

City of West Palm Beach
General Employees – Dependents
Renewal Review and Options



April 2014

Analysis by:

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Health Coverage and Medical Terminology

Balance Billing

When a provider bills you for the difference between the provider's charge and the allowed amount. For example, if the provider's charge is \$100 and the allowed amount is \$70, the provider may bill you for the remaining \$30. A preferred provider may not balance bill you for covered services.

Co-insurance

Your share of the costs of a covered health care service, calculated as a percent (for example, 20%) of the allowed amount for the service. You pay co-insurance plus any deductibles you owe. For example, if the health insurance or plan's allowed amount for an office visit is \$100 and you've met your deductible, your co-insurance payment of 20% would be \$20. The health insurance or plan pays the rest of the allowed amount.

Co-payment

A fixed amount (for example, \$15) you pay for a covered health care service, usually when you receive the service. The amount can vary by the type of covered health care service.

Deductible

The amount you owe for health care services your health insurance or plan covers before your health insurance or plan begins to pay. For example, if your deductible is \$1000, your plan won't pay anything until you've met your \$1000 deductible for covered health care services subject to the deductible. The deductible may not apply to all services.

Out-of-Pocket Limit

The most you pay during a policy period (usually a year) before your health insurance or plan begins to pay 100% of the allowed amount. This limit never includes your premium, balance-billed charges or health care your health insurance or plan doesn't cover.

Premium

The amount that must be paid for your health insurance or plan. You and/or your employer usually pay it monthly, quarterly or yearly.

City of West Palm Beach Insurance Committee

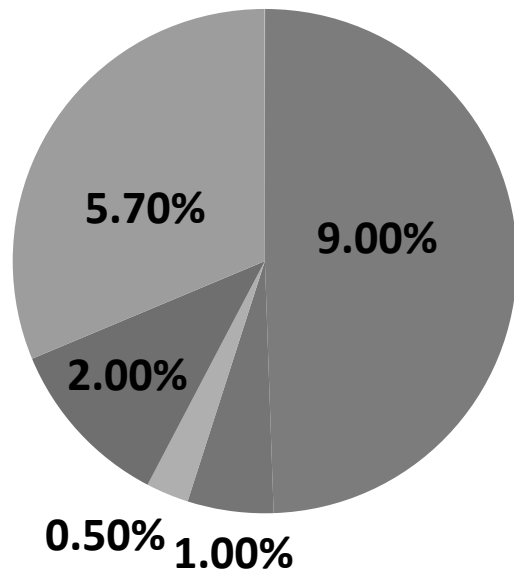
Health Committee Service Members

- Margaret "Peggy" Smith - Non-Represented
- Winsome Holness - Bromfield - Non-Represented
- Linda McDermott - PMSA Representative
- Barbara Storch - PMSA Representative
- Daniel Kempa - SEIU Representative
- Alden Wilder - SEIU Representative

