance

DENTAL Premium Equivalents - Summary: Staff Recommendations

Dental-Anthem	No. Enrolled	2016 Premium Rate	2017 Premium Rate
Employee	77	\$37.00	\$35.00
Family	263	\$102.00	\$98.00
Monthly	340	\$29,675	\$28,469
Annual		\$356,100	\$341,628
PEPM		\$87.28	\$83.73
% Change	340		-4.1%

Care Plus	No. Enrolled	2016 Premium Rate	2017 Premium Rate
Employee	43	\$34.24	\$35.95
Family	125	\$105.36	\$110.62
Monthly		\$14,642	\$15,373
Annual		\$175,704	\$184,476
PEPM		\$87.15	\$91.51
% Change	168		5.0%
TOTAL DENTAL	508		

Health Insurance

\$14.5 million annual cost requires judicious oversight and review. Current efforts include a measured approach focused on:

- ❖ Financial/Budget Pressures
- ❖ Anthem Service Experience
- ❖ Premiums and Plan Design
- ❖ Affordable Care Act Implications
 - Cadillac Tax Exposure
- ❖ Claims Management/Cost Containment
 - Managing claims costs translates into lower premiums
 - Many options, short term and long term, to help manage claims costs
- ❖ Future Planning

Additional Considerations:

- Network and Claims Administrator Changes in March of 2016
- Compensation and Classification Study Analysis In Progress - Includes Benefits



Health Insurance

Financial/Budget Factors

- ❖ 2017 Premiums required no increase in the 2017 City Budget
 - While premiums are increasing from 2016 to 2017, actual 2017 premiums are at the same level as the 2016 budgeted premiums so no increase was needed

(2016 estimated rates were used for the 2016 Budget in September of 2015. When actual premiums were approved in January 2016, they were lower than estimated.)
 - Keeping a significant part of the City Budget at a 0% increase helped address other rising costs/needs

- ❖ 2017 Recommended Premiums are still 16% lower than premiums in 2015

The network change from March of 2016 continues to provide financial benefit.

Health Insurance

Financial/Budget Factors

- ❖ Actual claims costs, per Anthem, are running 5% lower than projected during 2016 budget process
- ❖ Actual Anthem Network Discount is averaging 63%
 - *The City receives a significant discount on the cost of the claim when an employee/retiree/member individual goes to an Anthem provider.*

Projected claims savings have been realized and exceeded.

Health Insurance

Anthem Experience--for employees, retirees (all members)

- ❖ Period of Adjustment
- ❖ Training and Adjustment—City Members & Anthem
- ❖ Customer Service needs improvement—actively working with Anthem representatives to document and address concerns
- ❖ Resources (in addition to Anthem staff)
 - HR Staff
 - On-Site Nurse

Health Insurance

Anthem Member Experience

❖ “Well Priority” for 2017

- This name will eventually replace “Blue Priority”, but still refers to the same network
- Rebranding, but also a new approach
 - More proactive approach to members’ health
 - Utilizes claims data and clinical data to reach out and engage members, educate them, help them get and stay well
 - Uses RN care coordinator, health educators, etc.
 - Goal is to engage members in their health to avoid costly, poor health outcomes in the future

❖ Examples



Health Insurance



Member story

Meet Margaret
She has severe COPD.

More data gives us better insight
Our data analysis shows that Margaret isn't the best at self-management of her symptoms and has been hospitalized six times in the past month.

Increased resources, increased engagement
Now that she's part of Well Priority, a nurse reaches out to her each week to make sure she's managing her symptoms, has transportation to her appointments, sees her doctor when she should, has the medical equipment she needs and gets mental health support.

Greater integration leads to better health
This extra support helps Margaret better manage her condition. Since being under our care, she's only had one hospitalization in the past 10 months.



Health Insurance



Anthem
BlueCross BlueShield

in partnership with
Aurora Health Care

Member story

Meet Jules.

He has diabetes.

More data gives us better insight

Jules missed a recent appointment with his PCP, and his last hemoglobin A1c check was more than 15 months ago.

