



October 24, 2011

# The City of Memphis Healthcare Committee Meeting



## Agenda

- Roll Call
- Opening
- Benefits Update
- Quarterly Reporting
  - 2011 Experience through 3rd Quarter
  - Large Claims experience
- Committee Vacancies
- Questions
- Appendix



## Benefits Update

## Healthcare Update

- CIGNA Healthcare Contract
- Open Enrollment
- Satellite Report
- Medicare Report

Medicare Status	Retirees	Spouses
No Medicare	617	302
Medicare A & B	1,406	689
Medicare A Only	390	160
Medicare B Only	8	3
TOTAL	1804	852



## Financial Report – 3rd Quarter 2011 Experience

# Financial Report

## 2011 Experience – Basic Plan

### 3rd Quarter

	Basic Plan			
	Active	Retiree		Total
		Medicare	No Medicare	
<b>2010 (through 3rd Qtr.)</b>				
PEPM Medical claims	\$655.13	\$289.14	\$790.05	\$543.34
PEPM Rx Claims	\$151.93	\$372.46	\$187.13	\$256.88
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$846.14	\$700.68	\$1,016.26	\$839.30
Enrollment				
Employees/Retirees	599	1,005	764	2,367
Members (includes dependents)	1,184	1,407	1,348	3,940
Total - through 3rd Quarter	\$4,560,714	\$6,335,514	\$6,985,795	\$17,882,023
Budgeted Amount	\$655	\$656	\$681	\$14,141,738
Variance	(\$191)	(\$45)	(\$336)	(\$3,740,285)
<b>2011 (through 3rd Qtr.)</b>				
PEPM Medical claims	\$476.01	\$329.15	\$757.28	\$494.72
PEPM Rx Claims	\$148.85	\$387.04	\$186.69	\$266.08
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$663.94	\$755.26	\$983.05	\$799.88
Enrollment				
Employees/Retirees	574	994	668	2,236
Members (includes dependents)	1,119	1,397	1,199	3,715
Total - through 3rd Quarter	\$3,427,938	\$6,759,601	\$5,910,112	\$16,097,651
Budgeted Amount	\$701	\$707	\$736	\$14,367,285
Variance	\$37	(\$49)	(\$247)	(\$1,730,366)
PEPM Change from end of Q3 2010				
Medical	-27.3%	13.8%	-4.1%	-8.9%
Rx	-2.0%	3.9%	-0.2%	3.6%
Total	-21.5%	7.8%	-3.3%	-4.7%

# Financial Report

## 2011 Experience – Premier Plan

### 3rd Quarter

	Premier Plan			
	Active	Retiree		Total
		Medicare	No Medicare	
<b>2010 (through 3rd Qtr.)</b>				
PEPM Medical claims	\$608.41	\$405.39	\$1,058.97	\$663.65
PEPM Rx Claims	\$105.96	\$405.03	\$220.47	\$148.03
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$753.45	\$849.50	\$1,318.52	\$850.75
Enrollment				
Employees/Retirees	6,050	635	1,260	7,945
Members (includes dependents)	15,591	904	2,545	19,041
Total - through 3rd Quarter	\$41,027,000	\$4,854,868	\$14,954,697	\$60,836,565
Budgeted Amount	\$848	\$936	\$986	\$62,725,870
Variance	\$95	\$87	(\$332)	\$1,889,305
<b>2011 (through 3rd Qtr.)</b>				
PEPM Medical claims	\$659.86	\$477.27	\$918.62	\$684.32
PEPM Rx Claims	\$112.77	\$395.87	\$222.01	\$155.66
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$811.71	\$912.22	\$1,179.71	\$879.06
Enrollment				
Employees/Retirees	6,147	740	1,295	8,182
Members (includes dependents)	16,162	1,060	2,702	19,924
Total - through 3rd Quarter	\$44,903,094	\$6,073,542	\$13,751,881	\$64,728,517
Budgeted Amount	\$968	\$1,069	\$1,120	\$73,747,514
Variance	\$157	\$157	(\$60)	\$9,018,996
PEPM Change from end of Q3 2010				
Medical	8.5%	17.7%	-13.3%	3.1%
Rx	6.4%	-2.3%	0.7%	5.2%
Total	7.7%	7.4%	-10.5%	3.3%

