



2012 EMPLOYEE BENEFITS PROGRAM



COUNCIL PRESENTATION
September 12, 2011

Insurance Plans

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- The City provides four main insurance benefits to employees:
 - ▣ Medical (4 plans)
 - ▣ Dental (3 plans)
 - ▣ Vision (2 plans)
 - ▣ Life
- Plans are funded with:
 - ▣ Contributions from the City
 - ▣ Employee premiums
 - ▣ State retirement system subsidy

Goals

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- Establish the City contribution amount for all plans based on 80% of the cost of the Choice plan (benchmark plan)
- Provide employees the same amount of City contribution toward each medical plan (depending on the coverage level)
- Provide a 3-year phased in approach
- Employees were told to expect ***premium increases*** for 3-years in order to get to a consistent City contribution level

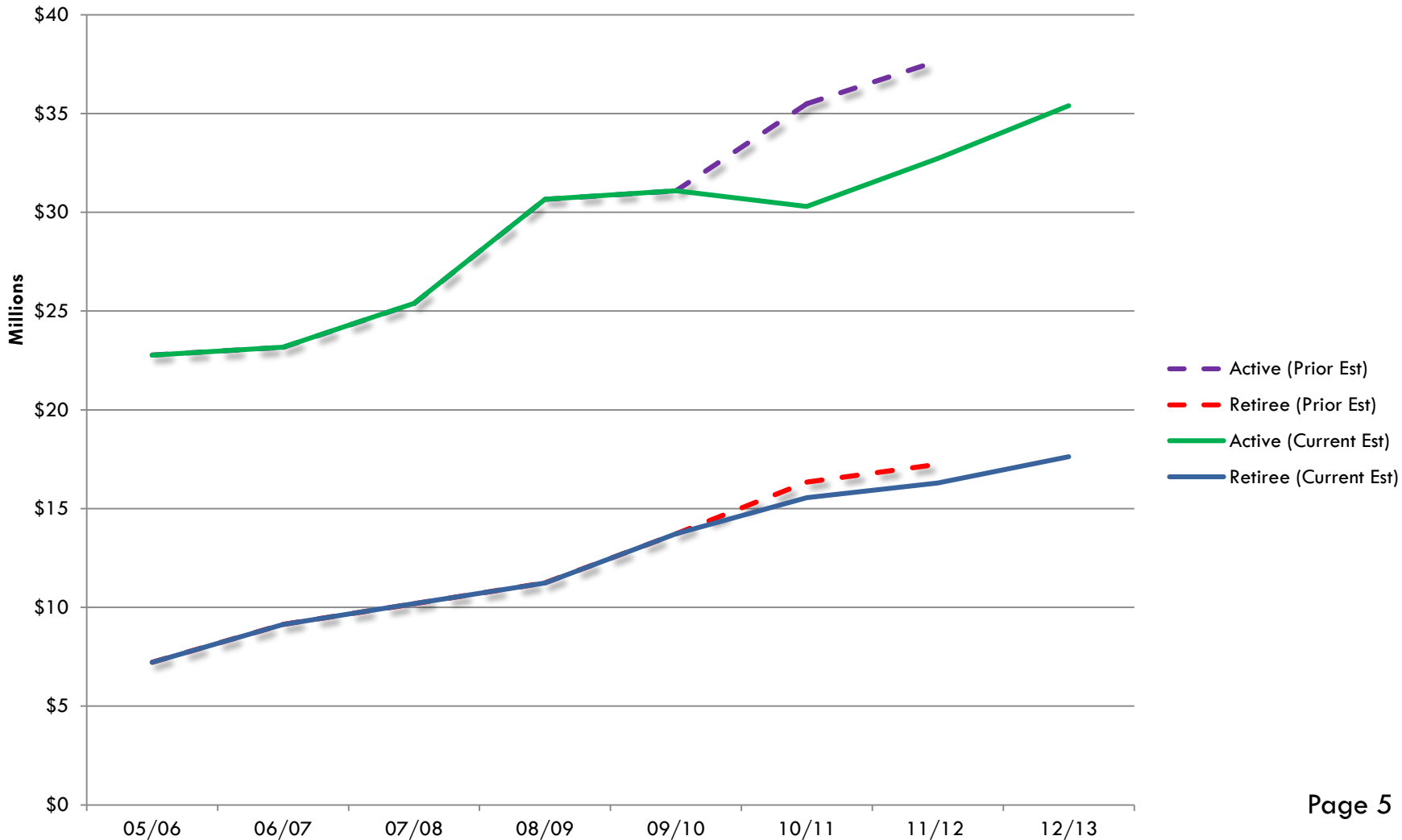
Good News in Medical Costs

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- Last September we forecasted health care costs would rise by 10.8%
- Based on our own cost savings strategies, claims experience and national trends, we are forecasting an 8.5% increase in medical costs for 2012
- Combined with premium increases and cost savings, we have achieved the goal of establishing a consistent City contribution **one year early**
 - Half the employees will see no premium increases or increases as scheduled
 - The other half will see slightly higher monthly increases *than scheduled* (\$4 to \$9)

