



## **LOSS TRUST FUND BOARD REGULAR MEETING**

7447 E. Indian School Rd., Suite 210  
Financial Services /Treasurers Conference Room  
Or by Telephone  
Scottsdale, AZ 85251

**Call 480-312-7700 PIN 772639**

**February 13, 2019**

**5:00 p.m.**

### **NOTICE AND AGENDA**

#### **LOSS TRUST FUND BOARD**

**Suzanne Welch– Chairman**

**Russell Mosser**

**Richard O'Connor – Vice Chairman**

**Brandon Perlow**

#### **CALL TO ORDER**

#### **ROLL CALL**

#### **OLD BUSINESS**

1. Approval of November 7, 2018 Meeting Minutes. Action Item: Motion to approve or disapprove minutes as submitted or with suggested changes.

#### **NEW BUSINESS**

1. Board Elections for Chairman and Vice Chairman. Nominations for Vice Chairman and vote. Motion to approve or disapprove newly elected officers.
2. Review, discuss and take action on further recommendations to the City Council for changes to the Loss Trust Fund Document, Code and Ordinance. Motion to approve or disapprove.
3. Review and discuss Fiscal Year 2017/18 medical plan premiums - Information Item.

#### **OPEN CALL TO THE PUBLIC (A.R.S. § 38-431.02)**

Subject to reasonable time, place and manner restrictions, as determined by the Chairperson, members of the public will be allowed to address the Loss Trust Fund Board on any issue within the jurisdiction of the Board. Those wishing to speak are customarily limited to a five (5) minute presentation. At the conclusion of the open call to the public, individual members of the Board may respond to criticisms made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda. Members of the Board shall not discuss or take legal action on matters, however, raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

#### **ADJOURNMENT - Action Item: Motion to adjourn**



Persons with a disability may request a reasonable accommodation by contacting the Risk Management Office at 480-312-2490. Requests should be made 24 hours in advance, or as early as possible, to allow time to arrange the accommodation. For TTY users, the Arizona Relay Service (1-800-367-8939) may contact the Risk Management Office at 480-312-2490.



## **DRAFT MINUTES**

**LOSS TRUST FUND BOARD MEETING  
7447 E. Indian School Rd., Suite 210  
Agave Conference Room  
Scottsdale, Arizona 85251**

**November 7, 2018  
5:00 p.m.**

**PRESENT:** Suzanne Welch, Chair  
Richard O'Connor, Vice Chair  
Russell Mosser  
Brandon Perlow

**STAFF:** Katie Callaway, Risk Director  
Bruce Washburn, City Attorney  
Lori Davis, Assistant City Attorney  
Darlene Ganger, Senior HR Benefits Analyst

**GUESTS:** Charlie Broucek, Hays Companies

### **1) CALL TO ORDER**

Chair Welch called the meeting of the Loss Trust Fund Board to order at 5:02 p.m.

### **2) ROLL CALL**

A formal roll call confirmed the presence of Board Members as stated above. Members introduced themselves.

## **OLD BUSINESS**

- 1) Approval of the January 30, 2018 meeting minutes

Chair Welch called for a motion to approve the minutes.

VICE CHAIR O'CONNOR MOVED TO APPROVE THE MINUTES OF THE JANUARY 30, 2017 MEETING AS PRESENTED. BOARD MEMBER MOSSER SECONDED THE MOTION, WHICH CARRIED 4-0 WITH CHAIR WELCH, VICE CHAIR O'CONNOR AND BOARD MEMBERS MOSSER AND PERLOW VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

## **NEW BUSINESS**

- 1) Review, discuss and take action on the submission of Annual Report to Council for Fiscal Year 2016/17

Katie Callaway, Risk Director, reviewed the cost of risk section, which addresses all expenses for FY 17/18. They met the goal this year for expenses not to exceed 2 percent of the operating budget for the City. In FY 2012/13, the City paid \$1.4 million in excess premiums, which continued to increase over the years to \$2.4 million in FY 14/15, before decreasing in FY 15/16 to \$2.3 million, in FY 16/17 to \$2 million and last year, \$1.9 million. This relates to improvement in claims experience. The reason it has not reduced further is due to increased risk exposures (more payroll, more vehicles and higher building values). In FY 17/18, the operating budget for the Risk Department was just over \$1 million, representing an increase from the FY 16/17 operating budget of \$960,000. As of July, 2018, the Department has filled all staff positions. In summary, the cost of risk is 1.86 percent of the operating budget and the Department has met its goal.