## Financial Report

### 2011 Experience – Total 3rd Quarter

	Total				Expense through Q3
	Active	Retiree		Total	
		Medicare	No Medicare		
<b>2010 (through 3rd Qtr.)</b>					
PEPM Medical claims	\$612.62	\$334.16	\$957.49	\$636.03	\$59,033,225
PEPM Rx Claims	\$110.10	\$385.07	\$207.89	\$173.01	\$16,058,153
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08	\$3,627,210
Total PEPM Cost	\$761.80	\$758.31	\$1,204.46	\$848.12	
Enrollment					
Employees/Retirees	6,649	1,640	2,024	10,313	10,313
Members (includes dependents)	16,776	2,311	3,893	22,980	22,980
Total - through 3rd Quarter	\$45,587,714	\$11,190,382	\$21,940,492	\$78,718,589	\$78,718,589
Budgeted Amount	\$831	\$764	\$871	\$828	\$76,867,609
Variance	\$69	\$6	(\$333)	(\$20)	(\$1,850,980)
<b>2011 (through 3rd Qtr.)</b>					
PEPM Medical claims	\$644.17	\$392.33	\$863.72	\$643.62	\$60,345,182
PEPM Rx Claims	\$115.85	\$390.80	\$210.00	\$179.36	\$16,816,884
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08	\$3,664,102
Total PEPM Cost	\$799.10	\$822.22	\$1,112.80	\$862.06	
Enrollment					
Employees/Retirees	6,720	1,734	1,963	10,418	10,418
Members (includes dependents)	17,282	2,457	3,900	23,639	23,639
Total - through 3rd Quarter	\$48,331,032	\$12,833,143	\$19,661,993	\$80,826,168	\$80,826,168
Budgeted Amount	\$946	\$861	\$989	\$940	\$88,114,799
Variance	\$147	\$39	(\$123)	\$78	\$7,288,631
PEPM Change from end of Q3 2010					
Medical	5.1%	17.4%	-9.8%	1.2%	2.2%
Rx	5.2%	1.5%	1.0%	3.7%	4.7%
Total	4.9%	8.4%	-7.6%	1.6%	2.7%

## Large Claims Experience

2011 v. 2010

- 2011 Large Claims Experience through September 2011
  - 43 claimants exceeding \$100,000 (9 Active Employees, 12 Retired Employees, 13 Spouses, 9 Children)
  - Large Claims paid by plan
    - Active Premier \$4,902,052
    - Active Basic \$ 138,303
    - Retired Premier \$2,242,340
    - Retired Basic \$1,123,394
  - Six claimants are enrolled in the Basic plan; 37 claimants are enrolled in the Premier plan
  - Total on 43 claimants: \$ 8,406,088
  - Eight (8) claimants exceeding \$250,000
- 2010 Large Claims Experience through September 2010
  - 47 claimants exceeding \$100,000 (17 Active Employees, 17 Retired Employees, 10 Spouses, 3 Children)
  - Large Claims paid by plan
    - Active Premier \$4,013,595
    - Active Basic \$ 635,239
    - Retired Premier \$3,039,155
    - Retired Basic \$ 806,511
  - Eight claimants are enrolled in the Basic plan; 39 claimants are enrolled in the Premier plan
  - Total on 47 claimants: \$ 8,494,500
  - Eight (8) claimants exceeding \$250,000