City Representatives

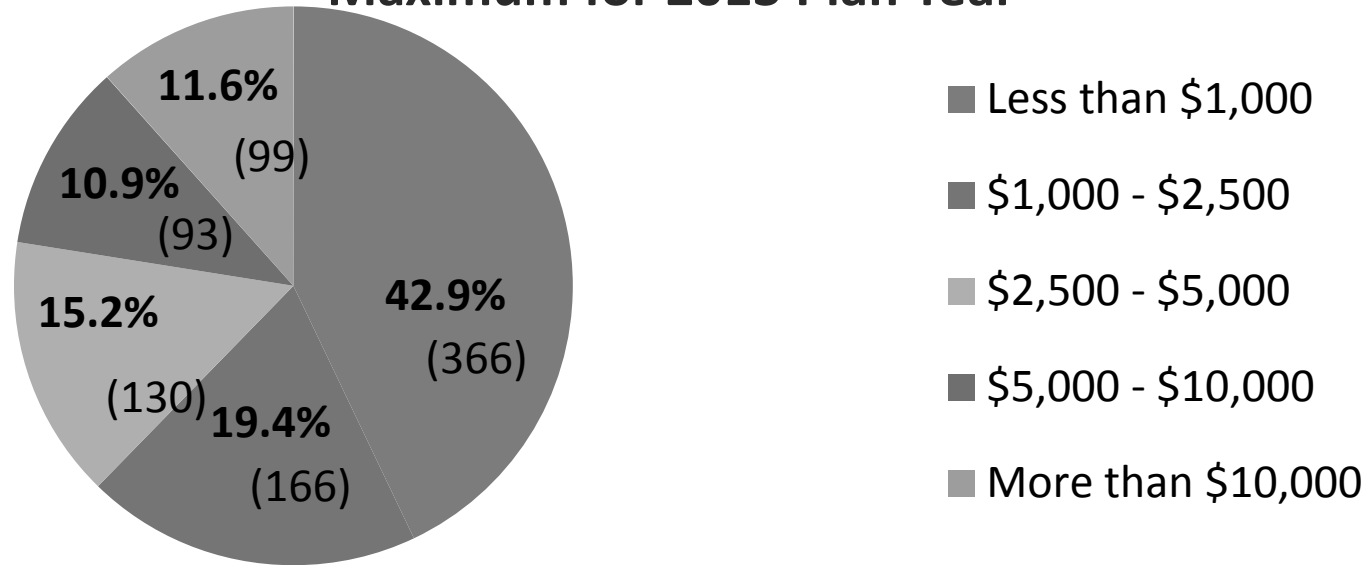
- Patricia Brosamer - Benefits Manager
- Richard Samolewicz - Employee Relations Manager
- Anthony Carrabis - Employee Relations

Components of 18.2% Renewal Increase



- Medical Inflation
- PPACA - Transitional Reinsurance (\$109,000)
- PPACA - PCORI (\$3,500)
- PPACA - Insurer Fee (\$235,000)
- City Claims

Dollar amount of member cost towards Out of Pocket Maximum for 2013 Plan Year



Out of Pocket Maximum:

- Little change from current plan maximum
- Current plan design prescription copayments are **not applied** towards your deductible and out of pocket maximum
- Proposed plan design (HRA) prescription copayments **will apply** towards your deductible and Out of Pocket Maximum

Premium Reduction:

- Employees will receive more money in their pay checks
(refer to Health Insurance Renewal – Employee Cost section of presentation)

Presentation Highlights:

- ✓ Changes will be effective July 1st 2014 through June 30th 2015
- ✓ Employees will receive more money in their pay checks per pay period
- ✓ Lower Medical plan costs for the City and Employees
- ✓ Prescription costs included in plan Out of Pocket Maximum
- ✓ Co-payments will be replaced with Co-insurance
- ✓ Cigna Network of Providers remains the same
- ✓ Informational sessions on how to use the High Deductible Health Plan (HDHP) with Health Reimbursement Account (HRA) will be scheduled during Open Enrollment 2014
- ✓ It was the mission of the Insurance Committee to recommend a comprehensive health plan at cost savings to Employees

City of West Palm Beach - GENERAL EMPLOYEES
Health Insurance Renewal - Employee Cost
Plan Year: 2014-2015