There is an increasing trend in the reserve amount for workers' compensation for the self-insured workers' compensation program. Every year they continue to be self-insured, they expect the claims liability to increase. Each year, a few people become permanently disabled with a string of medical payments over several years as well as a stream of income payments for their lifetime. FY 17/18 reflects the large number of disabling injuries for police and fire employees. They are the most likely to become disabled and unable to return to work. For this year, there was a jump in workers' compensation costs due in part to a catastrophic loss injury at the end of FY 17/18.

In terms of medical bill review savings, the Department uses a contracted provider. The contractor is provided with the medical bills for workers' compensation injury treatment. The contractor reviews these by line item and reduces them to reasonable and customary charges. They also do a comparison to PPO network charges. In FY 17/18, the bill review service contractor saved the City approximately 68 percent of total cost after payment.

In response to a question from Chair Welch, Ms. Callaway stated that the City has approximately 2,500 employees currently.

In reviewing recoveries, Ms. Callaway explained that the self-insured workers' compensation program has a \$1 million retention. The City pays the first \$1 million on every claim. After that, the City adjustors still handle the claims, but they bill the insurance company that is providing the excess insurance to reimburse the City for those medical

and ongoing expenses. The reimbursed funds come back into the Loss Trust Fund. The Department risk coordinator and property & casualty adjustor have been concentrating on recovering damages that citizens and others do to City property. This includes reviewing police reports for damage to City property and steps to recover funds. In FY 17/18, they recovered \$366,000.

The general liability payment breakdown lists payouts for each fiscal year. Fiscal years 16/17 and 17/18 are nearly identical, as they contain the same percentages of payouts (settlement versus legal expense and other). However, in FY 17/18, the total cost was less. Besides an overall reduction on the spending, there is a good balance between claim payments for settlements and legal expenses. The reason that the portion for legal expenses is larger is because the City is paying out less in settlements.

For the workers' compensation payment breakdown, overall, the percentages remain about the same. The expenditure for bill review is substantial, however it is saving the City a substantial amount of money. The medical expense portion of claims has increased.

In review of all divisions combined loss performance, the dollars associated with each claim are actually reported in the year in which the claim occurred. This reporting allows the Department to compare frequency, number of claims year over year as well as the severity of the claims. The workers' compensation total dollar amount for FY 17/18 is high in comparison to FY 16/17, due to the catastrophic loss.

In response to a question from Chair Welch, Ms. Calloway confirmed that there was only one catastrophic claim during the policy year. One other claim with a surgical complication resulted in \$300,000 to \$400,000 more than anticipated. Vehicle liability claims are reduced to FY 13/14 levels. Police vehicle liability claims totaled 12 in FY 14/15, 21 in FY 15/16, 19 in FY 16/17 and back down to 12 in FY 17/18. The fluctuations relate specifically to the police vehicles driven. They moved from a Crown Victoria to a Dodge Charger. The Dodge Chargers were very low profile, resulting in accidents attributed to the fact that other motorists could not see them. They have since moved to a high profile vehicle, the Ford Expedition. In terms of general liability, they have maintained similar frequencies as compared with the last three years at 14 claims. The total reserve on these claims is only \$15,000.

The fire department has very low general liability frequency and severity. There is one claim in FY 17/18, which was reserved at the maximum liability. The level of severity is not certain at this time. The report contains a conservative number to be attributed to the claim. The demand totals multiple millions of dollars. In response to a question from Board Member Mosser, Ms. Calloway confirmed that it is in regards to the death that occurred at Station 1. The levels of injury frequency and severity claims for the fire department seem to have stabilized in comparison to FY 15/16. The City's Safety Manager met with the Fire Chief to review injuries, days missed, days of restricted duty and action plan. In 2017, there was a spike in days of restricted duty. Fire Department management has agreed to undertake a deep dive into root cause analysis of injuries. It has been historically evidenced that such processes result in a reduction in claims activity for injuries. The Police Department has also committed to performing a root cause analysis on all of their preventable injuries.