# Appendix

## Financial Report

### 2011 Experience – Basic Plan

#### 2nd Quarter

	Basic Plan			
	Active	Retiree		Total
		Medicare	No Medicare	
<b>2010 (through 2nd Qtr.)</b>				
PEPM Medical claims	\$688.68	\$279.34	\$728.49	\$529.82
PEPM Rx Claims	\$151.11	\$369.84	\$181.60	\$252.89
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$878.87	\$688.26	\$949.17	\$821.78
Enrollment				
Employees/Retirees	606	1,002	778	2,386
Members (includes dependents)	1,199	1,403	1,373	3,975
Total - through 2nd Quarter	\$3,193,805	\$4,135,758	\$4,432,623	\$11,762,186
Budgeted Amount	\$616	\$637	\$629	\$9,006,122
Variance	(\$263)	(\$51)	(\$320)	(\$2,756,064)
<b>2011 (through 2nd Qtr.)</b>				
PEPM Medical claims	\$536.86	\$297.65	\$762.26	\$498.05
PEPM Rx Claims	\$145.58	\$370.78	\$188.66	\$258.65
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$721.52	\$707.51	\$990.01	\$795.78
Enrollment				
Employees/Retirees	574	999	673	2,246
Members (includes dependents)	1,121	1,401	1,205	3,726
Total - through 2nd Quarter	\$2,484,179	\$4,240,105	\$3,999,629	\$10,723,913
Budgeted Amount	\$702	\$700	\$722	\$9,533,006
Variance	(\$19)	(\$7)	(\$268)	(\$1,190,907)
PEPM Change from end of Q2 2010				
Medical	-22.05%	6.56%	4.64%	-6.00%
Rx	-3.66%	0.25%	3.89%	2.28%
Total	-17.90%	2.80%	4.30%	-3.16%

# Financial Report

## 2011 Experience – Premier Plan

### 2nd Quarter

	Premier Plan			
	Active	Retiree		Total
		Medicare	No Medicare	
<b>2010 (through 2nd Qtr.)</b>				
PEPM Medical claims	\$600.16	\$348.39	\$1,092.46	\$658.64
PEPM Rx Claims	\$104.00	\$405.29	\$217.44	\$145.77
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$743.24	\$792.75	\$1,348.99	\$843.49
Enrollment				
Employees/Retirees	6,030	623	1,259	7,912
Members (includes dependents)	15,545	886	2,542	18,972
Total - through 2nd Quarter	\$26,890,995	\$2,963,309	\$10,186,186	\$40,040,490
Budgeted Amount	\$822	\$925	\$970	\$40,523,507
Variance	\$79	\$133	(\$379)	\$483,017
<b>2011 (through 2nd Qtr.)</b>				
PEPM Medical claims	\$680.41	\$469.04	\$941.97	\$702.79
PEPM Rx Claims	\$110.03	\$384.38	\$215.58	\$151.23
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$829.51	\$892.50	\$1,196.63	\$893.10
Enrollment				
Employees/Retirees	6,143	730	1,288	8,161
Members (includes dependents)	16,085	1,046	2,659	19,790
Total - through 2nd Quarter	\$30,574,093	\$3,909,152	\$9,249,980	\$43,733,224
Budgeted Amount	\$971	\$1,091	\$1,128	\$49,287,445
Variance	\$141	\$198	(\$68)	\$5,554,221
PEPM Change from end of Q2 2010				
Medical	13.37%	34.63%	-13.78%	6.70%
Rx	5.80%	-5.16%	-0.86%	3.75%
Total	11.61%	12.58%	-11.29%	5.88%

