



## FY 2023 PLAN YEAR BENEFITS RENEWAL

RS-22-092

June 21, 2022

# Background

2

- City's contribution
- Current providers
  - ▣ United Healthcare (UHC) – Healthcare
    - Employee medical plans participation: 973
  - ▣ MetLife – Dental
    - Employee dental plans participation: 1,187
- City requested renewal quotes from UHC
- Benchmark study was completed

# Plan Design, Contribution, and Eligibility Options for FY 2023

3

Plan Options	FY 22	FY 23	Increase FY 22 to FY 23
Option 1: Keep current plan with no changes	\$6,263,796	\$7,058,305	\$794,509
Option 2: Remove Gate Keeper		\$7,380,961	\$1,117,165
Option 3: Remove Gate Keeper and Mitigate Cost Increase with Minor Changes		\$7,016,486	\$752,690

By making minor plan design, contribution, and eligibility changes, we can mitigate the cost increase by \$364, 475

# HDHP Plan Design Changes

4

	Current Plan OHP	Proposed OHP-Active/Retiree Pre-10/1
<b>General Plan Information</b>	<b>In-Network</b>	<b>In-Network</b>
Annual Deductible	Embedded	Embedded
Individual/Family	\$2,800 / \$5,600	\$2,800 / \$5,600
Health Reimbursement	N/A	N/A
Coinurance (Carrier / Member)	70%/30%	70%/30%
Out of Pocket Maximum (Individual/Family)	\$6,600/\$13,200	\$6,600/\$13,200
<b>Benefit Provisions</b>		
PCP Office Visit/Exam	30% after deductible	<b>\$25 copay after deductible</b>
Specialist Visit/Exam	30% after deductible	<b>\$75 copay after deductible</b>
Urgent Care	30% after deductible	30% after deductible
Emergency Room	30% after deductible	30% after deductible
Outpatient Hospital	30% after deductible	30% after deductible
Inpatient Hospital	30% after deductible	30% after deductible
<b>Prescription Drug Benefits</b>		
Prescription Drug Deductible	None	None
Generic	30%	30%
Brand (Formulary/Preferred)	30%	30%
Brand (Non-formulary/Non-Preferred)	30%	30%
Preferred Specialty	30%	<b>25% after deductible up to max of \$150</b>

## **Add copay to Primary Care and Specialists visits**

**Example:** Doctor's Visit: \$130

FY 22: Employee pays \$130 up to \$2,800, then \$39 up to \$6,600

FY 23: Employee pays \$130 up to \$2,800, then employee pays \$25 to visit PCP and \$75 to visit a Specialist up to \$6,600

## **Add specialty preferred prescription tier with cost share**

**Example:** Humira Pen costs \$9,201.70

FY 22: Employee pays \$2,800+\$1,920.51=\$4,720.51 then \$2,760.50 up to \$6,600

FY 23: Employee pays deductible \$2,800, then pays \$150 per script up to \$6,600

# EPO Copay Plan Design Changes

5

	Current Plan EPO	Proposed EPO-Active/Retiree Pre-10/1
<b>General Plan Information</b>	<b>In-Network</b>	<b>In-Network</b>
Annual Deductible	Embedded	Embedded
Individual/Family	\$3,500/\$10,500	\$3,500/\$10,500
Health Reimbursement	N/A	N/A
Coinsurance (Carrier / Member)	70%/30%	70%/30%
Out of Pocket Maximum(Individual/Family)	\$8,150/\$16,300	\$8,150/\$16,300
<b>Benefit Provisions</b>		
PCP Office Visit/Exam	\$25 copay	\$25 copay
Specialist Visit/Exam	\$75 copay	\$75 copay
Urgent Care	\$50 copay	\$50 copay
Emergency Room	\$650 copay	\$650 copay, 30% after deductible
Outpatient Hospital	30% after deductible	30% after deductible
Inpatient Hospital	\$250 copay then, 30% after deductible	\$250 copay then, 30% after deductible
<b>Prescription Drug Benefits</b>		
Prescription Drug Deductible	None	None
Generic	\$15 copay	\$15 copay
Brand (Formulary/Preferred)	\$35 copay	\$35 copay
Brand (Non-formulary/Non-Preferred)	\$70 copay	\$70 copay
Preferred Specialty	Applicable Copay	25% up to max of \$150