The Water Resources Department does an excellent job in terms of safety and injury prevention particularly in comparison to other cities. In FY 17/18, there were only 12 injuries. Total claims liability for all injuries (general, vehicle and damage) is just slightly over \$500,000. Their dollars are being spent on general liability related to damage during digging and replacing water lines.

Board Member Mosser inquired as to the Water Resources Action Plan, which was included in last year's report. Ms. Callaway said she would have the Safety Manager send this out to Board members as an information item after the meeting.

Darlene Ganger, Senior HR Benefits Analyst, provided highlights of the self-insured medical and dental plans. For FY 17/18, the loss ratio (expenses compared to revenue) was 104 percent. There were 35 catastrophic claims over \$100,000 (13 more than the prior year and nearly \$3 million more in claims). There was an increase in generic prescription utilization by 1 percent, resulting in a savings of approximately \$500,000. A 90-day utilization was implemented at retail pharmacies, resulting in a savings of \$300,000. For the current FY 18/19, work continues on increased generic and retail pharmacy utilization. Also continued is the blood pressure incentive for employees as well as spouses. High blood pressure is one of the highest chronic disease states and was held flat this year, validating the high blood pressure incentive. For FY 19/20, they are looking to target pre-diabetics by implementing a diabetes prevention program. They are also increasing customer service by offering a concierge program to help employees manage claims and find their best doctors.

Charlie Broucek, Hays Companies, stated that they did run at approximately \$1 million (roughly 4 percent) over budget in the last fiscal year. Revenues decreased because the number of individuals in the plan decreased. The budget numbers held close to initial projections. This year's plan is running at a 96 percent loss ratio.

Ms. Callaway noted that during the January/February meeting, the Board reviews the specifics of the health plan for the next year in order to come up with loss projections. Mr. Broucek stated that the underwriter does a projection of claims based on past claims experience in addition to looking at the large catastrophic claims and normalizing them based on purchase of stop loss insurance at \$325,000 as a fixed cost premium. Secondly, they looked at claimants between \$100,000 and the stop loss level, compared against the database to determine whether there is a higher or lower than expected total of claimants between \$100,000 and \$325,000. This is then normalized.

Ms. Callaway reviewed the FY 17/18 financial results. When looking at benefits, they look at projected losses for the next year. For healthcare, the beginning fund balance for FY 17/18 was \$9.8 million. Based on an estimate of anticipated claims, they determined that \$29 million would be needed to pay claims for the following year. They ended up paying approximately \$30.5 million. There is a positive ending fund balance, which will be carried over for the subsequent years. Loss information is sent to an actuary at the end of the fiscal year (June 30, 2018). The actuary performs calculations and predicts how many new claims will occur in the new fiscal year and how much money will have to be outlaid to come up with a total cost of outstanding liability. When the City receives the information from the actuary, the Department determines risk rates (charges to each City department based on head count and claims experience). The amount of money the actuary has determined the City needs to pay ultimate losses is several million dollars higher than the prior year. The report from the year prior is the basis for the budget

projections. For FY 17/18 the actual risk rate was \$9.7 million. There are a few other revenue sources. In FY 17/18, the ending fund balance was \$21.5 million. Based the actuary report from last year, the goal was \$20 million, equating to a 75 percent confidence level. The ultimate goal is to build the risk management portion of the fund back to an 85 percent confidence level.

The new actuary number for FY 18/19 has increased from \$20.3 million to \$23.7 million. In looking at the approved budget, the City should end with \$21.7 million. It is also projected that they will again be at 75 percent confidence level. Board Member Perlow asked whether this is due to a change in the way the actuary has calculated the formula or a change in the expected workers' compensation or other underlying payments. Ms. Callaway stated that the actuary uses many different methods and tries to use them consistently in order to provide the City with a consistent estimate. The primary driver of the increase is setting high reserves. In order to get back on track, the forecast for FY 19/20 includes a proposal to increase risk rates from \$9.5 million to \$10.7 million. This will bring in more revenue. However, there will also be higher rates in the excess insurance. The projected ending balance for FY 19/20 is \$22.5 million, bringing it between the 75 and 80 percent confidence level. Additional adjustments will be made in the FY 20/21 budget, if need be. Additional revenue may be received through collection of outside sources and recovering settlements through property taxes (based on City Council approval).