## Financial Report

### 2011 Experience – Total 2nd Quarter

	Total				Expense through Q2
	Active	Retiree		Total	
		Medicare	No Medicare		
<b>2010 (through 2nd Qtr.)</b>					
PEPM Medical claims	\$608.24	\$305.82	\$953.38	\$628.80	\$38,849,033
PEPM Rx Claims	\$108.30	\$383.43	\$203.75	\$170.58	\$10,539,163
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08	\$2,414,480
Total PEPM Cost	\$755.61	\$728.33	\$1,196.20	\$838.46	
Enrollment					
Employees/Retirees	6,636	1,625	2,037	10,297	10,297
Members (includes dependents)	16,744	2,288	3,914	22,947	22,947
Total - through 2nd Quarter	\$30,084,800	\$7,099,067	\$14,618,809	\$51,802,676	\$51,802,676
Budgeted Amount	\$803	\$746	\$836	\$801	\$49,460,616
Variance	\$47	\$18	(\$360)	(\$38)	(\$2,342,060)
<b>2011 (through 2nd Qtr.)</b>					
PEPM Medical claims	\$668.14	\$370.02	\$880.29	\$658.61	\$41,126,003
PEPM Rx Claims	\$113.06	\$376.52	\$206.34	\$174.41	\$10,890,823
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08	\$2,440,312
Total PEPM Cost	\$820.28	\$785.62	\$1,125.71	\$872.10	
Enrollment					
Employees/Retirees	6,717	1,729	1,962	10,407	10,407
Members (includes dependents)	17,206	2,446	3,864	23,516	23,516
Total - through 2nd Quarter	\$33,058,272	\$8,149,257	\$13,249,608	\$54,457,138	\$54,457,138
Budgeted Amount	\$948	\$865	\$989	\$942	\$58,820,451
Variance	\$128	\$80	(\$137)	\$70	\$4,363,314
PEPM Change from end of Q2 2010					
Medical	9.85%	20.99%	-7.67%	4.74%	5.86%
Rx	4.40%	-1.80%	1.27%	2.24%	3.34%
Total	8.56%	7.87%	-5.89%	4.01%	5.12%

## Large Claims Experience

2011 v. 2010

- 2011 Large Claims Experience through June 2011
  - 33 claimants exceeding \$100,000 (9 Active Employees, 10 Retired Employees, 6 Spouses, 8 Children)
  - Large Claims paid by plan
    - Active Premier \$3,807,474
    - Active Basic \$ 183,203
    - Retired Premier \$1,220,046
    - Retired Basic \$ 636,313
  - Five claimants are enrolled in the Basic plan; 28 claimants are enrolled in the Premier plan
  - Total on 21 claimants: \$5,802,035
  - Five (5) claimants exceeding \$250,000
- 2010 Large Claims Experience through June 2010
  - 26 claimants exceeding \$100,000 (9 Active Employees, 8 Retired Employees, 8 Spouses, 1 Child)
  - Large Claims paid by plan
    - Active Premier \$2,333,032
    - Active Basic \$ 459,353
    - Retired Premier \$1,578,959
    - Retired Basic \$ 430,307
  - Five claimants are enrolled in the Basic plan; 21 claimants are enrolled in the Premier plan
  - Total on 26 claimants: \$4,801,651
  - Five (5) claimants exceeding \$250,000

