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THE CITY OF MEMPHIS
HEALTHCARE COMMITTEE MEETING

October 29, 2012

MARSH & McLENNAN COMPANIES

Agenda

- Roll Call
- Opening
- Benefits Update
- Quarterly Reporting
  - 2012 Experience through 3rd Quarter
  - Large Claims Experience
  - Administrative Experience
- Questions
- Appendix

Benefits Update

Healthcare Update

Open Enrollment

Medicare Update

Mandatory Choice

Healthcare Reform

Satellite Report

Special; Committee for 2014 Changes

Staff Additions

Financial Report – 3rd Quarter 2012 Experience

Tony Holmes, Partner, FSA, MAAA, FCA
Atlanta

2012 Experience
2012 Experience – Total
3rd Quarter

	Total				
	Active	Retiree		Total	Expense through Q3
2011 (through 3rd Qtr.)		Medicare	No Medicare		
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	$43.23	$43.23	$43.23	$43.23	$4,053,202
Total PEPM Cost	$803.25	$826.37	$1,116.95	$866.21	
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	$48,582,032	$12,897,916	$19,735,319	$81,215,268	$81,215,268
Budgeted Amount	$946	$861	$989	$940	$88,114,799
Variance	$142	$35	($128)	$74	$6,899,531
2012 (through 3rd Qtr.)					
PEPM Medical claims	$677.57	$408.34	$793.87	$652.02	$61,704,891
PEPM Rx Claims	$126.53	$372.90	$201.90	$185.59	$17,563,762
PEPM Claims Administration	$26.38	$15.88	$26.38	$24.49	$2,317,972
Total PEPM Cost	$830.48	$797.12	$1,022.15	$862.10	
Enrollment					
Employees/Retirees	6,562	1,889	2,064	10,515	10,515
Members (includes dependents)	17,156	2,719	3,868	23,743	23,743
Total - through 3rd Quarter	$49,047,248	$13,555,030	$18,984,347	$81,586,625	$81,586,625
Budgeted Amount	$943	$811	$970	$925	$87,498,788
Variance	$113	$14	($52)	$62	$5,912,163
PEPM Change from end of Q3 2011					
Medical	5.2%	4.1%	-8.1%	1.3%	2.3%
Rx	9.2%	-4.6%	-3.9%	3.5%	4.4%
Total	3.4%	-3.5%	-8.5%	-0.5%	0.5%

2012 Experience
2012 Experience – Basic Plan
3rd Quarter

	Basic Plan			
	Active	Retiree		Total
2011 (through 3rd Qtr.)		Medicare	No Medicare	
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	$43.23	$43.23	$43.23	$43.23
Total PEPM Cost	$668.09	$759.41	$987.20	$804.03
Enrollment				
Employees/Retirees	574	994	668	2,236
Members (includes dependents)	1,119	1,397	1,199	3,715
Total - through 3rd Quarter	$3,449,364	$6,796,744	$5,935,061	$16,181,169
Budgeted Amount	$701	$707	$736	$14,367,285
Variance	$33	($53)	($251)	($1,813,885)
2012 (through 3rd Qtr.)				
PEPM Medical claims	$707.93	$361.24	$724.46	$553.88
PEPM Rx Claims	$169.31	$383.80	$159.97	$264.88
PEPM Claims Administration	$26.38	$15.88	$26.38	$21.57
Total PEPM Cost	$903.63	$760.91	$910.81	$840.32
Enrollment				
Employees/Retirees	541	1,012	655	2,207
Members (includes dependents)	1,045	1,431	1,068	3,544
Total - through 3rd Quarter	$4,396,136	$6,929,631	$5,365,582	$16,691,349
Budgeted Amount	$690	$679	$709	$13,715,810
Variance	($213)	($82)	($202)	($2,975,539)
PEPM Change from end of Q3 2011				
Medical	48.7%	9.7%	-4.3%	12.0%
Rx	13.7%	-0.8%	-14.3%	-0.5%
Total	35.3%	0.2%	-7.7%	4.5%