Board Member O'Connor referred to the \$1 million catastrophic loss accrual and asked what occurs if the loss exceeds this amount. Ms. Callaway stated that there is excess insurance to cover amounts over \$1 million.

BOARD MEMBER PERLOW MOVED TO APPROVE THE SUBMISSION OF THE ANNUAL REPORT TO COUNCIL FOR FISCAL YEAR 2016/17. VICE CHAIR O'CONNOR SECONDED THE MOTION, WHICH CARRIED 4-0 WITH CHAIR WELCH, VICE CHAIR O'CONNOR AND BOARD MEMBERS MOSSER AND PERLOW VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

- 2) Review, discuss and take action on the submission of the Trustee Fund Status Letter to Mayor and City Council

Ms. Callaway stated that the letter summarizes the reason for the report and financial condition of the Trust Fund.

BOARD MEMBER MOSSER MOVED TO APPROVE SUBMISSION OF THE TRUSTEE FUND STATUS LETTER TO MAYOR AND CITY COUNCIL. BOARD MEMBER PERLOW SECONDED THE MOTION, WHICH CARRIED 4-0 WITH CHAIR WELCH, VICE CHAIR O'CONNOR AND BOARD MEMBERS MOSSER AND PERLOW VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

- 3) Status of Board Recommended Changes

Bruce Washburn, City Attorney, stated that last year, he had a discussion with the City Treasurer regarding the reporting relationship with respect to the Risk Management Department. The Department had been in the City Treasurer's Office for several years. In discussing a better fit, Mr. Washburn and Mr. Nichols agreed it would probably work better to have them be part of the City Attorney's Office. The proposal was made to City

Council, who subsequently approved it. Mr. Washburn's office works closely with the Risk Management Department on all levels. The transition is now complete. The Treasurer's Office will continue to provide support for the Risk Management Department. Mr. Washburn would like to review some items to be revised, particularly in respect to the ability to resolve workers' compensation claims (third party lawsuits). Flexibility is needed in resolving the related liens. It is anticipated that the additional proposed changes will be ready in time for review at the Board's next meeting.

Chair Welch asked whether the City Attorney's Office has adequate staff to add workers' compensation cases to their workload. Mr. Washburn clarified that they will not be part of the negotiations. However, flexibility will need to be determined in terms of not having to go back to Council for settlements and other issues.

### **OPEN CALL TO THE PUBLIC**

There were no members of the public who wished to speak.

### **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:03 p.m.

AYES: Chair Welch, Vice Chair O'Connor, Board Members Mosser and Perlow

NAYS: None

SUBMITTED BY:

eScribers, LLC

**\*Note: These are summary action meeting minutes only. A complete copy of the audio/video recording is available at <http://www.scottsdaleaz.gov/boards/transp.asp>**

**The following are the January 18, 2018 trustee approved changes to the “Declaration of Trust for City of Scottsdale, Arizona Self-insured Loss Trust Fund”** (Official name of the Fund per Scottsdale Revised Code Section 2-170 and Resolution No. 911 passed by Council on September 11, 2012) **code and ordinance.**

1. Change the official title of the Trust Fund to the “Insurance and self-insurance Loss Trust Fund”.
2. Change the experience requirements for Trustees from: *The minimum professional qualification to serve as a Trustee is at least 10 years of senior level management experience in any of the following fields: Risk Management, Banking, Finance or Healthcare.* to: *The ideal candidate may have experience in the medical industry, finance, insurance and/or Risk Management with strong analytical and creative thinking skills*
3. Change the settlement authority of the Risk Management Director and City Attorney to \$20,000, (4.3.1) and modify Schedule A Public Settlement Authority.
4. Clarify Section 4.4.1(p) that any recovery by the City from an adverse third party for damage to or loss of City property will be deposited into the Trust Fund to the fullest extent allowed by law and contractual agreements and with the express exception that Enterprise Funds must be fully reimbursed for any subrogated loss that was collected.
5. Provide for settlement of workers compensation claim liens up to a maximum of \$20,000 reduction.
6. Correct reference in 4.4(p) from (b) (15) to (b) (12). This is a typographical error in the initial document.