FY12 Healthcare Claims

Schedule III

	Health Insurance Fund			OPEB Fund			Schedule III					
	UHC & Crmk Claims & Rx Basic	UHC & Crmk Claims & Rx Premier	Total Claims Actives	UHC & Crmk Claims & Rx Basic	UHC & Crmk Claims & Rx Premier	Total Claims Retirees	UHC Claims Total	Caremark Claims Total	Grand Total All Claims	Cumulative Claims Total FY11	Cumulative Claims Total FY10	Cumulative Claims Total FY09
July	782,439.96	4,354,117.44	5,116,557.40	753,876.95	1,382,530.18	2,136,407.13	6,000,973.69	1,251,990.84	7,252,964.53	8,720,823.68	9,200,129.51	7,468,397.89
August	889,518.24	5,014,746.23	5,904,264.47	1,123,935.85	2,154,112.18	3,278,048.03	7,133,131.90	2,049,180.60	9,182,312.50	17,592,984.44	17,622,073.87	14,552,948.01
September	861,190.48	4,453,636.08	5,314,826.56	1,244,683.91	2,037,312.84	3,281,996.75	6,533,633.47	2,063,189.84	8,596,823.31	25,694,846.37	26,100,540.22	21,477,004.80
October	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33,180,221.75	34,530,492.37	29,613,705.03
November	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,520,754.16	42,741,592.22	36,394,524.60
December	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49,389,627.71	51,598,137.16	44,224,010.12
January	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57,458,081.14	58,818,108.36	50,767,931.35
February	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65,187,379.89	65,982,729.46	57,997,400.15
March	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74,307,385.16	75,773,282.71	65,213,309.70
April	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84,616,239.26	84,289,580.98	73,638,149.06
May	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	93,488,094.67	92,398,657.23	80,768,571.57
June	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102,532,349.89	101,382,863.40	89,110,589.22
<b>Total Claims Reported</b>	<b>2,513,148.68</b>	<b>13,822,499.75</b>	<b>16,335,648.43</b>	<b>3,122,496.71</b>	<b>5,573,955.20</b>	<b>8,696,451.91</b>	<b>19,667,739.06</b>	<b>5,364,361.28</b>	<b>25,032,100.34</b>			
<b>Total Claims per GL</b>	<b>1,573,028.62</b>	<b>10,582,105.26</b>	<b>12,155,133.88</b>	<b>2,469,395.16</b>	<b>4,377,286.96</b>	<b>6,846,682.12</b>			<b>19,001,816.00</b>			
Difference bet GL & Claims	940,120.06	3,240,394.49	4,180,514.55	653,101.55	1,196,668.24	1,849,769.79			6,030,284.34			
Claims Subtotal	2,513,148.68	13,822,499.75	16,335,648.43	3,122,496.71	5,573,955.20	8,696,451.91			25,032,100.34			
<b>Adjustments:</b>												
Flexible Spending	(29,310.65)	0.00	(29,310.65)						(29,310.65)			
Prior Period Correction	(439,001.37)	439,001.37	0.00			0.00			0.00			
July Claims Booked Oct.	(471,808.04)	(3,679,395.86)	(4,151,203.90)	(653,101.55)	(1,196,668.24)	(1,849,769.79)			(6,000,973.69)			
Refunds	(13,220.23)		(13,220.23)						(13,220.23)			
<b>Net Claims after Adjs</b>	<b>1,559,808.39</b>	<b>10,582,105.26</b>	<b>12,141,913.65</b>	<b>2,469,395.16</b>	<b>4,377,286.96</b>	<b>6,846,682.12</b>			<b>18,988,585.77</b>			
<b>Active Members</b>		<b>16,791.00</b>										
Avg. cost per Active Member			723.12									
<b>Retiree Members</b>					<b>6,204.00</b>							
Avg. cost per Retired Member						1,103.59						

City of Memphis  
 Health Insurance and OPEB Funds Comparison Analysis  
 For the Three Months Ended September 30, 2011

Schedule I

	Health Insurance Fund	OPEB Trust Fund	Total
<b>Revenues</b>			
Contributions:			
Employer	\$ 13,083,907	\$ 7,463,732	\$ 20,547,639
Employee	3,256,143	2,661,755	5,917,899
Total Contributions	16,340,050	10,125,487	26,465,538
Investment Income:			
Interest and Dividend	0	12,621	12,621
Net Income/Investors	14,092	0	14,092
Total Investment Earnings	14,092	12,621	26,713
Other Revenue			
Medicare D Reimbursements	0	847,648	847,648
Total Other Revenue	0	847,648	847,648
Total Net Revenues	16,354,142	10,985,757	27,339,899
<b>Expenses</b>			
Health Claims Expense	12,141,914	6,846,682	18,988,596
Material and Supplies	922,899	500,601	1,423,501
Personnel	163,528	0	163,528
Other Expenses	0	517	517
Total Expenses	13,228,341	7,347,800	20,576,142
<b>Change in Net Assets</b>	3,125,801	3,637,956	6,763,757
Unrealized Gain on Trust	0	(117,669)	(117,669)
Realized Gain on Trust	0	0	0
Transfers in/(out)			0
Contribution to Fund	0	0	0
Net Assets - beginning of year	(2,941,082)	16,561,670	13,620,588
<b>Total Net Assets - as of Sept. 2011</b>	\$ 184,719	\$ 20,081,957	\$ 20,266,675