Medical Expenses Active & Retired Employees

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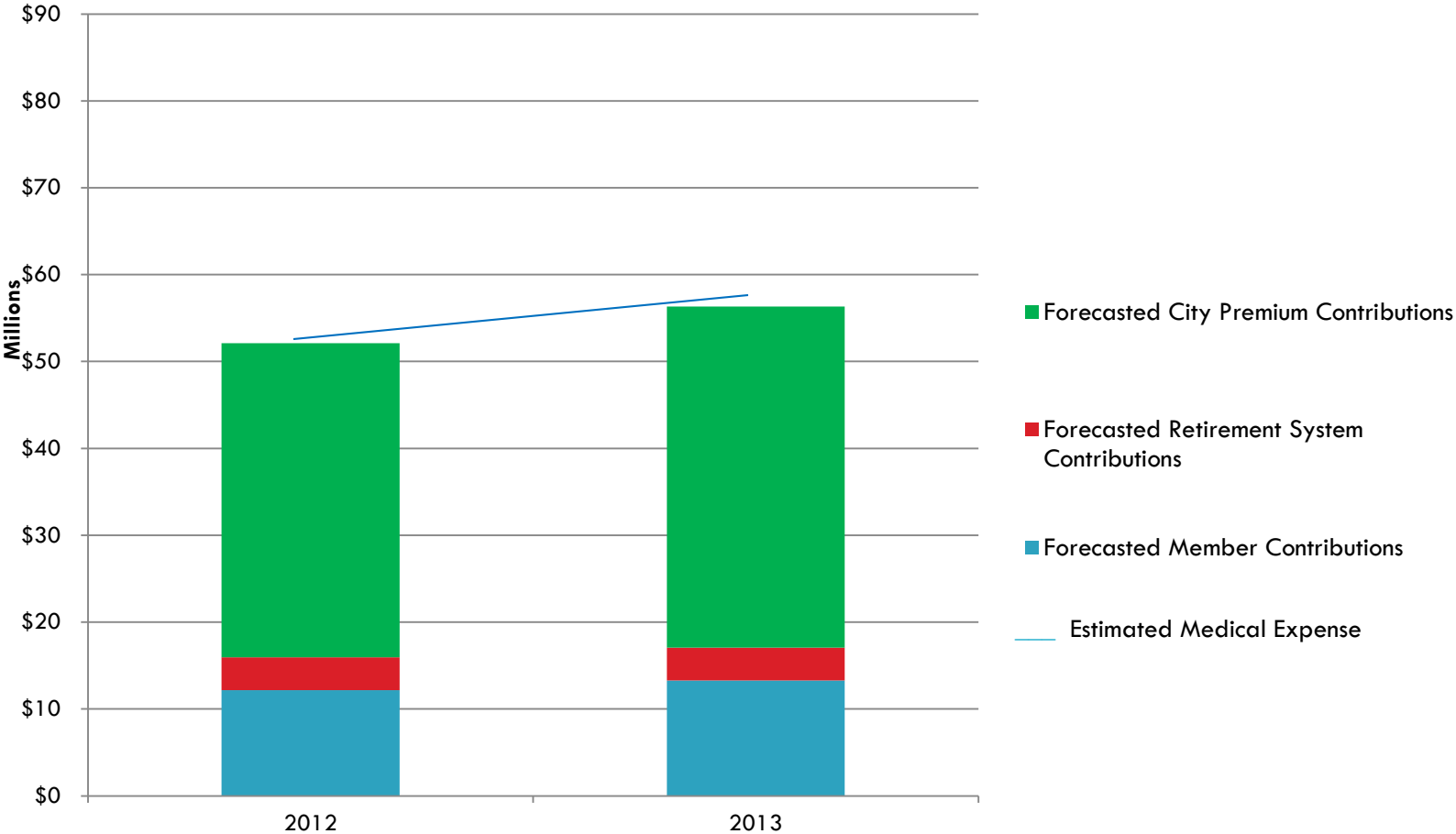