2012 Experience
2012 Experience – Premier Plan
3rd Quarter

	Premier Plan			
	Active	Retiree		Total
2011 (through 3rd Qtr.)		Medicare	No Medicare	
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	$43.23	$43.23	$43.23	$43.23
Total PEPM Cost	$815.86	$916.37	$1,183.86	$883.21
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	$45,132,668	$6,101,172	$13,800,258	$65,034,098
Budgeted Amount	$968	$1,069	$1,120	$73,747,514
Variance	$153	$152	($64)	$8,713,415
2012 (through 3rd Qtr.)				
PEPM Medical claims	$674.84	$462.65	$826.11	$678.09
PEPM Rx Claims	$122.69	$360.34	$221.38	$164.53
PEPM Claims Administration	$26.38	$15.88	$26.38	$25.27
Total PEPM Cost	$823.91	$838.87	$1,073.87	$867.89
Enrollment				
Employees/Retirees	6,022	878	1,409	8,308
Members (includes dependents)	16,110	1,288	2,800	20,199
Total - through 3rd Quarter	$44,651,113	$6,625,398	$13,618,765	$64,895,276
Budgeted Amount	$966	$963	$1,091	$73,782,978
Variance	$142	$124	$17	$8,887,702
PEPM Change from end of Q3 2011				
Medical	2.3%	-3.1%	-10.1%	-0.9%
Rx	8.8%	-9.0%	-0.3%	5.7%
Total	1.0%	-8.5%	-9.3%	-1.7%

Large Claims Experience
2012 vs 2011

- 2012 Large Claims Experience through September 2012
  - 43 claimants exceeding $100,000 (14 Active Employees, 11 Non-Medicare Retired Employees, 1 Medicare Retired Employee, 13 Spouses, 4 Children)
  - Large Claims paid by plan
    - Active Premier: $4,347,722
    - Active Basic: $ 230,102
    - Retired Premier: $1,436,134
    - Retired Basic: $1,087,833
  - 9 claimants are enrolled in the Basic Plan; 34 claimants are enrolled in the Premier Plan
  - Total on 43 claimants: $7,101,790
  - Four (4) claimants exceeding $250,000

- 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

Administrative Experience

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Appendix

2012 Experience
2012 Experience – Total
2nd Quarter

	Total				
	Active	Retiree		Total	Expense through Q2
2011 (through 2nd Qtr.)		Medicare	No Medicare		
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	$43.23	$43.23	$43.23	$43.23	$2,699,454
Total PEPM Cost	$824.43	$789.77	$1,129.86	$876.25	
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	$33,225,521	$8,192,305	$13,298,454	$54,716,280	$54,716,280
Budgeted Amount	$945	$860	$988	$939	$58,651,843
Variance	$121	$70	($142)	$63	$3,935,563
2012 (through 2nd Qtr.)					
PEPM Medical claims	$652.77	$392.50	$767.52	$629.76	$39,387,398
PEPM Rx Claims	$125.39	$370.79	$201.76	$183.13	$11,453,465
PEPM Claims Administration	$26.38	$15.88	$26.38	$24.55	$1,535,303
Total PEPM Cost	$804.54	$779.18	$995.66	$837.43	
Enrollment					
Employees/Retirees	6,570	1,819	2,035	10,424	10,424
Members (includes dependents)	17,165	2,667	3,875	23,706	23,706
Total - through 2nd Quarter	$31,713,478	$8,504,696	$12,157,992	$52,376,166	$52,376,166
Budgeted Amount	$943	$819	$973	$927	$58,003,170
Variance	$139	$40	($23)	$90	$5,627,004
PEPM Change from end of Q2 2011					
Medical	-2.3%	6.1%	-12.8%	-4.4%	-4.2%
Rx	10.9%	-1.5%	-2.2%	5.0%	5.2%
Total	-2.4%	-1.3%	-11.9%	-4.4%	-4.3%

