



INDEPENDENCE

Date: August 25, 2021

To: Zach Walker, City Manager

CC: Cindy Culp, Vice Chair, Stay Well Committee

Adam Norris, Assistant City Manager

Bryan Kidney, Director, Finance and Administration

Jennifer Vargo, Chief Human Resources Officer

From: Michael Veit, Chair, Stay Well Committee

Subject: StayWell Recommendations for 2022 Plan year

The Stay Well Committee made the following recommendations: The Stay Well Committee made the following recommendations on Wednesday, August 25, 2021;

1. To implement RationalMed Program through Cigna at no cost increase to the plan.
 - Projected Savings of \$20,000
2. To carve out the current vision package offered through the medical insurance and offer stand alone supplemental vision plans at a cost to the members.
 - Projected Savings of \$341,899
3. To implement plan design changes to OAP 1 and OAP 2 in Deductibles, Out-Of-Pocket Maximums, and Co-Pays with an 8% premium increase to all plans.

OAP 1 Currently.

Deductible: \$800/\$2,000

OOP: \$3,000/\$7,500

Copays: \$35/\$45

OAP 1 Proposed

Deductible: \$1,000/\$2,500

OOP: \$3,500/\$8,750

Copays: \$35/\$70

- Projected Savings of 2.2%/\$446,130

OAP 2 Currently.

Deductible: \$1,500/\$3,000

OOP: \$3,000/\$6,000

OAP 2 Proposed

Deductible: \$1,750/\$3,500

OOP: \$3,500/\$7,000

- Projected Savings of 2.12%/\$67,059

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4. To implement a second HDHP called Local Plus.
- Local plus is a new network to be offered with deeper discounts due to the smaller size of the network. This new network would use HCA facilities along with North Kansas City Hospital, and Children's Mercy. The plan would be designed as a high deductible plan to match OAP 2 except for the deductible, Out-of-Pocket Maximum, and the HSA contribution. This plan has been designed by Cigna and with the smaller network offer deeper discounts than the OAP network.

<u><i>OAP 2 Currently.</i></u>	<u><i>OAP 2 Proposed</i></u>	<u><i>Local Plus</i></u>
Deductible: \$1,500/\$3,000.	Deductible: \$1,750/\$3,500	Deductible: \$1,400/\$2,800
OOP: \$3,000/\$6,000.	OOP: \$3,500/\$7,000	OOP: \$3,000/\$6,000
HSA: \$600/\$1,200	HSA: \$600/\$1,200	HSA: \$700/\$1,400

- The projected savings is 5% to the claims.

Background Information:

The Stay Well Committee has been monitoring the financial situation since August 2020 in regards to plan funding vs. plan cost. In April of 2021 the Stay Well Committee made the recommendation for 10% premium increase across the board for both plans. The recommendation was accepted and implemented on July 1, 2021. When this recommendation was accepted it was added that the Stay Well Committee would continue to evaluate the financial health of the plan with the idea of potentially making structural changes for January 1, 2022. As we have moved forward it has become evident that changes needed to be made to sustain the health of the Stay Well Plan. With these changes the committee feels that we are making the necessary changes to continue sustainability of the Stay Well Plan.

If you have any additional questions on the recommendations from the Stay Well Committee, please contact me.

Thank you,
Michael Veit

Michael Veit, Chairman
Stay Well Committee – 816-547-3783

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