**February 13, 2019 Proposed modification and clarification:**

1. Eliminate the recommendation to re-name the trust.
2. Restore the experience requirements for Trustees.
3. Retain change as above.
4. Retain change as above
5. Change to provide for negotiation and settlement of worker’s compensation liens with the concurrence of the City Attorney without a monetary limit.
6. Retain change as above.





Phoenix, AZ



All. Together. Certain.

# City of Scottsdale

2019-2020 Plan Year - Renewal Projection

V1.3

February 4, 2019

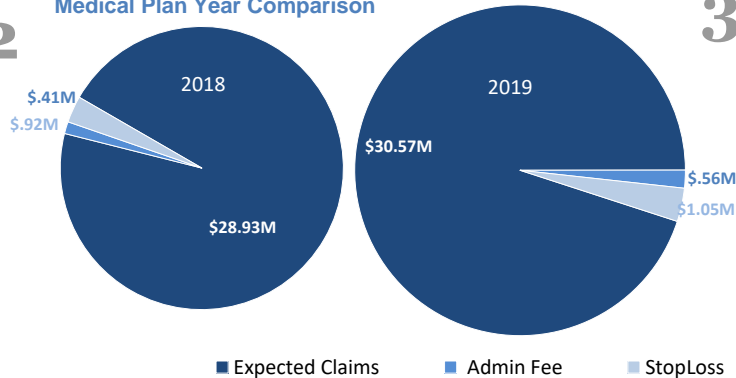
# City of Scottsdale Dashboard

2019-2020 Plan Year - Renewal Projection  
February 4, 2019

## 1 The City of Scottsdale Medical Plan Projection is increasing by 6.8%

	Current				Renewal				% Change
	EE	EE+SP	EE+CH	Fam	EE	EE+SP	EE+CH	Fam	
Estimated Medical Cost	\$28,925,017				\$30,573,504				5.7%
Estimated Fixed Cost	\$1,098,971				\$1,500,792				36.6%
Estimated EE Contribution	\$6,989,460				\$7,466,910				6.8%
<b>CIGNA OAP In-Network</b>									
Total Budget Rate	\$623	\$1,349	\$1,131	\$1,937	\$666	\$1,441	\$1,208	\$2,069	6.8%
Assumed Enrollment	453	236	241	530	453	236	241	530	
<b>CIGNA Local Plus</b>									
Total Budget Rate	\$564	\$1,221	\$1,023	\$1,753	\$603	\$1,304	\$1,093	\$1,873	6.8%
Assumed Enrollment	57	9	14	27	57	9	14	27	
<b>CIGNA OAP</b>									
Total Budget Rate	\$545	\$1,180	\$990	\$1,695	\$582	\$1,261	\$1,058	\$1,811	6.8%
Assumed Enrollment	146	33	46	78	146	33	46	78	
<b>Cigna OAP + HSA</b>									
Total Budget Rate	\$521	\$1,129	\$946	\$1,620	\$557	\$1,206	\$1,011	\$1,731	6.8%
Assumed Enrollment	121	22	41	46	121	22	41	46	

## 2 Medical Plan Year Comparison



## 3 Plan Year 2019 Discussion

>CIGNA Admin:  
Wellness FTE (Onsite), OneGuide, Comprehensive Oncology, Preferred HCMC

## 4 Prior Year Renewal Info

- > Prior year renewal increase was 8.2%
- > Plan performance thru PYTD is 96%
- >Deductible change to the HDHP because of IRS increase to the minimum deductible

## 5 Compliance Considerations

### 2022 Excise Tax\*

#### Affordability

>If the lowest paid employee earns \$11.00 an hour, based on a 9.86% safe harbor for 2019, the lowest single tier contribution should not exceed \$140.99 per month.