Expense allocation method based on historical data - 65% active, 35% retiree

Fund 0721 Healthcare

65% of Claims

Schedule I/a

Account	Account Description	As of Sep 2011	FY 2012 Request
45100	Interest on Investments	0	130,000
45102	Net Income/Investors	14,092	0
45128	Employer Premiums Income	13,063,907	56,246,641
48522	Medicare Part D Reimbursement	0	0
48720	Employee Contributed - General	3,256,143	18,197,526
48999	Contributed From Fund Balance	0	10,183,778
70721	Oper Trf In - Healthcare	0	0
<b>Total Revenue</b>		<b>15,354,142</b>	<b>84,760,945</b>
51101	Full-Time Salaries	115,418	359,464
51102	Holiday Salary Full Time	3,552	1,360
51103	Vacation Leave	6,894	1,047
51104	Bonus Leave	788	419
51105	Sick Leave	5,772	0
51302	Pension	7,948	21,735
51304	Social Security	175	0
51308	Group Life Insurance	345	1,383
51310	Unemployment	0	1,505
51314	Medicare	1,845	5,253
51315	Long Term Disability	38	1,087
51320	United PPO (Basic) Insurance	0	5,214
51322	United POS (Premier) Insurance	17,583	42,584
51323	Other Post Employment Benefit	0	0
51402	PT Salaries	2,829	6,445
51501	On the Job Injury	0	0
51601	Payroll Reserve	0	0
<b>Total Personnel Services</b>		<b>163,528</b>	<b>447,506</b>
52102	City Hall Printing	1,535	33,800
52106	City Hall Postage	1,078	6,500
52108	Document Reproduction - City	913	2,340
52110	Major Repairs & Carpentry	0	2,600
52116	City Shop Charges	0	1,300
52124	City Shop Fuel	0	585
52204	City Computer Svc Equipment	1,750	5,238
52208	Data/Word Process Software	0	650
52210	City Telephone/Communications	0	781
52304	Supplies - Outside	0	4,226
52306	Word/Processing/Duplicate	0	1,431
52324	Outside Postage	0	2,600
52342	Misc Materials/Supplies	140	4,550
52343	Miscellaneous Expense	0	4,550
52526	Seminars/Training/Education	0	3,250
52528	Misc Professional Services	917,483	4,775,198
52610	Travel Expense	0	1,950
52730	Mileage	0	326
52930	Dues/Memberships/Periodicals	0	1,950
65299	Expense Recovery - M & S	0	0
57454	Catering	0	0
57455	Special Events	0	646
61701	Investment Fees	0	0
<b>Total Materials and Supplies</b>		<b>922,899</b>	<b>4,854,471</b>
53102	Furniture/Furnishings	0	3,250
<b>Total Capital Outlay</b>		<b>0</b>	<b>3,250</b>
61160	Health Claims Expense	12,141,914	73,954,001
<b>Total Claims Incurred</b>		<b>12,141,914</b>	<b>73,954,001</b>
60853	Oper Trf Out - OPEB	0	6,152,174
<b>Total Transfers Out</b>		<b>0</b>	<b>6,152,174</b>
<b>Total Expenditures</b>		<b>13,228,341</b>	<b>85,411,402</b>
<b>Net Expenditures</b>		<b>3,125,801</b>	<b>(650,457)</b>