## Add deductible and coinsurance to Emergency Room

**Example:** Emergency Room Visit Cost \$3,000

FY 22: Employee pays \$650

FY 23: Employee pays \$650, plus \$900  
(\$3,000 \* 30% = \$900)

**Total: \$1,550**

## Add specialty preferred prescription tier with cost share

**Example:** Humira Pen costs \$9,201.70 with applicable copay \$60)

FY 22: Employee pays \$60, up to \$8,150

FY 23: Employee pays \$150 up to \$8,150

# Medical Plan Premium Contribution Changes

6

	FY22 Employee Monthly Premium	FY23 Employee Monthly Premium	Employee Increase		FY22 Employer Monthly Premium	FY23 Employer Monthly Premium	FY22 Employer Monthly Increase	FY22 Employer Monthly HSA Contribution	FY23 Employer Monthly HSA Contribution	Employer Increase
<i>Medical Plan I (HDHP w/HSA)</i>										
Employee Only	\$0.00	\$0.00	<b>\$0.00</b>		\$376.06	\$429.31	<b>\$53.25</b>	\$112.75	\$112.75	<b>\$0.00</b>
Employee/Spouse	\$479.38	\$479.38	<b>\$0.00</b>		\$407.66	\$533.28	<b>\$125.62</b>	\$112.75	\$112.75	<b>\$0.00</b>
Employee/Children	\$157.12	\$157.12	<b>\$0.00</b>		\$384.54	\$461.25	<b>\$76.71</b>	\$112.75	\$112.75	<b>\$0.00</b>
Employee /Family	\$611.14	\$611.14	<b>\$0.00</b>		\$421.56	\$567.79	<b>\$146.23</b>	\$112.75	\$112.75	<b>\$0.00</b>
<i>Medical Plan II (Co-Pay)</i>										
Employee Only	\$25.00	\$30.00	<b>\$5.00</b>		\$455.32	\$501.04	<b>\$45.72</b>	NA	NA	NA
Employee/Spouse	\$615.22	\$620.22	<b>\$5.00</b>		\$518.80	\$633.55	<b>\$114.75</b>	NA	NA	NA
Employee/Children	\$220.04	\$225.04	<b>\$5.00</b>		\$472.44	\$540.57	<b>\$68.13</b>	NA	NA	NA
Employee /Family	\$783.64	\$788.44	<b>\$5.00</b>		\$536.56	\$690.97	<b>\$134.41</b>	NA	NA	NA

## Contribution Changes

Plan 1: HDHP - No change to contribution

Plan 2: EPO (Copay Plan) – Employee will contribute an additional \$5

# Eligibility Changes

7

## Eligibility Changes, effective October 1, 2022

- ❑ Spouses and dependents of non-active retirees, will not be covered on the City's healthcare plan
- ❑ Retirees who have coverage available to them through their current employer will not be covered on the City's healthcare plan.
- ❑ Only offer the HDHP to new retirees and grandfather current retirees who are enrolled in the EPO (Copay) Plan.

# Dental Plan Premium Contributions - No Changes

8

	FY22 Employee Monthly Premium	FY23 Employee Monthly Premium	Employee Increase	FY22 Employer Monthly Premium	FY23 Employer Monthly Premium	Employer Increase
<b>Dental Plans</b>						
<b>Low Plan (Orthodontia to age 26)</b>						
Employee Only	\$0.00	\$0.00	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
Employee/Spouse	\$23.72	\$23.72	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
Employee/Children	\$28.00	\$28.00	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
Employee /Family	\$57.24	\$57.24	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
<b>Dental Plans</b>						
<b>High Plan (Orthodontia any age)</b>						
Employee Only	\$4.40	\$4.40	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
Employee/Spouse	\$24.72	\$24.72	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
Employee/Children	\$39.00	\$39.00	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>
Employee /Family	\$73.50	\$73.50	<b>\$0.00</b>	\$19.38	\$19.38	<b>\$0.00</b>

# Staff Alternatives

9

1. Make no changes for a cost of \$7,058,305
2. Remove Gatekeeper for a cost of \$7,380,961
3. Remove Gatekeeper and make minor plan design, contribution, and eligibility changes for a cost \$7,016,486

# Staff Recommendation

Staff recommends the City Council to approve the option with removing the gatekeeper, make plan, contribution, and eligibility changes for a cost of \$\$7,016,486; and authorize the City Manager or designee to execute an agreement with United Healthcare effective October 1, 2022, and that the City Manager or designee is further authorized to execute any necessary change orders in accordance with state and local law.