	CURRENT PLAN YEAR (2013-2014)			NEGOTIATED RENEWAL (2014-2015)			HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH REIMBURSEMENT ACCOUNT ALTERNATIVE (2014-2015)					
	CIGNA HealthCare			CIGNA HealthCare			CIGNA HealthCare			Annual EE Savings	Annual EE Cost	
	EE Cost	City Pays	Total Premium	EE Cost	City Pays	Total Premium	EE Cost	City Pays	Total Premium			
OAP-IN / HMO	Open Access Plus In-Network Only Plan			Open Access Plus In-Network Only Plan			Open Access Plus In-Network Only Plan					
Employee	454	\$31.23	\$593.39	\$624.62	\$36.84	\$699.91	\$736.75	\$24.75	\$470.17	\$494.92	-\$77.82	\$296.95
Employee + 1	180	\$329.17	\$987.52	\$1,316.69	\$389.35	\$1,168.04	\$1,557.38	\$261.29	\$783.86	\$1,045.14	-\$814.65	\$3,135.42
Employee + 2 or More	218	\$457.91	\$1,373.72	\$1,831.63	\$542.00	\$1,625.99	\$2,167.98	\$363.63	\$1,090.90	\$1,454.53	-\$1,131.30	\$4,363.59
Monthly Premium	852	\$173,253.76	\$746,623.26	\$919,877.02	\$204,961.24	\$882,471.31	\$1,087,432.54	\$137,537.87	\$592,368.55	\$729,906.42		
Annual Premium		\$2,079,045.11	\$8,959,479.13	\$11,038,524.24	\$2,459,534.82	\$10,589,655.66	\$13,049,190.48	\$1,650,454.43	\$7,108,422.61	\$8,758,877.04		
HRA FUNDING COST	852	N/A		N/A		N/A		\$116,000	\$1,624,000	\$1,740,000		
TOTA \$ Increase / (Decrease)		n/a	n/a	n/a	\$380,489.71	\$1,630,176.53	\$2,010,666.24	-\$312,590.68	-\$227,056.52	-\$539,647.20		
TOTAL % Increase / (Decrease)		n/a	n/a	n/a	18.3%	18.2%	18.2%	-15.0%	-2.5%	-4.9%		

**City of West Palm Beach
Potential Plan Design**

**HIGH DEDUCTIBLE HEALTH PLAN
W/ HEALTH REIMBURSEMENT
ACCOUNT**

	CURRENT	
	OAPIN	OAPIN
	Open Access	Open Access
Deductible		
Single	n/a	\$1,500
Single + One	n/a	\$2,250
Family	n/a	\$3,000
Out of Pocket Maximum	Includes Copays (Excludes Rx)	Includes Ded & Copays (Includes Rx)
Single	\$1,500	\$3,000 (\$1,400 funded in HRA)*
Single + One	\$3,000	\$4,500 (\$2,100 funded in HRA)*
Family	\$3,000	\$6,000 (\$2,800 funded in HRA)*
Prescription Drug Benefit (Pharmacy – 30 day)**		<i>(Up to Out of Pocket Maximum)</i>
Generic	\$15	30% after deductible
Preferred Brand Name	\$30	40% after deductible
Non-Preferred Brand Name	\$60	50% after deductible
Prescription Drug Benefit (Mail Order – 90 day)**		<i>(Up to Out of Pocket Maximum)</i>
Generic	\$30	30% after deductible
Preferred Brand Name	\$60	40% after deductible
Non-Preferred Brand Name	\$120	50% after deductible
Physician Services**		<i>(Up to Out of Pocket Maximum)</i>
Primary Care Office Visit	\$25	20% after deductible
Specialist Office Visit	\$35	20% after deductible
Office Surgery	\$25 / \$35	20% after deductible
Pre-Natal Visits	\$35	20% after deductible
Urgent Care Visits	\$50	20% after deductible
Preventive Services	No Charge	No Charge
Hospital Services**		<i>(Up to Out of Pocket Maximum)</i>
Inpatient	\$300 / adm.	20% after deductible
Outpatient	\$150 / adm.	20% after deductible
Obstetrical Care & Delivery	\$300 / adm.	20% after deductible
Emergency Room	\$150 per visit	20% after deductible
Physician Services	\$0 copay	20% after deductible
Mental & Nervous Benefit**		<i>(Up to Out of Pocket Maximum)</i>
Inpatient	\$300 / adm.	20% after deductible
Outpatient	No Charge	20% after deductible
Alcohol & Drug Abuse Benefit**		<i>(Up to Out of Pocket Maximum)</i>
Inpatient	\$200/ adm.	20% after deductible
Outpatient	No Charge	20% after deductible

*Assumes employee receives bonus HRA by completing Health Risk Assessment.

**Dollar cost of percentages are based on contracted rate negotiated with the carrier and participating provider - coinsurance.