#### HDHP and ACA Update

- >2019 No Change to the IRS Minimum Deductible \$1,350 in / \$2,700 Fam
- >2019 Change to Out of Pocket Max From \$6,650 to \$6,750
- >2019 ACA Out of Pocket Max \$7,900 Ind / \$15,800 Fam
- >HSA Contribution Limit : \$3,500 Ind / \$7,000 Fam

## 6 Trends

- > Medical Trend: 7.3%
- > Rx Trend: 9.7%

# City of Scottsdale

Expected Members

High-Case Normalization – \$100,000 to \$325,000

February 4, 2019

High Case Analysis Tool			
Network / Demographic Factor	0.85		
Pooling Threshold	\$100,000		
Specific Deductible	\$325,000		
Analysis Period	7/1/2016 to 6/30/2017	7/1/2017 to 6/30/2018	7/1/2018 to 10/31/2018
Membership	5,420	5,353	5,285
Actual Claims above \$100,000	\$1,145,688	\$3,042,568	\$311,586
Actual Claims above \$325,000	\$115,075	\$199,276	\$0
Expected Liability between \$100,000 and \$325,000	\$1,507,109	\$1,604,729	\$569,272
Net Underwriting Adjustment	\$361,421	(\$1,437,838)	\$257,686

Specific Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible
\$100,000	19.7	24	20.9	39	7.4	8
\$125,000	14.0	13	14.9	28	5.3	3
\$150,000	10.2	7	10.8	20	3.8	3
\$175,000	7.7	4	8.2	13	2.9	1
\$200,000	6.0	1	6.4	10	2.3	1
\$225,000	4.6	1	4.9	7	1.7	1
\$250,000	3.8	1	4.0	5	1.4	0
\$275,000	3.3	1	3.5	5	1.3	0
\$300,000	2.8	1	2.9	4	1.0	0
\$350,000	1.9	1	2.0	3	0.7	0
\$400,000	1.4	1	1.5	1	0.5	0
\$450,000	1.1	0	1.2	0	0.4	0
\$500,000	0.9	0	1.0	0	0.3	0
\$600,000	0.7	0	0.8	0	0.3	0
\$750,000	0.4	0	0.5	0	0.2	0
\$1,000,000	0.3	0	0.3	0	0.1	0
\$1,500,000	0.1	0	0.1	0	0.0	0

\* Partial Year

Medical					Pharmacy				
	7/1/2016 to 6/30/2017	7/1/2017 to 6/30/2018	7/1/2018 to 10/31/2018	Rolling 12	7/1/2016 to 6/30/2017	7/1/2017 to 6/30/2018	7/1/2018 to 10/31/2018	Rolling 12	
Medical Claims	\$18,914,606	\$22,793,756	\$7,257,216	\$20,148,626	\$6,212,697	\$6,470,947	\$2,243,807	\$6,434,771	Rx Claims
Actual Claims above \$325,000				(\$216,044)					
Actual Claims above \$100,000	(\$1,145,688)	(\$3,042,568)	(\$311,586)	\$0					
Expected Liability between \$100,000 and \$325,000	\$1,507,109	\$1,604,729	\$569,272	\$0					
Medical Claims Less Excess	\$19,276,027	\$21,355,918	\$7,514,902	\$19,932,583					
Laser Adjustment <sup>(2)</sup>	1.000	1.000	1.000	1.000					
Benefit Adjustment <sup>(3)</sup>	0.994	0.994	1.000	0.996	1.000	1.000	1.000	1.000	Benefit Adjustment <sup>(3)</sup>
Network Discount Adjustment	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	Network Discount Adjustment
Migration	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	Migration
Benefit Adjusted Medical Claims	\$19,160,371	\$21,227,782	\$7,514,902	\$19,852,852	\$6,212,697	\$6,470,947	\$2,243,807	\$6,434,771	Benefit Adjusted Rx Claims
Member-Months	65,038	64,240	21,140	64,438	65,038	64,240	21,140	64,438	Member-Months
PMPM	\$294.60	\$330.44	\$355.48	\$308.09	\$95.52	\$100.73	\$106.14	\$99.86	PMPM
7.3% Annual Trend	1.2354	1.1513	1.0985	1.1246	1.3201	1.2034	1.1314	1.1668	9.7% Annual Trend
Capitation	\$0.00	\$0.00	\$0.00	\$0.00	-\$16.91	-\$16.91	-\$16.91	-\$16.91	RX Rebate Credit
<b>Projected Medical PMPM</b>	<b>\$363.95</b>	<b>\$380.45</b>	<b>\$390.50</b>	<b>\$346.48</b>	<b>\$109.20</b>	<b>\$104.31</b>	<b>\$103.18</b>	<b>\$99.61</b>	<b>Projected Rx PMPM</b>
Period Weight	35%	40%	25%		35%	40%	25%		Period Weight
Adjusted Membership	22,763	25,696	5,285		22,763	25,696	5,285		Adjusted Membership
Member-Adjusted Period Weight	42.4%	47.8%	9.8%		42.4%	47.8%	9.8%		Member-Adjusted Period Weight
<b>Medical PMPM Claims Projection</b>	<b>\$374.45</b>			<b>\$346.48</b>	<b>\$106.27</b>			<b>\$99.61</b>	<b>Rx PMPM Claims Projection</b>
% of Total PMPM Claims Projection	78%			#DIV/0!	22%			#DIV/0!	% of Total PMPM Claims Projection

