

# CITY OF INDEPENDENCE

## 2023 STAY WELL PLAN RENEWAL

CBIZ

August 8, 2022



# Agenda



Current State

2023 Stay Well Recommendation Discussion

Program Goals

Suggested Timelines

Illustrative Program Strategy

Multi-Year Program Design



---

# CURRENT STATE

# 2022 Plan Designs



In-Network Benefits	OAP 1	OAP 2	Local Plus
<b>Network</b>	OAP	OAP	Local Plus
<b>Deductible</b> Individual / Family	\$1,000 / \$2,500	\$1,750 / \$3,500	\$1,400 / \$2,800
<b>HSA Contribution</b>	N/A	\$600 / \$1,200	\$700 / \$1,400
<b>Member Coinsurance</b>	20%	20%	20%
<b>Out-of-Pocket Maximum</b> Individual / Family	\$3,500 / \$8,750	\$3,500 / \$7,000	\$3,000 / \$6,000
<b>Physician Visits</b> Office (PCP/Specialist)	\$35/\$70	Deductible then 20%	Deductible then 20%
<b>Preventative Care</b>	100% Covered	100% Covered	100% Covered
<b>Urgent Care / ER</b>	\$50 copay / \$200 copay, then Ded then 20%	Deductible then 20%	Deductible then 20%
<b>Inpatient / Outpatient</b>	\$200 copay, then Deductible then 20%	Deductible then 20%	Deductible then 20%
<b>Prescription Drug</b> Level 1/ Level 2 / Level 3 / Specialty	\$15/\$40/\$75/\$200	Deductible then 20%	Deductible then 20%
<b>Enrollment</b>	Active: 59% Pre-65 Retiree: 97%	Active: 26% Pre-65 Retiree: 2.6%	Active: 15% Pre-65 Retiree: 0.4%

# 2022 Monthly Contributions



## Active

	EE	City	Total
<b>OAP 1</b>			
EE	\$147.58	\$590.26	\$737.84
EE + Spouse	\$357.14	\$1,428.50	\$1,785.64
EE + Child(ren)	\$286.30	\$1,145.16	\$1,431.46
Family	\$498.80	\$1,995.16	\$2,493.96
<b>OAP 2</b>			
EE	\$106.02	\$482.94	\$588.96
EE + Spouse	\$256.56	\$1,168.76	\$1,425.32
EE + Child(ren)	\$205.68	\$936.94	\$1,142.62
Family	\$358.34	\$1,632.40	\$1,990.74
<b>Local Plus</b>			
EE	\$76.22	\$482.94	\$559.16
EE + Spouse	\$184.44	\$1,168.76	\$1,353.20
EE + Child(ren)	\$147.87	\$936.94	\$1,084.81
Family	\$257.62	\$1,632.40	\$1,890.01

## Pre-65 Retiree

	EE	City	Total
<b>OAP 1</b>			
EE	\$147.58	\$590.26	\$737.84
EE + Spouse	\$357.14	\$1,428.50	\$1,785.64
EE + Child(ren)	\$286.30	\$1,145.16	\$1,431.46
Family	\$498.80	\$1,995.16	\$2,493.96
<b>OAP 2</b>			
EE	\$106.02	\$482.94	\$588.96
EE + Spouse	\$256.56	\$1,168.76	\$1,425.32
EE + Child(ren)	\$205.68	\$936.94	\$1,142.62
Family	\$358.34	\$1,632.40	\$1,990.74
<b>Local Plus</b>			
EE	\$76.22	\$482.94	\$559.16
EE + Spouse	\$184.44	\$1,168.76	\$1,353.20
EE + Child(ren)	\$147.87	\$936.94	\$1,084.81
Family	\$257.62	\$1,632.40	\$1,890.01

# 2022 Enrollment & Funding



	OAP 1	OAP 2	Local Plus	Total
Active Enrollment	504	215	134	853
Pre-65 Enrollment	266	8	1	280
Total Enrollment	782	224	123	1,128
Employee Contributions	\$2,060,262	\$585,662	\$226,700	\$2,872,624
Retiree Contributions	\$799,785	\$20,300	\$2,213	\$822,298
City Contributions	\$11,439,705	\$2,760,399	\$1,450,483	\$15,650,587
Total Funding	\$14,299,752	\$3,366,362	\$1,679,396	\$19,345,509

*Enrollment data as of June 2022*

*Contributions & Funding annualized 2022 YTD (June) totals*

*Data based on CBIZ Monthly Performance Overview Report*



---

# 2023 STAY WELL RECOMMENDATION DISCUSSION



# 2023 Stay Well Recommended Scenario



	Plan Design	Funding	Contribution Split
OAP 1	Increase the following: Deductible: \$2,000/\$5,000; OOP: \$5,000/\$10,000.	Active: +5% Pre-65: + 40%	80% City / 20% Employee (No Change)
OAP 2	No Change	No Increase	82% City / 18% Employee (No Change)
Local Plus	Increase the following: Deductible: \$1,500/\$3,000	No Increase	80% City / 20% Employee (No Change)
New Plan	Deductible: \$3,500/\$7,000 OOP: \$7,000/\$14,000	Decrement from OAP 2	87% City / 13% Employee