City of West Palm Beach - GENERAL EMPLOYEES

HRA Funding - Paying Schedule for Deductible

Effective Date: July 1, 2014



		Health Reimbursement Account (HRA) Funded by City		Optional City Funded HRA Funding Upon Completion of Health Assessment (HA)		Employee Responsibility of Deductible		Total Deductible
		(1)		(2)		(3)		(4)
Employee	454	\$1,000	+	\$400	+	\$100	=	\$1,500
Employee + One	180	\$1,500	+	\$400 + \$200 (Spouse / DP)*	+	\$150	=	\$2,250
Employee + Family	218	\$2,000	+	\$400 + \$400 (Spouse / DP)*	+	\$200	=	\$3,000
Total Annual HRA Funding		\$1,160,000		\$181,600		\$116,000		

**** If a spouse / domestic partner is covered, they will have to complete a Health Assessment (HA) in order to receive the full HRA amount. Children are not required to complete a Health Assessment.***

EXAMPLE #1: EMPLOYEE + ONE		CURRENT	NEGOTIATED	HDHP PLAN
BASED ON PLAN YEAR		PLAN COSTS	RENEWAL COSTS	COSTS (HRA)
A	THE CITY WILL FUND MY HRA IN THE AMOUNT OF			\$2,100.00
		(Copays)	(Copays)	(Contracted Cost)
B	Specialist (34 visits @ \$35 copay)	\$1,190.00	\$1,190.00	\$3,499.00
	Primary Care (7 visits @ \$25 copay)	\$175.00	\$175.00	\$680.00
	Outpatient /ER Care (1 visit \$150 copay)	\$150.00	\$150.00	\$302.00
	Blood work/ lab (10 visits @ No Charge)	\$0.00	\$0.00	\$2,348.00
	Imaging (5 visits @ No Charge)	\$0.00	\$0.00	\$1,787.00
	Preventative Care (3 visits @ No Charge)	\$0.00	\$0.00	\$0.00
	Prescriptions (34 Rx @ \$9.99 - \$60 copay)	\$581.00	\$581.00	\$1,000.00
	MY ANNUAL EMPLOYEE + FAMILY HEALTH INSURANCE COSTS	\$2,096.00	\$2,096.00	\$9,616.00
C	CITY FUNDED HRA AMOUNT			\$2,100.00
D	WHAT I AM RESPONSIBLE TO PAY			\$150.00
E	MY ANNUAL FUNDED DEDUCTIBLE (\$2100.00 + \$150.00) (C + D)			\$2,250.00
F	20% COINSURANCE COST \$9,616 - \$2,100 - \$150 = \$7,366 \$7,366 x 0.20 = \$1,473			\$1,473.20
G	MY TOTAL MEDICAL COSTS (E + F)	\$2,096.00 (\$3,000 OOPM)	\$2,096.00 (\$3,000 OOPM)	\$3,723.20 (\$4,500 OOPM)
H	WHAT I PAY NOW/WILL PAY IN OUT OF POCKET COSTS TOWARDS OOPM (\$4,500.00 IN HDHP)	\$2,096.00 (OOPM + Rx Expenses)	\$2,096.00 (OOPM + Rx Expenses)	\$1,623.20 (Includes Rx)
I	WHAT I PAY FOR MY ANNUAL HEALTH CARE COST (24 PAY PERIODS)	\$3,950.00	\$4,672.00	\$3,135.00
	ANNUAL COST TO EMPLOYEE (H + I)	\$6,046.00	\$6,768.00	\$4,758.20
	I WILL PAY MORE WITH THE NEGOTIATED RENEWAL		\$722.00	
	MY TOTAL ANNUAL SAVINGS WITH A CITY FUNDED HRA ACCOUNT			\$1,287.80
	EMPLOYEE ROLLOVER AMOUNT			\$0.00