Increased resources, increased engagement

An onsite nurse reaches out to Jules, who appreciates the reminder and immediately reschedules his missed appointment.

Greater integration leads to better health

This extra support helps Jules manage his condition and improve his health, leading to fewer missed work days, increased productivity and lower overall cost of care.

Health Insurance

Premiums and Plan Design

❖ Recommended - Active Employees

ACTIVE EMPLOYEES										
		Last Year	Current	\$100/\$300 Ded. PPO						
Active PPO	No. Enrolled	2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$ Increase Premium	% Increase Premium	2016 Employee Cost (10%)	2017 Employee Cost (10%)	Change	
Employee	119	\$774.00	\$591.00	\$646.00	\$55.00	9.3%	\$59.10	\$64.60	\$5.50	
EE + 1	98	\$1,517.00	\$1,158.00	\$1,265.00	\$107.00	9.2%	\$115.80	\$126.50	\$10.70	
Family	259	\$2,221.00	\$1,696.00	\$1,853.00	\$157.00	9.3%	\$169.60	\$185.30	\$15.70	
Total PPO Employees	476					9.3%				
Active HDHP	No. Enrolled	2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$ Increase Premium	% Increase Premium	2016 Employee Cost (10%)	2017 Employee Cost (10%)	Change	
Employee	4	\$774.00	\$761.00	\$825.00	\$64.00	8.4%	\$76.10	\$82.50	\$6.40	
EE + 1	0	\$1,517.00	\$1,491.00	\$1,617.00	\$126.00	8.5%	\$149.10	\$161.70	\$12.60	
Family	9	\$2,221.00	\$2,183.00	\$2,367.00	\$184.00	8.4%	\$218.30	\$236.70	\$18.40	
Total HDHP Employees	13					8.4%				
Total Active Employees	489					8.4%				

Health Insurance

City of West Allis
Plan Design 2016 - 2017

	2016 PLANS CURRENT		2017 PLANS STAFF RECOMMENDATION *	
	Anthem Blue Priority	Anthem H.S.A.	Anthem Blue Priority	Anthem H.S.A.
H.S.A. Deposit				
Single	n/a	\$500	n/a	\$500
Family	n/a	\$1,000	n/a	\$1,000
In Network				
Deductible				
Single	\$100	\$1,500	\$100	\$1,500
EE+SP / Family	\$300	\$3,000	\$300	\$3,000
Coinsurance (in Out)	100%	80%	100%	80%
Medical Out of Pocket				
Single	\$4,850 - Medical Only	\$3,000	\$4,850 - Medical Only	\$3,000
EE+SP / Family	\$9,700 - Medical Only	\$6,000	\$9,700 - Medical Only	\$6,000
Emergency Room	\$150 Copay	ded/coins	\$150 Copay	ded/coins
Office Visit	\$20-PCP, \$40 Specialist	ded/coins	\$20-PCP, \$40 Specialist	ded/coins
Rx Card	\$15/\$25/\$35/5% to \$100	ded/coins	\$15/\$25/\$35/5% to \$100	ded/coins
Rx out of Pocket				
Single	\$1,500	included in med	\$1,500	included in med
EE+SP / Family	\$3,000	included in med	\$3,000	included in med
Out of Network				
Deductible				
Single	\$15,000	\$15,000	\$7,500	\$15,000
EE+SP / Family	\$30,000	\$30,000	\$15,000	\$30,000
Coinsurance	80%	60%	80%	60%
Out of Pocket				
Single	\$30,000	\$30,000	\$15,000	\$30,000
EE+SP / Family	\$60,000	\$60,000	\$30,000	\$60,000

* Changes from 2016 highlighted in red



Health Insurance

Premiums and Plan Design

❖ Recommended - Pre-65 Retirees (retired after 2013)

Pre-65 (After 2013) PPO	No. Enrolled	Current		100/300 Ded. PPO			2016 Median Retiree Cost*	2017 Median Retiree Cost*	Change
		2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$ Increase Premium	% Increase Premium			
Employee	11	\$819.00	\$625.00	\$683.00	\$58.00	9.3%	\$46.88	\$50.78	\$3.90
EE + 1	22	\$1,606.00	\$1,226.00	\$1,339.00	\$113.00	9.2%	\$91.95	\$99.68	\$7.73
Family	21	\$2,350.00	\$1,795.00	\$1,961.00	\$166.00	9.2%	\$104.71	\$113.52	\$8.81
Total PPO Employees	54					9.2%			