## New Plan

- QHDHP with no City-sponsored HSA contribution
- Deductible: \$3,500/\$7,000; 80% coinsurance; OOP: \$7,000/\$14,000
- “Low cost” Payroll deductions (\$0 for EE only coverage)



# 2023 Proposed Plan Designs



In-Network Benefits	OAP 1	OAP 2	Local Plus	New Plan
Network	OAP	OAP	Local Plus	OAP
Deductible Individual / Family	\$2,000 / \$5,000	\$1,750 / \$3,500	\$1,500 / \$3,000	\$3,500 / \$7,000
HSA Contribution	N/A	\$600 / \$1,200	\$700 / \$1,400	\$0
Member Coinsurance	20%	20%	20%	20%
Out-of-Pocket Maximum Individual / Family	\$5,000 / \$10,000	\$3,500 / \$7,000	\$3,000 / \$6,000	\$7,000 / \$14,000
Physician Visits Office (PCP/Specialist)	\$35/\$70	Deductible then 20%	Deductible then 20%	Deductible then 20%
Preventative Care	100% Covered	100% Covered	100% Covered	100% Covered
Urgent Care / ER	\$50 copay / \$200 copay, then Ded then 20%	Deductible then 20%	Deductible then 20%	Deductible then 20%
Inpatient / Outpatient	\$200 copay, then Deductible then 20%	Deductible then 20%	Deductible then 20%	Deductible then 20%
Prescription Drug Level 1/ Level 2 / Level 3 / Specialty	\$15/\$40/\$75/\$200	Deductible then 20%	Deductible then 20%	Deductible then 20%
Enrollment	Active: 54% Pre-65 Retiree: 97%	Active: 23% Pre-65 Retiree: 2.6%	Active: 13% Pre-65 Retiree: 0.4%	Active: 10% Pre-65 Retiree: 0%

# 2023 Illustrative Scenario – Active Employees



2022

	EE	City	Total
<b>OAP 1</b>	<i>Contribution</i>		
	<i>20%</i>		
EE	\$147.58	\$590.26	\$737.84
EE + Spouse	\$357.14	\$1,428.50	\$1,785.64
EE + Child(ren)	\$286.30	\$1,145.16	\$1,431.46
Family	\$498.80	\$1,995.16	\$2,493.96
<b>OAP 2</b>	<i>Contribution</i>		
	<i>18%</i>		
EE	\$106.02	\$482.94	\$588.96
EE + Spouse	\$256.56	\$1,168.76	\$1,425.32
EE + Child(ren)	\$205.68	\$936.94	\$1,142.62
Family	\$358.34	\$1,632.40	\$1,990.74
<b>Local Plus</b>	<i>Contribution</i>		
	<i>14%</i>		
EE	\$76.22	\$482.94	\$559.16
EE + Spouse	\$184.44	\$1,168.76	\$1,353.20
EE + Child(ren)	\$147.87	\$936.94	\$1,084.81
Family	\$257.62	\$1,632.40	\$1,890.01

2023

	EE		City		Total
<b>OAP 1</b>	<i>Contribution</i>				<i>Increase</i>
	<i>20%</i>	<i>Increase</i>		<i>Increase</i>	<i>5%</i>
EE	\$154.95	\$7.37	\$619.79	\$29.53	\$774.73
EE + Spouse	\$374.98	\$17.84	\$1,499.94	\$71.44	\$1,874.92
EE + Child(ren)	\$300.61	\$14.31	\$1,202.43	\$57.27	\$1,503.03
Family	\$523.73	\$24.93	\$2,094.93	\$99.77	\$2,618.66
<b>OAP 2</b>	<i>Contribution</i>				<i>Increase</i>
	<i>18%</i>	<i>Change</i>		<i>Change</i>	<i>0%</i>
EE	\$106.02	\$0.00	\$482.94	\$0.00	\$588.96
EE + Spouse	\$256.56	\$0.00	\$1,168.76	\$0.00	\$1,425.32
EE + Child(ren)	\$205.68	\$0.00	\$936.94	\$0.00	\$1,142.62
Family	\$358.34	\$0.00	\$1,632.40	\$0.00	\$1,990.74
<b>Local Plus</b>	<i>Contribution</i>				<i>Increase</i>
	<i>14%</i>	<i>Change</i>		<i>Change</i>	<i>0%</i>
EE	\$76.22	\$0.00	\$482.94	\$0.00	\$559.16
EE + Spouse	\$184.44	\$0.00	\$1,168.76	\$0.00	\$1,353.20
EE + Child(ren)	\$147.87	\$0.00	\$936.94	\$0.00	\$1,084.81
Family	\$257.62	\$0.00	\$1,632.40	\$0.00	\$1,890.01
<b>New Plan</b>	<i>Contribution</i>				
	<i>13%</i>				
EE	\$0.00		\$471.57		\$471.57
EE + Spouse	\$148.36		\$992.86		\$1,141.22
EE + Child(ren)	\$118.93		\$795.94		\$914.87
Family	\$207.21		\$1,386.73		\$1,593.94

