

# Medical Benefits Plan FY2015

Presented by Human Resources

# Medical Plan Background

- From 2008 – 2012 no rate increases
- Medical claims exceeded revenues 4 of 5 years
- October 22, 2013, Council approved additional monies for transfer into Benefits Fund to cover shortfall from previous fiscal year

# Medical Plan Background

- July 1, 2013 rates increased to active employee expected liability for FY14
- Retiree rates were increased only to the active employee rate amounts which were less than the expected liability for FY14 by as much as 30%
- The shortfall experienced from undercharging for healthcare premiums is paid for by the City.

# Medical Plan Background

- Request for Proposal conducted Fall of 2013
- Criteria such as Network Size, Network Discounts, Experience of Firm, and Cost of Service reviewed and scored by employee group
- Blue Cross Blue Shield of AZ selected to administer city's self-insured plan

# FY 15 Medical Plan

- Based on expected liability for FY 15, no premium increases are recommended for active employee group
- HMO will now be an EPO (Exclusive Provider Organization) with broader network including Mayo Clinic
- High Deductible Plan with lower premiums and Health Savings Account (HSA) is a new option. City will contribute to the employee HSA to help offset high deductible costs
- City continues to pay 85% of single employee premiums and 75% of employee plus 1 and employee plus family premiums

# Retiree Medical Plan

- Bring premium rates up to expected liability for FY15 as recommend by plan administrator. This is consistent with how other cities handle retiree health plans.
- No city subsidy for retiree premiums (state provides subsidy)
- Communicate options to retirees
- Current unfunded liability for retiree health care is \$152,974,000 over the next 30 years

# Premium Rates Per Pay Period

## Active Employees

PLAN	FY14 EE Cost	FY15 EE Cost	Difference
PPO Employee	\$34.80	\$34.80	0
PPO Employee + 1	\$116.84	\$116.84	0
PPO Employee + Family	\$163.25	\$163.25	0
HMO/EPO Employee	\$37.30	\$37.30	0
HMO/EPO Employee + 1	\$119.01	\$119.01	0
HOM/EPO Employee + Family	\$165.52	\$165.52	0
HDP Employee	N/A	\$26.18	N/A
HDP Employee + 1	N/A	\$82.90	N/A
HDP Employee + Family	N/A	\$115.04	N/A

# Premium Rates Per Month

## Retirees Under 65

Plan	FY14	FY15 (Rates Based on Expected Liability)	Difference	Maximum State Subsidy (10 Years)
PPO Retiree	\$480.92	\$613.66	<b>\$132.74</b>	<b>\$150.00</b>
PPO Retiree + 1	\$934.72	\$1,186.72	<b>\$252.00</b>	<b>\$260.00</b>
PPO Retiree + Family	\$1,306.02	\$1,655.59	<b>\$349.57</b>	<b>\$260.00</b>
HMO/EPO Retiree	\$497.28	\$630.33	<b>\$133.05</b>	<b>\$150.00</b>
HMO/EPO Retiree + 1	\$952.08	\$1,217.80	<b>\$265.72</b>	<b>\$260.00</b>
HMO/EPO Retiree + Family	\$1,324.18	\$1,698.47	<b>\$374.29</b>	<b>\$260.00</b>
HDP Retiree	N/A	\$477.39	N/A	<b>\$150.00</b>
HPD Retiree + 1	N/A	\$907.19	N/A	<b>\$260.00</b>
HPD Retiree + Family	N/A	\$1,258.85	N/A	<b>\$260.00</b>



# Premium Rates Per Month

## Retirees Over 65

Plan	FY14	FY15 (Rates based on Expected Liability)	Difference	Maximum State Subsidy (10 years)
PPO Retiree	\$480.92	\$558.98	<b>\$78.06</b>	<b>\$100.00</b>
PPO Retiree + 1	\$934.72	\$1,178.69	<b>\$243.97</b>	<b>\$215.00</b>
PPO Retiree + Family	\$1,306.02	\$1,685.72	<b>\$379.70</b>	<b>\$215.00</b>
HMO/EPO Retiree	\$497.28	\$570.48	<b>\$73.20</b>	<b>\$100.00</b>
HMO/EPO Retiree + 1	\$952.08	\$1,192.02	<b>\$239.94</b>	<b>\$215.00</b>
HMO/EPO Retiree + Family	\$1,324.18	\$1,700.55	<b>\$376.37</b>	<b>\$215.00</b>
HDP Retiree	N/A	\$436.39	N/A	<b>\$100.00</b>
HDP Retiree + 1	N/A	\$901.17	N/A	<b>\$215.00</b>
HDP Retiree + Family	N/A	\$1,281.44	N/A	<b>\$215.00</b>

# Retiree Rate Comparison

## FY15

Plan	City of Glendale (State Subsidy not included)	State Retirement System (State Subsidy not included)	City of Phoenix (COP subsidy not included)
<65 PPO Retiree	\$613.66	\$713.00	\$767.10
<65 PPO Retiree + 1	\$1,186.72	\$1,426.00	\$2,210.76
<65 PPO Retiree + Family	\$1,655.59	\$1,426.00	\$2,210.76
>65 PPO Retiree	\$558.98	\$342.00	\$649.78
>65 PPO Retiree + 1	\$1,178.69	\$684.00	\$1,299.50
>65 PPO Retiree + Family	\$1,685.72	\$1,397.00	\$1340.96

# Conclusion

- No premium rate increases recommended for active employees
- Improvement to the HMO plan
- Low premium High Deductible Plan introduced with Health Savings Account
- Increase retiree premiums to cover expected liabilities and continue to monitor expenditures

QUESTIONS?