Example Cost Savings Strategies

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- Allowable cost model for Out-of-Network claims
\$200,000
- Clarify Chiropractic visits limited to 25
\$69,000
- Pharmacy Benefits Manager Contract
\$ 2.7 Million
- Out-of-Area Network Contract
\$200,000
- Employee Assistance Program Contract
\$6,800

Forecasted Costs and Contributions



Monthly Medical Premiums 2012 - Active Employees

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2011 Current ACTIVE EMPLOYEES

	Total	City	Employee
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CHOICE PPO PLAN (80/20)			
Single	\$429	\$368	\$61
Family	\$1,217	\$1,001	\$216
CHOICE PLUS PLAN (90/10)			
Single	\$763	\$368	\$395
Family	\$1,819	\$1,001	\$818
COPAY CHOICE PLAN			
Single	\$480	\$368	\$112
Family	\$1,391	\$1,001	\$390
BASIC CHOICE PLAN (50/50)			
Single	\$368	\$368	\$0
Family	\$1,001	\$1,001	\$0

2012 Proposed

	Total	City	Employee
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CHOICE PPO PLAN (80/20)			
	\$481	\$385	\$96*
	\$1,043	\$827	\$216
CHOICE PLUS PLAN (90/10)			
	\$780	\$385	\$395
	\$1,645	\$827	\$818
COPAY CHOICE PLAN			
	\$521	\$385	\$136
	\$1,276	\$827	\$449**
BASIC CHOICE PLAN (50/50)			
	\$385	\$385	\$0
	\$827	\$827	\$0

Increases are slightly greater than last year's projection

* \$9 higher/month more than scheduled

**\$4 higher/month more than scheduled

Monthly Medical Premiums 2012 - Retirees

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2011 Current			
RETIREEES (with 20 Years of Service)^			
	Total	City	Retiree
CHOICE PPO PLAN (80/20)			
Single	\$565	\$368	\$47
Family	\$1,376	\$1,001	\$115
CHOICE PLUS PLAN (90/10)			
Single	\$819	\$368	\$301
Family	\$1,745	\$1,001	\$484
COPAY CHOICE PLAN			
Single	\$743	\$368	\$225
Family	\$1,597	\$1,001	\$336
BASIC CHOICE PLAN (50/50)			
Single	\$518	\$368	\$0
Family	\$1,261	\$1,001	\$0

2012 Proposed		
Total	City	Retiree
CHOICE PPO PLAN (80/20)		
\$582	\$385	\$47
\$1,215	\$827	\$128
CHOICE PLUS PLAN (90/10)		
\$836	\$385	\$301
\$1,656	\$827	\$569
COPAY CHOICE PLAN		
\$760	\$385	\$225
\$1,500	\$827	\$413*
BASIC CHOICE PLAN (50/50)		
\$535	\$385	\$0
\$1,087	\$827	\$0

^Although not shown, the Retirement System Contribution of \$150 Single/\$260 Family is included to offset Retiree Monthly Contribution. Rates for retirees with 10 to 20 years of service will be different.

Increases are greater than last year's projection

*\$61 higher/month than scheduled

Coverage Highlights

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- Medical Plan
 - ▣ No change to deductibles, coinsurances or copays
 - ▣ No change to Out-of- Pocket maximums
 - ▣ Medical out of network services will be subject to allowable costs
- Dental plan
 - ▣ No changes to deductibles, coinsurances, maximums or premiums
- ▣ Vision plan
 - ▣ Modest increase (less than \$1 per month)
- Implementing 24/7 Nurse Line

2011/2012 Budgeted City Medical Contributions

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- City contribution for FY 11/12 is \$54.8 Million (all health programs)
 - ▣ Medical contribution accounts for \$46.5 Million
 - Active employees \$32.1 Million
 - Retired employees \$14.4 Million
- City contribution is budgeted on a fiscal year basis, while the plans are managed on a calendar year basis

2011/2012 Proposed City Medical Contributions

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□ Budgeted City Contribution	\$46.5 Million
□ Revised City Contribution	<u>\$39.6 Million</u>
□ Total Budget Savings	\$6.9 Million
□ General Fund portion of savings (71%)	\$4.9 Million

*Savings begin to be realized on January 1, 2012

Open Enrollment 2012

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- October 24 – November 4
- Benefits Fair – October 26
 - ▣ Convention Center
 - ▣ Wellness booths
 - ▣ Wellness and benefit plan educational classes
 - ▣ Discount providers

Questions?