Normalization - Method 1

Total PMPM Claims Projection	\$480.72
Total PEPM Claims Projection	\$1,213.23
% Change from Current	6.83%

Preferred Method:

Normalization - Method 1

34	5,300	Current Membership
35	2,100	Current Enrollment
36	<u>\$1,213.23</u>	Preferred Methods PEPM
37	\$22.40	Admin (Cigna, EAP, MotivateME, Stoploss Interface)
38	\$31.48	ISL @325,000 Est @ 20% increase
39	\$10.22	Wellness and Consulting Fee
40	(\$4.54)	Est. Disabled Retiree Subsidy
42	\$1,272.79	Total Fixed and Claims PEPM
43	\$2,672,858	Projected Monthly Fixed and Claims Cost
44	\$32,074,296	Projected Annual Fixed and Claims Cost
45	\$30,023,988	Current Annual Fixed and Claims Budget
46	6.83%	% Change from Current

<sup>(2)</sup> Laser adjustments accounts for expected liability for the projection year.

<sup>(3)</sup> Benefit adjustments accounts for plan design changes from each time period

<sup>(4)</sup> The normalization adjustment can be used to diminish the volatility associated with high-case activity.

Current Plan Year 2018-2019									
		CIGNA OAP In-Network		CIGNA Local Plus		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out	In	Out
		Plan Design	Deductible	NA	NA	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay		\$150		\$150		\$150 + Ded Then 90%		Ded Then 90%
	Inpatient Hospital	\$500	NA	\$500	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	NA	\$10/20%/40%	0.5	Ded then \$10/20%/40%	50%
Funding Rates	EE	453	\$623.00	57	\$564.00	146	\$545.00	121	\$521.00
	EE+SP	236	\$1,349.00	9	\$1,221.00	33	\$1,180.00	22	\$1,129.00
	EE+CH	241	\$1,131.00	14	\$1,023.00	46	\$990.00	41	\$946.00
	Fam	530	\$1,937.00	27	\$1,753.00	78	\$1,695.00	46	\$1,620.00
Expected Annual Cost	By Plan		\$22,797,168		\$1,257,480		\$3,555,120		\$2,414,220
	All Plans						\$30,023,988		

Plan Year 2019 - 2020									
		CIGNA OAP In-Network		CIGNA Local Plus		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out	In	Out
		Plan Design	Deductible	NA	NA	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay		\$150		\$150		\$150 + Ded Then 90%		Ded Then 90%
	Inpatient Hospital	\$500	NA	\$500	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	NA	\$10/20%/40%	0.5	Ded then \$10/20%/40%	50%
Funding Rates	EE	453	\$665.54	57	\$602.51	146	\$582.22	121	\$556.58
	EE+SP	236	\$1,441.12	9	\$1,304.38	33	\$1,260.58	22	\$1,206.10
	EE+CH	241	\$1,208.23	14	\$1,092.86	46	\$1,057.61	41	\$1,010.60
	Fam	530	\$2,069.28	27	\$1,872.71	78	\$1,810.75	46	\$1,730.63
Expected Annual Cost	By Plan		\$24,353,964		\$1,343,352		\$3,797,896		\$2,579,085
	% Change from Current		6.83%		6.83%		6.83%		6.83%
	All Plans						\$32,074,296		
	% Change from Current						6.83%		

