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March 1, 2010

The City of Memphis Healthcare Committee Meeting

Agenda

- Roll Call
- Opening
- Benchmarking
- 2011 Funding Rates
- Questions



Benchmarking

Employee Contribution Requirements PPO Plan Sponsors

Individual	City 500+	Government 500+	National 500+	City – Basic PPO	City – Premier PPO
Employers requiring contribution	77%	65%	88%	Yes	Yes
Average contribution as a % of premium	19%	27%	24%	29%	29%
Average monthly contribution	\$97	\$224	\$110	\$121	\$129
Family					
Employers requiring contribution	93%	76%	95%	Yes	Yes
Average contribution as a % of premium	30%	23%	32%	30%	26%
Average monthly contribution	\$323	\$215	\$342	\$256	\$260

Employee cost-sharing requirements for PPO

Deductible	City 500+	Government 500+	National 500+	City – Basic PPO	City – Premier PPO
In-Network					
Require deductible	78%	83%	81%	Yes	No
Individual amount (median)	\$300	\$400	\$400	\$350	\$0
Family amount (median)	\$700	\$1,000	\$1,000	\$1,050	\$0
Out-of-Network					
Require deductible	93%	95%	94%	Yes	Yes
Individual amount (median)	\$500	\$500	\$600	\$350	\$400
Family amount (median)	\$1,000	\$1,400	\$1,500	\$1,050	\$1,200
Require coinsurance	83%	92%	89%	Yes	Yes
Out-of-Pocket Maximum (Individuals)					
In-Network OOP max (median)	\$2,000	\$2,000	\$2,000	\$1,500	None
Out-of-Network OOP max (median)	\$3,000	\$4,000	\$4,000	\$3,500	\$3,000

Employee cost-sharing requirements for PPO

Hospitalization	City 500+	Government 500+	National 500+	City – Basic PPO	City – Premier PPO
In-Network					
Require per-admission copay	22%	18%	22%	Yes	Yes
Copay amount (median)	\$250	\$250	\$250	\$100	\$100
Require coinsurance	77%	71%	70%	Yes	No
Coinsurance amount (median)	20%	20%	20%	10%	N/A
Out-of-Network					
Require per-admission copay	19%	10%	14%	Yes	Yes
Copay amount (median)	\$250	\$250	\$250	\$300	\$300
Require coinsurance	92%	94%	92%	Yes	Yes
Coinsurance amount (median)	38%	40%	30%	30%	40%
Doctor's Office Visit					
In-Network					
Require copay	84%	90%	85%	No	Yes
Copay amount (median)	\$20	\$20	\$20	N/A	\$20
Require coinsurance	16%	11%	19%	Yes	No
Out-of-Network					
Require copay	19%	10%	14%	No	No
Require coinsurance	83%	92%	89%	Yes	Yes



2011 Funding Rates

Calendar Year 2011 Contribution Rates

- Looking back...
 - The City's health benefit cost increased by 11% from 2008 to 2009
 - Another 11% increase is projected in 2010
 - Employee contributions did not change for 2010
- Looking forward...
 - Employee rates will have to change for the plan year effective January 1, 2011
 - Change factors vary based on projected costs in each plan category
 - Plan design changes can help mitigate the impact of the increase to employees

2010 – 2011 Employee Contribution Rates

	2010				2011 Required Contribution changes (No Plan Change)				2011 Required Contribution changes (All Plan Changes)			
	Active	No Medicare	Medicare - City Plan	Medicare Advantage	Active	No Medicare	Medicare - City Plan	Medicare Advantage ⁽¹⁾	Active	No Medicare	Medicare - City Plan	Medicare Advantage ⁽¹⁾
Basic Plan												
Single												
Employee	\$120.52	\$123.14	\$120.52	\$66.30	\$127.95	\$160.47	\$132.58	\$52.44	\$118.11	\$148.14	\$122.39	\$52.34
Change % from prior year												
Employee	0%	0%	0%	0%	6%	30%	10%	-21%	-2%	20%	2%	-21%
Family												
Employee	\$255.85	\$258.86	\$252.84	\$132.60	\$250.24	\$349.86	\$269.02	\$104.89	\$231.00	\$322.97	\$248.34	\$104.67
Change % from prior year												
Employee	0%	0%	0%	0%	-2%	35%	6%	-21%	-10%	25%	-2%	-21%
Premier Plan												
Single												
Employee	\$128.52	\$134.47	\$130.90	\$71.82	\$156.71	\$196.64	\$163.96	\$57.17	\$147.01	\$184.47	\$153.81	\$57.05
Change % from prior year												
Employee	0%	0%	0%	0%	22%	46%	25%	-20%	14%	37%	18%	-21%
Family												
Employee	\$259.60	\$266.68	\$259.60	\$143.65	\$366.86	\$390.88	\$322.55	\$114.34	\$344.15	\$366.68	\$305.03	\$114.10
Change % from prior year												
Employee	0%	0%	0%	0%	41%	47%	24%	-20%	33%	37%	18%	-21%