# 2023 Illustrative Scenario – Pre-65 Retirees



2022

	EE	City	Total
<b>OAP 1</b>	<i>Contribution</i>		
	<i>20%</i>		
EE	\$147.58	\$590.26	\$737.84
EE + Spouse	\$357.14	\$1,428.50	\$1,785.64
EE + Child(ren)	\$286.30	\$1,145.16	\$1,431.46
Family	\$498.80	\$1,995.16	\$2,493.96
<b>OAP 2</b>	<i>Contribution</i>		
	<i>18%</i>		
EE	\$106.02	\$482.94	\$588.96
EE + Spouse	\$256.56	\$1,168.76	\$1,425.32
EE + Child(ren)	\$205.68	\$936.94	\$1,142.62
Family	\$358.34	\$1,632.40	\$1,990.74
<b>Local Plus</b>	<i>Contribution</i>		
	<i>14%</i>		
EE	\$76.22	\$482.94	\$559.16
EE + Spouse	\$184.44	\$1,168.76	\$1,353.20
EE + Child(ren)	\$147.87	\$936.94	\$1,084.81
Family	\$257.62	\$1,632.40	\$1,890.01

2023

	EE		City		Total
<b>OAP 1</b>	<i>Contribution</i>				<i>Increase</i>
	<i>20%</i>	<i>EE Increase</i>	<i>80%</i>	<i>Increase</i>	<i>40%</i>
EE	\$206.60	\$59.02	\$826.38	\$236.12	\$1,032.98
EE + Spouse	\$499.98	\$142.84	\$1,999.92	\$571.42	\$2,499.90
EE + Child(ren)	\$400.81	\$114.51	\$1,603.24	\$458.08	\$2,004.04
Family	\$698.31	\$199.51	\$2,793.24	\$798.08	\$3,491.54
<b>OAP 2</b>	<i>Contribution</i>				<i>Increase</i>
	<i>18%</i>	<i>Change</i>		<i>Change</i>	<i>0%</i>
EE	\$106.02	\$0.00	\$482.94	\$0.00	\$588.96
EE + Spouse	\$256.56	\$0.00	\$1,168.76	\$0.00	\$1,425.32
EE + Child(ren)	\$205.68	\$0.00	\$936.94	\$0.00	\$1,142.62
Family	\$358.34	\$0.00	\$1,632.40	\$0.00	\$1,990.74
<b>Local Plus</b>	<i>Contribution</i>				<i>Increase</i>
	<i>14%</i>	<i>Change</i>		<i>Change</i>	<i>0%</i>
EE	\$76.22	\$0.00	\$482.94	\$0.00	\$559.16
EE + Spouse	\$184.44	\$0.00	\$1,168.76	\$0.00	\$1,353.20
EE + Child(ren)	\$147.87	\$0.00	\$936.94	\$0.00	\$1,084.81
Family	\$257.62	\$0.00	\$1,632.40	\$0.00	\$1,890.01
<b>New Plan</b>	<i>Contribution</i>				
	<i>13%</i>				
EE	\$0.00		\$471.57		\$471.57
EE + Spouse	\$148.36		\$992.86		\$1,141.22
EE + Child(ren)	\$118.93		\$795.94		\$914.87
Family	\$207.21		\$1,386.73		\$1,593.94

# 2023 Stay Well Recommended Scenario



## Stay Well Scenario Funding Generation

	Employees	City	Total
2022 Totals	\$3,666,170	\$15,547,862	\$19,214,032
2023 Totals	\$3,905,162	\$16,898,820	\$20,803,982
<i>Change from 2022</i>	<i>\$238,992</i>	<i>\$1,350,958</i>	<i>\$1,589,951</i>

## CBIZ Projection

<b>CBIZ 2023 Funding Projection – No Changes*</b>	\$23,176,228 +\$3,962,196 (+20.6%)
<b>CBIZ 2023 Funding Projection with Changes*</b> (Plan Design changes to OAP 1; Addition of New Plan with 10% Active EE migration)	\$21,701,565 +\$2,487,533 (+12.9%)
<b><i>Shortfall Created by Stay Well Scenario</i></b>	<b><i>\$897,582</i></b>

\*CBIZ projection as of claims and enrollment through May 2022. Projection will be updated with additional months of claims before finalizing.

# CBIZ Concerns with Stay Well Recommendation



Concern	Reasoning
Overall Plan Funding	Per the prior slide, the scenario is almost \$900,000 short of CBIZ recommended funding.
No increase to OAP 2 or Local Plus	If there is enough migration from OAP 1 to OAP 2 or Local Plus, it is possible that they could become underfunded without the appropriate premium rate increase to the HDHPs. If the entire 2023 funding increase is put on OAP 1, but then people to migrate from that plan to one of the HDHPs, we will reduce the actual funding for 2023.
New Plan rates	Rates for the New Plan will be based off of OAP 2. Creating premium rates for the New Plan, without increasing the premium for OAP 2 first, it is very likely the rates will be too low. Given low contributions by design, it is possible that plan will be over-enrolled and underfunded.
2024 Funding and Beyond	This does not represent a significant structural change to the Stay Well plan as a whole that will keep us from being in this position next year (and future years.) Further, once the ARPA funds are exhausted, and the City contribution to Stay Well is reduced significantly, the current City/Employee cost share will be unsustainable. This scenario does not begin to position the plan for that reduction in funds that will happen next year. When 2024 preparation starts next year, the plan will be even farther behind the 8-ball. Either a contribution increase or plan design change (or both) will be required to keep the plan from bankrupting, and they will be so significant, given the past few years of negligible/minimal increases & plan changes, that employees will be in an uproar.