EXAMPLE #2: EMPLOYEE + FAMILY		CURRENT	NEGOTIATED	HDHP PLAN
BASED ON PLAN YEAR		PLAN COSTS	RENEWAL COSTS	COSTS (HRA)
A	THE CITY WILL FUND MY HRA IN THE AMOUNT OF			\$2,800.00
		(Copays)	(Copays)	(Contracted Cost)
B	SPECIALIST (62 VISITS @ \$35.00 COPAY)	\$2,170.00	\$2,170.00	\$6,381.00
	PRIMARY CARE (20 VISITS @ \$25.00 COPAY)	\$500.00	\$500.00	\$1,943.00
	OUTPATIENT/ER CARE (5 VISITS @ \$150.00 COPAY)	\$750.00	\$750.00	\$3,600.00
	BLOOD WORK/LAB (25 VISITS @ NO CHARGE)	\$0.00	\$0.00	\$5,867.00
	IMAGING (8 VISITS @ NO CHARGE)	\$0.00	\$0.00	\$2,859.00
	PRESCRIPTIONS (70 RX @ \$9.99 - \$60.00 COPAY)	\$1,683.00	\$1,683.00	\$2,059.00
	MY ANNUAL EMPLOYEE + FAMILY HEALTH INSURANCE COSTS	\$5,103.00	\$5,103.00	\$22,709.00
C	CITY FUNDED HRA AMOUNT			\$2,800.00
D	WHAT I AM RESPONSIBLE TO PAY			\$200.00
E	MY ANNUAL FUNDED DEDUCTIBLE (\$2800.00 + \$200.00) (C + D)			\$3,000.00
F	20% COINSURANCE COST \$22,709.00 - \$2,800.00 - \$200.00 = \$19,709.00 \$19,709.00 X .20 = \$3,942.00			\$3,942.00
G	MY TOTAL MEDICAL COSTS (E + F)	\$5,103.00 <i>(\$3,000 OOPM)</i>	\$5,103.00 <i>(\$3,000 OOPM)</i>	\$6,942.00 <i>(\$6,000 OOPM)</i>
H	WHAT I PAY NOW/WILL PAY IN OUT OF POCKET COSTS TOWARDS OOPM (\$6,000.00 IN HDHP)	\$4,683.00 <i>(OOPM + Rx Expenses)</i>	\$4,683.00 <i>(OOPM + Rx Expenses)</i>	\$3,200.00 <i>(Includes Rx)</i>
I	WHAT I PAY FOR MY ANNUAL HEALTH CARE COST (24 PAY PERIODS)	\$5,495.00	\$6,504.00	\$4,364.00
	ANNUAL COST TO EMPLOYEE (H + I)	\$10,178.00	\$11,187.00	\$7,564.00
	I WILL PAY MORE WITH THE NEGOTIATED RENEWAL		\$1,009.00	
	MY TOTAL ANNUAL SAVINGS WITH A CITY FUNDED HRA ACCOUNT			\$2,614.00
	EMPLOYEE ROLLOVER AMOUNT			\$0.00

Presentation Summary:

Rollover Maximum:

- Covered employees may have unused City HRA funds from the previous plan year rolled over to a maximum as shown below:
 - Employee Only - \$7,500 maximum
 - Employee + 1 - \$11,250 maximum
 - Employee + 2 or more - \$15,000 maximum

At Retirement:

- Upon age 55 or older and retiring from the City, employees can transfer all remaining unused City HRA funds (up to the maximum shown above) to an employer sponsored Retirement Health Savings Plan (RHS).
- Funds in an RHS account can be used for Medical expenses after retirement i.e.: medical premiums, Medicare premiums, and other insurance related costs.

Health Assessment:

- Health Assessments completed in the time period of 01/01/14 through 6/30/15 will meet the requirements for additional Health Reimbursement Account (HRA) funding.
- Health Assessments for Employee +1 and Family coverage must be completed by the Employee and Spouse/Domestic Partner.

Health Center Reminders:

- All services at the City's Health Center will remain at **no cost:**
 - Extended Hours
 - Two Locations
 - X-rays
 - Lab Work
 - Prescriptions
 - Office Visits

Cigna Plan Reminders:

Cigna Resources:

- Need help with a medical bill or have questions regarding the plan benefits?

Please contact:

MaryAnn Bartley

Cigna On Site Representative

Phone: 561-494-1032

- The Cigna Open Access Network of Providers will remain the same (OAPIN).
- Register today by logging onto myCigna.com for the following:
 - Find an in network provider
 - Information on how your HRA works
 - Claims
 - Balance
 - Employee Out of Pocket responsibility
 - What is covered under Preventive Care?
 - Mail order Pharmacy information
 - “Know before you go” Cost Estimator Calculator