2012 Experience
2012 Experience – Basic Plan
2nd Quarter

	Basic Plan			
	Active	Retiree		Total
2011 (through 2nd Qtr.)		Medicare	No Medicare	
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	$43.23	$43.23	$43.23	$43.23
Total PEPM Cost	$725.67	$711.66	$994.16	$799.93
Enrollment				
Employees/Retirees	574	999	673	2,246
Members (includes dependents)	1,121	1,401	1,205	3,726
Total - through 2nd Quarter	$2,498,468	$4,264,976	$4,016,395	$10,779,839
Budgeted Amount	$700	$707	$736	$9,618,310
Variance	($26)	($5)	($258)	($1,161,529)
2012 (through 2nd Qtr.)				
PEPM Medical claims	$697.62	$371.62	$703.33	$551.67
PEPM Rx Claims	$169.50	$377.92	$164.75	$262.49
PEPM Claims Administration	$26.38	$15.88	$26.38	$21.62
Total PEPM Cost	$893.50	$765.42	$894.47	$835.78
Enrollment				
Employees/Retirees	547	990	649	2,186
Members (includes dependents)	1,060	1,416	1,085	3,561
Total - through 2nd Quarter	$2,931,577	$4,545,858	$3,482,163	$10,959,598
Budgeted Amount	$691	$683	$713	$9,100,071
Variance	($202)	($82)	($182)	($1,859,527)
PEPM Change from end of Q2 2011				
Medical	29.9%	24.9%	-7.7%	10.8%
Rx	16.4%	1.9%	-12.7%	1.5%
Total	23.1%	7.6%	-10.0%	4.5%

2012 Experience
2012 Experience – Premier Plan
2nd Quarter

	Premier Plan			
	Active	Retiree		Total
2011 (through 2nd Qtr.)		Medicare	No Medicare	
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	$43.23	$43.23	$43.23	$43.23
Total PEPM Cost	$833.66	$896.65	$1,200.78	$897.25
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	$30,727,053	$3,927,329	$9,282,059	$43,936,442
Budgeted Amount	$968	$1,070	$1,120	$49,033,534
Variance	$135	$173	($81)	$5,097,092
2012 (through 2nd Qtr.)				
PEPM Medical claims	$648.70	$417.42	$797.56	$650.47
PEPM Rx Claims	$121.38	$362.29	$219.08	$162.07
PEPM Claims Administration	$26.38	$15.88	$26.38	$25.32
Total PEPM Cost	$796.47	$795.59	$1,043.02	$837.87
Enrollment				
Employees/Retirees	6,023	829	1,386	8,239
Members (includes dependents)	16,105	1,250	2,790	20,145
Total - through 2nd Quarter	$28,781,901	$3,958,838	$8,675,828	$41,416,568
Budgeted Amount	$966	$982	$1,094	$24,451,550
Variance	$170	$187	$51	($16,965,018)
PEPM Change from end of Q2 2011				
Medical	-4.7%	-11.0%	-15.3%	-7.4%
Rx	10.3%	-5.7%	1.6%	7.2%
Total	-4.5%	-11.3%	-13.1%	-6.6%

Large Claims Experience
2012 vs 2011

- 2012 Large Claims Experience through June 2012
  - 14 claimants exceeding $100,000 (3 Active Employees, 5 Pre-65 Retired Employees, 5 Spouse, 1 Child)
  - Large Claims paid by plan
    - Active Premier: $1,226,078
    - Active Basic: $ 119,384
    - Retired Premier: $ 578,343
    - Retired Basic: $ 217,568
  - 3 claimants are enrolled in the Basic Plan; 11 claimants are enrolled in the Premier Plan
  - Total on 14 claimants: $2,141,373
  - No (0) claimants exceeding $250,000

- 2011 Large Claims Experience through June 2011
  - 33 claimants exceeding $100,000 (9 Active Employees, 10 Retired Employees, 6 Spouse, 8 Children)
  - Large Claims paid by plan
    - Active Premier: $3,807,474
    - Active Basic: $ 138,203
    - Retired Premier: $1,220,046
    - Retired Basic: $ 636,313
  - 5 claimants are enrolled in the Basic Plan; 28 claimants are enrolled in the Premier Plan
  - Total on 33 claimants: $ 5,802,035
  - Five (5) claimants exceeding $250,000

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