# Pharmacy Recommendation



- Initial Savings Projection: **> \$700,000**
  - Move to CVS Caremark through the Employer's Health Pharmacy Coalition, using the PrudentRx specialty Rx management program
- Final Savings Projection: **\$350,000**
  - Following release of improved Rx renewal contract provided from Cigna after negotiation of market check
- Proceeding with this option will result in breaking of the multi-year contract with Cigna, which would incur financial penalties. Those penalties have been accounted for in the CBIZ projections



---

# PROGRAM GOALS



# Goals





---

# SUGGESTED TIMELINES

# CBIZ Suggested Timeline 2021-2023

## (First Presented 3/24/21)



Effective Date	Suggested Action – <i>Plan Design</i>	Suggested Action – <i>Total Plan Funding</i>	Suggested Action – <i>Employee Contributions</i>
July 1, 2021	N/A	<b>Increase</b> <i>(Potential cash infusion)</i>	<b>Increase</b>
January 1, 2022	<b>Modify</b> to encourage Consumerism and health improvement	<b>Increase</b> pursuant to CBIZ funding calculation	<b>Increase</b> based on funding requirements and business needs
January 1, 2023	<b>Continue</b> to encourage Consumerism and health improvement	<b>Modify</b> pursuant to CBIZ funding calculation	<b>Modify</b> based on funding requirements and business needs

# CBIZ Suggested Timeline 2023-2025



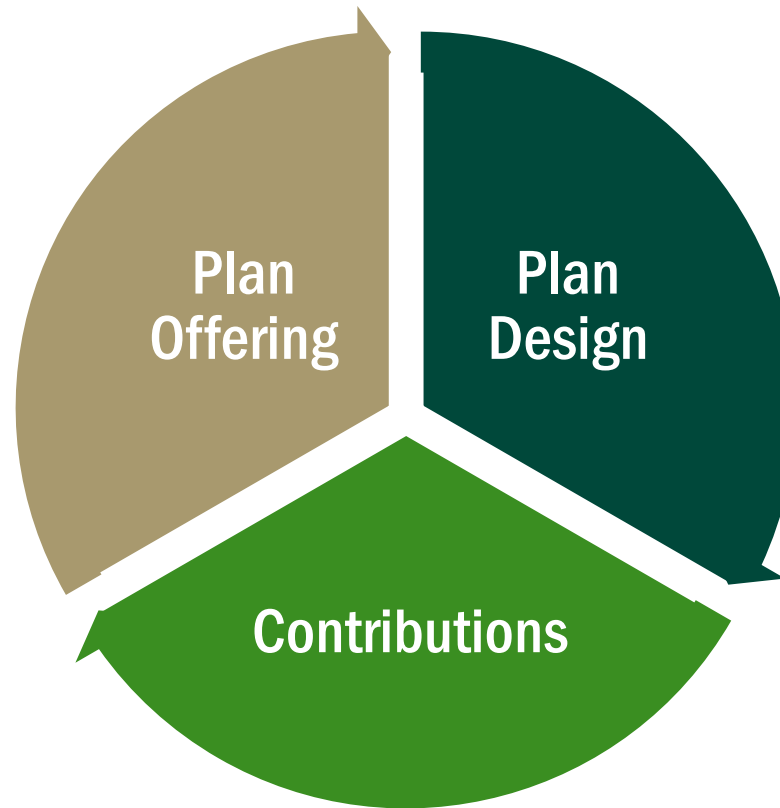
Effective Date	Suggested Action – <i>Plan Design</i>	Suggested Action – <i>Total Plan Funding</i>	Suggested Action – <i>Employee Contributions</i>
January 1, 2023	<b>Modify</b> to encourage Consumerism, health improvement, and mitigate funding requirements	<b>Increase</b> pursuant to CBIZ funding calculation	<b>Modify</b> based on funding requirements and business needs
January 1, 2024	<b>Modify</b> to encourage Consumerism, health improvement, and mitigate funding requirements	<b>Increase</b> pursuant to CBIZ funding calculation	<b>Modify</b> based on funding requirements and budgetary constraints
January 1, 2025	<b>Continue</b> to encourage Consumerism, health improvement, and mitigate funding requirements	<b>Increase</b> pursuant to CBIZ funding calculation	<b>Modify</b> based on funding requirements and budgetary constraints