2011 Basic & Premier Plan Designs

Plan change considerations for 2011

	Current 2010 Calendar Year				Proposed 2011 Calendar Year					
	Basic PPO		Premier PPO		Basic PPO		% Impact	Premier PPO		% Impact
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network		In-Network	Out-of-Network	
Deductible*										
Individual	\$350	\$350	\$0	\$400	\$500	\$500		\$100	\$500	
Family	\$1,050	\$1,050	\$0	\$1,200	\$1,500	\$1,500	-1.7%	\$300	\$1,500	-1.4%
Out-of-Pocket Limit										
Individual	\$1,500	\$3,500	None	\$3,000	\$2,500	\$5,000		\$1,000	\$2,000	
Family	\$3,000	\$7,000	None	\$7,000	\$5,000	\$10,000		\$2,000	\$4,000	
Coinsurance	90%	70%	100%	60%	80%	60%	-4.2%	90%	60%	-3.7%
Office Visit										
PCP	90%	70%	\$20 copay	60%	80%	60%		\$20 copay	60%	
Specialist	90%	70%	\$20 copay	60%	80%	60%		\$40 copay	60%	-1.3%
Lifetime Plan Maximum	\$1,000,000	\$1,000,000	Unlimited	\$1,000,000	Unlimited	\$1,000,000	0.5%	Unlimited	\$1,000,000	
Preventive Services	Free	Not covered	Free	Not covered	Free	Not covered		Free	Not covered	
Inpatient Hospitalization	90% after \$100 copay per stay	70% after \$300 copay per stay	\$100 copay	60% after \$300 copay per stay	80% after \$100 copay per stay	60% after \$300 copay per stay		90% after \$100 copay per stay	60% after \$300 copay per stay	
Outpatient Facility Charge	90%	70%	\$100 copay	60%	80% after \$100 copay per stay	60%	-1.6%	90% after \$100 copay per stay	60%	
Emergency Room**	90% after \$25 copay	70%	\$100 copay	60%	80% after \$100 copay	60%	-0.3%	90% after \$100 copay	60%	

Total % Impact

-7.5%

-6.0%

- Plan changes developed based on 2009 plan design benchmarks, including:
 - Increases to plan deductibles, out of pocket maximums, office visit co-pay and emergency room co-pay
 - Reduced co-insurance levels
 - Standardization of lifetime maximum at unlimited coverage and Outpatient co-pay

2011 Basic & Premier Plan Designs

Impact of benefit plan changes

- Change factors for the potential benefit plan changes shown on the prior page are as follows:

	Proposed CY2011 Rates		Increase Deductibles to \$500 Single/\$1,500 Family		Decrease Co-insurance to 80% In-network, 60% Out of Network		Increase Lifetime Maximum to Unlimited		Add \$100 co-pay per Outpatient Procedure		Add \$100 co-pay per Emergency Room Visit	
	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
Basic Plan												
Active	\$127.95	\$250.24	(\$2.18)	(\$4.25)	(\$5.37)	(\$10.51)	\$0.64	\$1.25	(\$2.05)	(\$4.00)	(\$0.38)	(\$0.75)
Retiree - w/o Medicare	\$160.47	\$349.86	(\$2.73)	(\$5.95)	(\$6.74)	(\$14.69)	\$0.80	\$1.75	(\$2.57)	(\$5.60)	(\$0.48)	(\$1.05)
Retiree - w/Medicare	\$132.58	\$269.02	(\$2.25)	(\$4.57)	(\$5.57)	(\$11.30)	\$0.66	\$1.35	(\$2.12)	(\$4.30)	(\$0.40)	(\$0.81)
Medicare Advantage	\$52.44	\$104.89										
	Proposed CY2011 Rates		Increase In-network deductibles to \$100 Single/\$300 Family & Out of Network deductible to \$500 Single/\$1,500 Family		Decrease Co-insurance to 90% In-network, 60% Out of Network		Increase co-pay for Specialist Physician Visits to \$40 per office visit					
	Single	Family	Single	Family	Single	Family	Single	Family				
Premier Plan												
Active	\$156.71	\$366.86	(\$2.19)	(\$5.14)	(\$5.80)	(\$13.57)	(\$2.04)	(\$4.77)				
Retiree - w/o Medicare	\$196.64	\$390.88	(\$2.75)	(\$5.47)	(\$7.28)	(\$14.46)	(\$2.56)	(\$5.08)				
Retiree - w/Medicare	\$163.96	\$322.55	(\$2.30)	(\$4.52)	(\$6.07)	(\$11.93)	(\$2.13)	(\$4.19)				

Approval of Plan Changes

	<u>Yes</u>	<u>No</u>
▪ Basic Plan		
– Increase deductibles to \$500 Single/\$1,500 Family	___	___
– Decrease co-insurance to 80% In-network, 60% Out of network	___	___
– Increase Lifetime maximum to Unlimited	___	___
– Add \$100 co-pay per Outpatient procedure	___	___
– Add \$100 co-pay per Emergency room visit	___	___
▪ Premier Plan		
– Increase In-network deductibles to \$100 Single/\$300 Family and Out of network deductibles to \$500 Single/ \$1,500 Family	___	___
– Decrease co-insurance to 90% In-network and 60% Out of network	___	___
– Increase co-pay for Specialist physician visits to \$40	___	___



Questions?