Pre-65 (After 2013) HDHP	No. Enrolled	Current		100/300 Ded. PPO			2016 Median Retiree Cost*	2017 Median Retiree Cost*
		2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$ Increase Premium	% Increase Premium		
Employee	0	\$819.00	\$805.00	\$873.00	\$68.00	8.4%		
EE + 1	0	\$1,606.00	\$1,578.00	\$1,711.00	\$133.00	8.4%		
Family	1	\$2,350.00	\$2,310.00	\$2,505.00	\$195.00	8.4%		
Total HDHP Employees	1					8.4%		
Total Pre-65 Retirees (After 2013)	55					9.2%		

Health Insurance

Premiums and Plan Design

- ❖ Recommended - Pre-65 Retirees (retired before 2013)

Pre-65 (Before 2013) PPO	No. Enrolled	Current		Status Quo			2016 Median Retiree Cost*	2017 Median Retiree Cost*	Change
		2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$ Increase Premium	% Increase Premium			
Single	38	\$819.00	\$768.00	\$833.00	\$65.00	8.5%	\$74.50	\$138.50	\$64.00
EE + 1	61	\$1,606.00	\$1,506.00	\$1,633.00	\$127.00	8.4%	\$145.60	\$271.60	\$126.00
Family	36	\$2,350.00	\$2,204.00	\$2,390.00	\$186.00	8.4%	\$212.80	\$397.80	\$185.00
<i>Total Pre-65 Retirees (Before 2013) PPO</i>	135								
<i>Total Pre-65 Retirees</i>	190								

Health Insurance

Premiums and Plan Design

❖ Recommended - Medicare Plans

Medicare Plans	No. Enrolled	Current		Status Quo			2016 Retiree Cost (50%)	2017 Retiree Cost (50%)	Change
		2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$ Increase Premium	% Increase Premium			
1 > 65	191	\$664.00	\$623.00	\$676.00	\$53.00	8.5%	\$311.50	\$338.00	\$26.50
1 <65 > 1	23	\$1,468.00	\$1,377.00	\$1,493.00	\$116.00	8.4%	\$688.50	\$746.50	\$58.00
2 > 65	109	\$1,359.00	\$1,274.00	\$1,381.00	\$107.00	8.4%	\$637.00	\$690.50	\$53.50
1 < 65 > 1 + Dependents	2	\$2,169.00	\$2,034.00	\$2,206.00	\$172.00	8.5%	\$1,017.00	\$1,103.00	\$86.00
2 > 65 + Dependents	1	\$2,083.00	\$1,954.00	\$2,119.00	\$165.00	8.4%	\$977.00	\$1,059.50	\$82.50
<i>Post-65 PPO</i>	326								
<i>Total Retirees</i>	516				8.5%				

Health Insurance

Premiums and Plan Design

- ❖ Other Options:
 - \$250/\$500 deductible
 - \$500/\$1,000 deductible

- ❖ Provided for informational purposes – recommendation is to consider as part of a long term strategic plan for health insurance

OTHER 2017 PLAN CONSIDERATIONS **	
Anthem Blue Priority Option 1	Anthem Blue Priority Option 2
n/a	n/a
n/a	n/a
\$250	\$500
\$500	\$1,000
100%	100%
\$4,850 - Medical Only	\$4,850 - Medical Only
\$9,700 - Medical Only	\$9,700 - Medical Only
\$150 Copay	\$150 Copay
\$20-PCP, \$40 Specialist	\$20-PCP, \$40 Specialist
\$15/\$25/\$35/5% to \$100	\$15/\$25/\$35/5% to \$100
\$1,500	\$1,500
\$3,000	\$3,000
\$7,500	\$7,500
\$15,000	\$15,000
80%	80%
\$15,000	\$15,000
\$30,000	\$30,000

** A long-term health insurance strategic plan will include a comprehensive analysis of deductibles, office visit copays, prescription drug copays, etc.