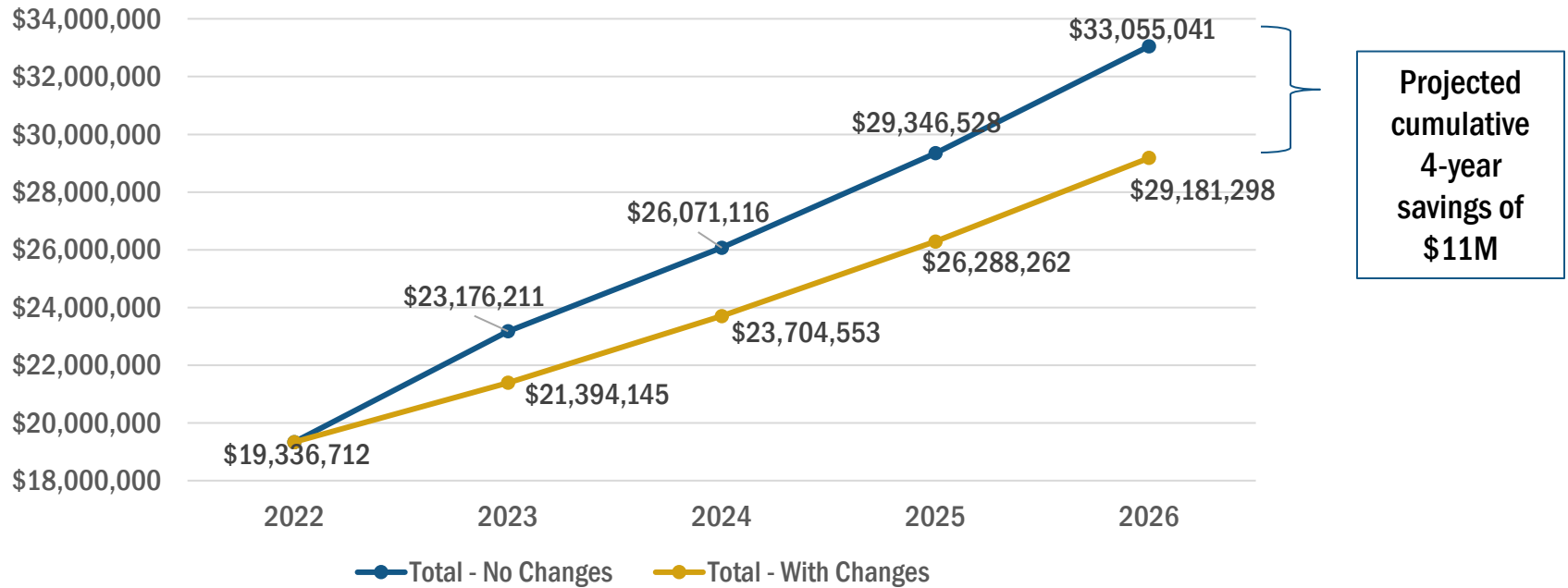
---

## ILLUSTRATIVE PROGRAM STRATEGY

# Components of Plan Strategy



# Illustrative 5-Year Cost Projections



- With Changes scenario involves plan design strategy to mitigate annual increase in claims
- Both scenarios include annual increases of: 3% admin fee, 20% stop loss, and claims as listed below

Year	Total – No Changes	Total – With Changes
2023	20.6% (CBIZ projection)	10%
2024	12%	10%
2025	12%	10%
2026	12%	10%





# Illustrative Plan Design Options – OAP 1

In-Network Benefits	Current	Option 1	Option 2	Option 3	Option 4
Deductible Individual / Family	\$1,000 / \$2,500	\$1,250 / \$3,125	\$1,500 / \$3,750	\$2,500 / \$6,250	\$3,500 / \$8,750
Member Coinsurance	20%	20%	20%	20%	20%
Out-of-Pocket Maximum Individual / Family	\$3,500 / \$8,750	\$3,500 / \$8,750	\$3,500 / \$8,750	\$5,000 / \$12,500	\$6,000 / \$15,000
Actuarial Value	0.8274	0.8213	0.8165	0.7751	0.7545
Projected Savings		-\$130,758	-\$233,650	-\$1,121,092	-\$1,562,670

Plan provisions not noted above remain unchanged

# Illustrative Plan Design Options – OAP 2



In-Network Benefits	Current	Option 1	Option 2	Option 3	Option 4
<b>Deductible</b> Individual / Family	\$1,750 / \$3,500	\$2,000 / \$4,000	\$2,250 / \$4,500	\$2,500 / \$5,000	\$3,500 / \$7,000
<b>HSA Contribution</b>	\$600 / \$1,200	\$600 / \$1,200	\$600 / \$1,200	\$600 / \$1,200	\$600 / \$1,200
<b>Member Coinsurance</b>	20%	20%	20%	20%	20%
<b>Out-of-Pocket Maximum</b> Individual / Family	\$3,500 / \$8,750	\$4,000 / \$8,000	\$4,500 / \$9,000	\$5,000 / \$10,000	\$7,000 / \$14,000
<b>Actuarial Value</b>	0.8564	0.8392	0.8233	0.8212	0.7732
<b>Projected Savings</b>		-\$84,075	-\$161,795	-\$172,060	-\$406,686

Plan provisions not noted above remain unchanged



# Illustrative Plan Design Options – Local Plus

In-Network Benefits	Current	Option 1	Option 2	Option 3	Option 4
Deductible Individual / Family	\$1,400 / \$2,800	\$1,750 / \$3,500	\$2,000 / \$4,000	\$2,500 / \$5,000	\$3,500 / \$7,000
HSA Contribution	\$700 / \$1,400	\$700 / \$1,400	\$700 / \$1,400	\$700 / \$1,400	\$700 / \$1,400
Member Coinsurance	20%	20%	20%	20%	20%
Out-of-Pocket Maximum Individual / Family	\$3,000 / \$6,000	\$3,500 / \$7,000	\$4,000 / \$8,000	\$5,000 / \$10,000	\$7,000 / \$14,000
Actuarial Value	0.8886	0.8658	0.8486	0.8298	0.7817
Projected Savings*		-\$49,542	-\$86,915	-\$127,766	-\$232,281