Plan Recommendations

<b>Proposed FY 2019/20</b>			
<b>Monthly Medical Premiums and Contribution Rates</b>			
<b>July 1, 2019 to June 30, 2020</b>	<b>FY 19/20 Monthly Premium</b>	<b>FY 19/20 City Contribution</b>	<b>FY 19/20 Employee Contribution</b>
<b>OAP In-Network</b>			
Full-Time Employee Only	\$666	\$533	\$133
Part-Time Employee Only	\$666	\$400	\$266
Full-Time Employee & Child(ren)	\$1,208	\$906	\$302
Part-Time Employee & Child(ren)	\$1,208	\$680	\$528
Full-Time Employee & Spouse/Partner	\$1,441	\$1,081	\$360
Part-Time Employee & Spouse/Partner	\$1,441	\$811	\$630
Full-Time Employee & Family	\$2,069	\$1,552	\$517
Part-Time Employee & Family	\$2,069	\$1,164	\$905
<b>LocalPlus Network</b>			
Full-Time Employee Only	\$603	\$482	\$121
Part-Time Employee Only	\$603	\$362	\$241
Full-Time Employee & Child(ren)	\$1,093	\$820	\$273
Part-Time Employee & Child(ren)	\$1,093	\$615	\$478
Full-Time Employee & Spouse/Partner	\$1,304	\$978	\$326
Part-Time Employee & Spouse/Partner	\$1,304	\$734	\$570
Full-Time Employee & Family	\$1,873	\$1,405	\$468
Part-Time Employee & Family	\$1,873	\$1,054	\$819
<b>OAP</b>			
Full-Time Employee Only	\$582	\$489	\$93
Part-Time Employee Only	\$582	\$367	\$215
Full-Time Employee & Child(ren)	\$1,058	\$836	\$222
Part-Time Employee & Child(ren)	\$1,058	\$627	\$431
Full-Time Employee & Spouse/Partner	\$1,261	\$996	\$265
Part-Time Employee & Spouse/Partner	\$1,261	\$747	\$514
Full-Time Employee & Family	\$1,811	\$1,431	\$380
Part-Time Employee & Family	\$1,811	\$1,073	\$738
<b>OAP + HSA</b>			
Full-Time Employee Only	\$557	\$501	\$56
Part-Time Employee Only	\$557	\$376	\$181
Full-Time Employee & Child(ren)	\$1,011	\$839	\$172
Part-Time Employee & Child(ren)	\$1,011	\$629	\$382
Full-Time Employee & Spouse/Partner	\$1,206	\$989	\$217
Part-Time Employee & Spouse/Partner	\$1,206	\$742	\$464
Full-Time Employee & Family	\$1,731	\$1,385	\$346
Part-Time Employee & Family	\$1,731	\$1,039	\$692

<b>HMO Dental</b>			
<b>Full-Time Employee Only</b>	\$9.06	\$9.06	\$0.00
<b>Part-Time Employee Only</b>	\$9.06	\$6.80	\$2.26
<b>Full-Time Employee &amp; Child(ren)</b>	\$20.30	\$10.16	\$10.14
<b>Part-Time Employee &amp; Child(ren)</b>	\$20.30	\$7.62	\$12.68
<b>Full-Time Employee &amp; Spouse/Partner</b>	\$14.88	\$9.06	\$5.82
<b>Part-Time Employee &amp; Spouse/Partner</b>	\$14.88	\$6.80	\$8.08
<b>Full-Time Employee &amp; Family</b>	\$23.84	\$11.92	\$11.92
<b>Part-Time Employee &amp; Family</b>	\$23.84	\$8.94	\$14.90
<b>PPO Dental</b>			
<b>Full-Time Employee Only</b>	\$41.58	\$36.40	\$5.18
<b>Part-Time Employee Only</b>	\$41.58	\$27.30	\$14.28
<b>Full-Time Employee &amp; Child(ren)</b>	\$74.82	\$40.54	\$34.28
<b>Part-Time Employee &amp; Child(ren)</b>	\$74.82	\$30.42	\$44.40
<b>Full-Time Employee &amp; Spouse/Partner</b>	\$91.44	\$42.62	\$48.82
<b>Part-Time Employee &amp; Spouse/Partner</b>	\$91.44	\$31.98	\$59.46
<b>Full-Time Employee &amp; Family</b>	\$123.70	\$45.74	\$77.96
<b>Part-Time Employee &amp; Family</b>	\$123.70	\$34.32	\$89.38