Health Insurance

Premium and Plan Design--\$250 or \$500 deductibles

MONTHLY PREMIUMS							
Active PPO	No. Enrolled	Current		Recommended	\$250 Deductible PPO**		
		2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$250 Deductible Premium Rate	\$ Increase Premium	% Increase Premium
Employee	119	\$774.00	\$591.00	\$646.00	\$634.00	\$43.00	7.3%
EE + 1	98	\$1,517.00	\$1,158.00	\$1,265.00	\$1,243.00	\$85.00	7.3%
Family	259	\$2,221.00	\$1,696.00	\$1,853.00	\$1,821.00	\$125.00	7.4%
Total PPO Employees	476			9.3%	7.4%		

MONTHLY PREMIUMS							
Active PPO	No. Enrolled	Current		Recommended	\$500 Deductible PPO**		
		2015 Premium Rate	2016 Premium Rate	2017 Premium Rate	\$500 Deductible Premium Rate	\$ Increase Premium	% Increase Premium
Employee	119	\$774.00	\$591.00	\$646.00	\$618.00	\$27.00	4.6%
EE + 1	98	\$1,517.00	\$1,158.00	\$1,265.00	\$1,212.00	\$54.00	4.7%
Family	259	\$2,221.00	\$1,696.00	\$1,853.00	\$1,775.00	\$79.00	4.7%
Total PPO Employees	476			9.3%	4.6%		

Health Insurance

Affordable Care Act Implications Cadillac Tax Exposure

- ❖ 40% tax on premiums that exceed federal benchmarks set in the Affordable Care Act
- ❖ Start paying the tax in 2018
- ❖ Changes to Plan Design and/or Provider Networks reduce health insurance premiums and therefore postpone and/or reduce the Cadillac Tax the City would owe
- ❖ Future of ACA?

Health Insurance

Claims Management/Cost Containment

- ❖ “Self-Insured” = “City of West Allis Health Insurance Company”
 - That company pays medical and prescription drug claims of employees and retirees
 - That company charges premiums paid by employees and city departments, as well as retirees
 - That company sets its premiums each year (based on analysis provided by the city’s insurance consultant, Willis)
 - That company has to stay in business so it’s premiums need to cover the cost of the medical and drug claims that it is paying
- ❖ Reducing the claims that our insurance company pays will allow that insurance company to charge lower premiums to city departments, employees, and retirees

Health Insurance

Claims Management/Cost Containment

- ❖ Numerous ways to try to manage (reduce) claims expenses through Plan Design---Working Group to evaluate these options:
 - Long Term—Wellness initiatives, HRA's
 - Deductibles
 - \$100/\$300 started in 2015
 - The claim the City insurance company pays is now a little lower because the employee has to pay the first \$100 or \$300. (claims expense savings→lower premiums)
 - Coinsurance
 - “80/20”, “90/10” for example
 - For each claim, City insurance company would pay 80% of the cost, the employee pays 20%, for example
 - Office Visit copays of \$20 per visit, and \$40 for specialists is a form of coinsurance
 - Provider Networks
 - Humana NPOS, Business Health Care Group (BHCG), Anthem Blue Priority, Anthem NPOS
 - Networks negotiate discounts with providers
 - Networks that offer bigger discounts result in the claim the City insurance company pays being lower →claims expense savings→ lower premiums
 - Fewer People on the Plan?
 - Fewer people covered may reduce claims (depending on the makeup of the overall group)

Health Insurance

Planning for the Future

❖ Health/Dental Insurance Work Group

- Modify Policy and Procedure 1413 “Health and Dental Insurance” to establish work group whose focus is to recommend priorities and create a roadmap for the City’s health/dental insurance plan for Common Council approval
- Possible work group members
 - Employee representative from each physical location (or group), HR Director, Finance Director, City Administration, Designee from the A&F Committee?

❖ Wellness Program

- Recommend priorities and create roadmap for City’s wellness program
- Update Wellness Committee membership

❖ Further discussion to come on this...

Questions?