**Due to IRS changes in minimum deductibles for Qualified HDHPs, Local Plus will need to increase deductible to \$1,500/\$3,000 at a minimum.**

**Plan provisions not noted above remain unchanged**

# Percentage Split (current setup)

- Employer pays a flat percentage – tiered or straight
- This is more costly for Employers

## Example Scenario

Preliminary Projected 2021 Employee Contributions: AS-IS										
	#1 QHDHP					#2 PPO PLAN				
	March 2020 Enrollment	CBIZ Preliminary 2021 Funding Rates	CBIZ Preliminary 2021 Employee Contributions	CBIZ Preliminary 2021 Employer Contributions	ER %	March 2020 Enrollment	CBIZ Preliminary 2021 Funding Rates	CBIZ Preliminary 2021 Employee Contributions	CBIZ Preliminary 2021 Employer Contributions	ER %
Employee Only	331	\$660.79	\$149.43	\$511.36	77%	75	\$734.82	\$166.17	\$568.65	77%
Employee + Spouse	112	\$1,471.38	\$366.56	\$1,104.82	75%	16	\$1,649.91	\$411.04	\$1,238.87	75%
Employee + Child(ren)	60	\$1,133.99	\$324.54	\$809.45	71%	11	\$1,257.71	\$359.94	\$897.76	71%
Employee + Family	91	\$1,880.39	\$429.60	\$1,450.79	77%	17	\$2,082.48	\$475.77	\$1,606.71	77%
<b>Estimated Monthly Total</b>	<b>594</b>	<b>\$622,670</b>	<b>\$149,082</b>	<b>\$473,589</b>	<b>75%</b>	<b>119</b>	<b>\$130,747</b>	<b>\$31,087</b>	<b>\$99,660</b>	<b>75%</b>
<b>Estimated Annual Total</b>		<b>\$7,472,043</b>	<b>\$1,788,980</b>	<b>\$5,683,063</b>			<b>\$1,568,961</b>	<b>\$373,041</b>	<b>\$1,195,920</b>	
<b>Combined Annual Total</b>	<b>713</b>						<b>\$9,041,004</b>	<b>\$2,162,021</b>	<b>\$6,878,983</b>	

Preliminary Projected 2021 Employee Contributions: AS-IS										
	#1 QHDHP					#2 PPO PLAN				
	March 2020 Enrollment	CBIZ Preliminary 2021 Funding Rates	CBIZ Preliminary 2021 Employee Contributions	CBIZ Preliminary 2021 Employer Contributions	ER %	March 2020 Enrollment	CBIZ Preliminary 2021 Funding Rates	CBIZ Preliminary 2021 Employee Contributions	CBIZ Preliminary 2021 Employer Contributions	ER %
Employee Only	331	\$660.79	\$198.24	\$462.55	70%	75	\$734.82	\$220.44	\$514.37	70%
Employee + Spouse	112	\$1,471.38	\$441.41	\$1,029.97	70%	16	\$1,649.91	\$394.97	\$1,154.94	70%
Employee + Child(ren)	60	\$1,133.99	\$340.20	\$793.79	70%	11	\$1,257.71	\$377.31	\$880.40	70%
Employee + Family	91	\$1,880.39	\$564.12	\$1,316.27	70%	17	\$2,082.48	\$624.74	\$1,457.74	70%
<b>Estimated Monthly Total</b>	<b>594</b>	<b>\$622,670</b>	<b>\$186,801</b>	<b>\$435,869</b>	<b>70%</b>	<b>119</b>	<b>\$130,747</b>	<b>\$39,224</b>	<b>\$91,523</b>	<b>70%</b>
<b>Estimated Annual Total</b>		<b>\$7,472,043</b>	<b>\$2,241,613</b>	<b>\$5,230,430</b>			<b>\$1,568,961</b>	<b>\$470,688</b>	<b>\$1,098,273</b>	
<b>Combined Annual Total</b>	<b>713</b>						<b>\$9,041,004</b>	<b>\$2,712,301</b>	<b>\$6,328,703</b>	

The difference between tiered and straight percentage is nearly 10% in this scenario

# What is Defined Contribution?

- Sets dollar amounts across plans and tiers
- Employees buy up or down for different plans without impact to the employer - Employees pay for what they use
- Helps protect the plan in the event of an unexpected enrollment shift
- Controls employer spend for budgetary planning

## Example Scenario

Preliminary Projected 2021 Employee Contributions: AS-IS										
	#1 QHDHP					#2 PPO PLAN				
	March 2020 Enrollment	CBIZ Preliminary 2021 Funding Rates	CBIZ Preliminary 2021 Employee Contributions	CBIZ Preliminary 2021 Employer Contributions	ER %	March 2020 Enrollment	CBIZ Preliminary 2021 Funding Rates	CBIZ Preliminary 2021 Employee Contributions	CBIZ Preliminary 2021 Employer Contributions	ER %
Employee Only	331	\$660.79	\$149.43	\$511.36	77%	75	\$734.82	\$223.46	\$511.36	70%
Employee + Spouse	112	\$1,471.38	\$366.56	\$1,104.82	75%	16	\$1,649.91	\$545.10	\$1,104.82	67%
Employee + Child(ren)	60	\$1,133.99	\$324.54	\$809.45	71%	11	\$1,257.71	\$448.25	\$809.45	64%
Employee + Family	91	\$1,880.39	\$429.60	\$1,450.79	77%	17	\$2,082.48	\$631.69	\$1,450.79	70%
<b>Estimated Monthly Total</b>	<b>594</b>	<b>\$622,670</b>	<b>\$149,082</b>	<b>\$473,589</b>	<b>75%</b>	<b>119</b>	<b>\$130,747</b>	<b>\$41,150</b>	<b>\$89,596</b>	<b>68%</b>
<b>Estimated Annual Total</b>		<b>\$7,472,043</b>	<b>\$1,788,980</b>	<b>\$5,683,063</b>			<b>\$1,568,961</b>	<b>\$493,803</b>	<b>\$1,075,158</b>	
<b>Combined Annual Total</b>	<b>713</b>						<b>\$9,041,004</b>	<b>\$2,282,783</b>	<b>\$6,758,221</b>	



---

# MULTI-YEAR PROGRAM DESIGN

# Suggested Program Design



	2023	2024	2025
Total Plan Funding	Begin with CBIZ Funding Projection, then reduce funding based on plan decrements		
Plan Offering	OAP 1, OAP 2, Local Plus Add – New Plan Rename all plans	No changes at this time	No changes at this time
Plan Design	No changes to OAP 2, Local Plus OAP 1 – Increase deductible & OOP Carve out Rx to CVS Caremark	Deductible & OOP changes as required to mitigate increase	Deductible & OOP changes as required to mitigate increase
Active Contribution Scenario	<i>Defined Contribution</i> Based on OAP 2 at 82%/18% for all tiers	<i>Defined Contribution</i> Based on OAP 2 at 80%/20% single 75%/25% non-single	<i>Defined Contribution</i> Based on OAP 2 at 80%/20% single 75%/25% non-single
Pre-65 Contribution Scenario	<i>Defined Contribution</i> Based on OAP 2 at 80%/20% for all tiers	<i>Defined Contribution</i> Based on OAP 2 at 70%/30% single 65%/35% non-single	<i>Defined Contribution</i> Based on OAP 2 at 70%/30% single 65%/35% non-single

Basing Defined Contribution on OAP 2 follows plan strategy by encouraging consumerism and matches current/recent enrollment & migration trends



# Plan Performance by Group

<u>Group</u>	<u>Funding</u>	<u>Claims</u>	<u>Loss Ratio</u>
Active	\$34,857,509	\$32,681,989	93.8%
Pre-65	\$9,074,230	\$13,618,869	150.1%
<b>Total</b>	<b>\$43,931,740</b>	<b>\$46,300,858</b>	<b>105.4%</b>

Based on Plan Costs 1/1/2020 - 5/31/2022

Claims are net of stop loss reimbursements

Claims do not include Rx reimbursements

Fixed costs are not included

# 2023 Proposed Plan Designs



In-Network Benefits	Copay Plan (OAP 1)	Stay Well Plan (OAP 2)	Local Plus (Local Plus)	Base Plan (New Plan)
Network	OAP	OAP	Local Plus	OAP
Deductible Individual / Family	\$2,000 / \$5,000	\$1,750 / \$3,500	\$1,500 / \$3,000	\$3,500 / \$7,000
HSA Contribution	N/A	\$600 / \$1,200	\$700 / \$1,400	\$0
Member Coinsurance	20%	20%	20%	20%
Out-of-Pocket Maximum Individual / Family	\$5,000 / \$10,000	\$3,500 / \$7,000	\$3,000 / \$6,000	\$7,000 / \$14,000
Physician Visits Office (PCP/Specialist)	\$35/\$70	Deductible then 20%	Deductible then 20%	Deductible then 20%
Preventative Care	100% Covered	100% Covered	100% Covered	100% Covered
Urgent Care / ER	\$50 copay / \$200 copay, then Ded then 20%	Deductible then 20%	Deductible then 20%	Deductible then 20%
Inpatient / Outpatient	\$200 copay, then Deductible then 20%	Deductible then 20%	Deductible then 20%	Deductible then 20%
Prescription Drug Level 1/ Level 2 / Level 3 / Specialty	\$15/\$40/\$75/\$200	Deductible then 20%	Deductible then 20%	Deductible then 20%

# 2023 Projected Funding & Cost Split



Scenario	Employee	City	Total
Current	\$3,666,170	\$15,547,862	\$19,214,032
2023 Projection <i>As-Is</i> *	\$4,429,731	\$18,746,497	\$23,176,228
2023 Projection <i>With Changes</i> *	\$5,206,310	\$16,495,255	\$21,701,565

## ***Changes Include:***

- OAP 1 – Plan design changes
- New Plan offering
- Assumption of 10% migration of Active employees to New plan (0% retiree migration projected)
- Contributions
  - Active: Defined contribution for all plans based on 82%/18% cost share of OAP 2
  - Pre-65: Defined contribution for all plans based on 80%/20% cost share of OAP 2

\*CBIZ projection as of claims and enrollment through May 2022. Projection will be updated with additional months of claims before finalizing.

# 2023 Projected Contributions & Cost Share



## Active

	EE	City	Total
<b>OAP 1</b>			
EE	\$229.04	\$582.54	\$811.58
EE + Spouse	\$554.32	\$1,409.78	\$1,964.09
EE + Child(ren)	\$444.36	\$1,130.16	\$1,574.52
Family	\$774.17	\$1,969.03	\$2,743.20
<b>OAP 2</b>			
EE	\$127.87	\$582.54	\$710.41
EE + Spouse	\$309.46	\$1,409.78	\$1,719.24
EE + Child(ren)	\$248.08	\$1,130.16	\$1,378.24
Family	\$432.23	\$1,969.03	\$2,401.26
<b>Local Plus</b>			
EE	\$91.93	\$582.54	\$674.47
EE + Spouse	\$222.47	\$1,409.78	\$1,632.25
EE + Child(ren)	\$178.35	\$1,130.16	\$1,308.51
Family	\$310.72	\$1,969.03	\$2,279.76
<b>New Plan</b>			
EE	\$0.00	\$568.81	\$568.81
EE + Spouse	\$178.95	\$1,197.60	\$1,376.56
EE + Child(ren)	\$143.46	\$960.07	\$1,103.53
Family	\$249.94	\$1,672.69	\$1,922.63

## Pre-65 Retiree

	Retiree	City	Total
<b>OAP 1</b>			
EE	\$243.25	\$568.33	\$811.58
EE + Spouse	\$588.70	\$1,375.39	\$1,964.09
EE + Child(ren)	\$471.92	\$1,102.60	\$1,574.52
Family	\$822.19	\$1,921.01	\$2,743.20
<b>OAP 2</b>			
EE	\$142.08	\$568.33	\$710.41
EE + Spouse	\$343.85	\$1,375.39	\$1,719.24
EE + Child(ren)	\$275.65	\$1,102.60	\$1,378.24
Family	\$480.25	\$1,921.01	\$2,401.26
<b>Local Plus</b>			
EE	\$106.14	\$568.33	\$674.47
EE + Spouse	\$256.86	\$1,375.39	\$1,632.25
EE + Child(ren)	\$205.92	\$1,102.60	\$1,308.51
Family	\$358.75	\$1,921.01	\$2,279.76
<b>New Plan</b>			
EE	\$113.76	\$455.05	\$568.81
EE + Spouse	\$275.31	\$1,101.25	\$1,376.56
EE + Child(ren)	\$220.71	\$882.82	\$1,103.53
Family	\$384.53	\$1,538.11	\$1,922.63

# Contribution Comparison (Monthly)



## Active

	2022 Current	2023 Stay Well	2023 City Manager
<b>OAP 1</b>			
EE	\$147.58	\$154.95	\$229.04
EE + Spouse	\$357.14	\$374.98	\$554.32
EE + Child(ren)	\$286.30	\$300.61	\$444.36
Family	\$498.80	\$523.73	\$774.17
<b>OAP 2</b>			
EE	\$106.02	\$106.02	\$127.87
EE + Spouse	\$256.56	\$256.56	\$309.46
EE + Child(ren)	\$205.68	\$205.68	\$248.08
Family	\$358.34	\$358.34	\$432.23
<b>Local Plus</b>			
EE	\$76.22	\$76.22	\$91.93
EE + Spouse	\$184.44	\$184.44	\$222.47
EE + Child(ren)	\$147.87	\$147.87	\$178.35
Family	\$257.62	\$257.62	\$310.72
<b>New Plan</b>			
EE		\$0.00	\$0.00
EE + Spouse		\$148.36	\$178.95
EE + Child(ren)		\$118.93	\$143.46
Family		\$207.21	\$249.94

## Pre-65 Retiree

	2022 Current	2023 Stay Well	2023 City Manager
<b>OAP 1</b>			
EE	\$147.58	\$206.60	\$243.25
EE + Spouse	\$357.14	\$499.98	\$588.70
EE + Child(ren)	\$286.30	\$400.81	\$471.92
Family	\$498.80	\$698.31	\$822.19
<b>OAP 2</b>			
EE	\$106.02	\$106.02	\$142.08
EE + Spouse	\$256.56	\$256.56	\$343.85
EE + Child(ren)	\$205.68	\$205.68	\$275.65
Family	\$358.34	\$358.34	\$480.25
<b>Local Plus</b>			
EE	\$76.22	\$76.22	\$106.14
EE + Spouse	\$184.44	\$184.44	\$256.86
EE + Child(ren)	\$147.87	\$147.87	\$205.92
Family	\$257.62	\$257.62	\$358.75
<b>New Plan</b>			
EE		\$0.00	\$113.76
EE + Spouse		\$148.36	\$275.31
EE + Child(ren)		\$118.93	\$220.71
Family		\$207.21	\$384.53