

# CITY COUNCIL REPORT



Meeting Date: **March 22, 2016**  
 Charter Provision: ***Provide for the orderly government and administration of the affairs of the City***  
 Objective: ***Adopt Budgets***

## ACTION

**Employee Medical Plans and Premiums.** Adopt Resolution No. 10321 authorizing Fiscal Year 2016/17 medical and dental plan contribution rates.

## BACKGROUND

On March 1, City Council directed staff to provide additional information regarding the number of health care providers in Cigna's LocalPlus Network, surrounding municipality's health benefit plans and costs, and additional options involving reallocation of city/employee percentage contributions and lowering the out-of-pocket maximums on the OAP plan. An employee survey was sent out on Thursday, March 10, and results are attached.

## ANALYSIS & ASSESSMENT

**Option 1** - make no plan design or network changes and adjust plan funding by 10.5 percent or \$2.8 million (approximately \$2.2 million for the city and \$600,000 for employees). The total expected medical costs will be \$29.3 million.

**Option 2** - switch the OAP In-Network plan to the LocalPlus Network. The total expected medical costs will be \$27.2 million (approximately \$500,000 for the city and \$150,000 for employees). This LocalPlus Network includes HonorHealth, Banner and Cigna Medical Group network physicians and hospitals, but does not include Mayo Clinic, Phoenix Children's Hospital and other physicians and hospitals. The LocalPlus network is made up of providers who deliver quality care while effectively managing cost. There are currently 5,129 primary care providers and specialists in Maricopa County in the LocalPlus Network and 11,982 primary care providers and specialists in Maricopa County in the current Open Access Plus Network. This past year, 73 percent of our claims were processed from doctors within the LocalPlus Network. Employees have the option to switch to the Cigna OAP or HSA plan to continue to have access to Mayo Clinic and Phoenix Children's Hospital.

**Option 3** - keep all networks the same and increase employee premiums on the OAP In-Network plan to keep City costs close to Option 2. This will increase employee rates on the OAP In-Network plan by 38 – 45 percent (approximately \$650,000 for the city and \$2.1 million for employees). The total expected medical costs will be \$29.3 million. Employees will continue to have access to the same network they have today.

**Option 4** - switch the OAP In-Network plan to the LocalPlus Network and lower the out-of-pocket maximums from \$4,500/\$9,000 (individual/family) to \$4,000/\$8,000 to match the OAP + HSA plan out-of-pocket maximums. The total expected medical costs will be \$27.3 million (approximately \$600,000 for the city and \$150,000 for employees).

**Live Life Well program recommendation** – Tobacco use is the leading cause of preventable illness and death in the United States and it is estimated that tobacco users cost employers about \$5,800 more a year than non-tobacco users. Our wellbeing consultants from Hays and Cigna recommend we implement a \$20 per month tobacco surcharge for any employee, spouse/domestic partner or dependent who self discloses that they use tobacco products. Human Resources staff has already introduced this proposal to employees in August 2015 so they could be forewarned and to give them the opportunity to take advantage of cessation programs and resources available to discourage the use of tobacco products.

FY 2016/17 rates will continue to provide funding to pay an incentive for employees and spouses to participate in a wellness screening and health risk assessment (HRA) at a total estimated cost of \$210,000. On-site biometric screening dates have been added to increase participation and give access to those employees who work early or late shifts. Employees who complete the HRA will earn an incentive payment of \$120. If their spouse also completes the HRA, the incentive payment will be \$240.

## **FISCAL IMPACTS**

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**Available funding** – Annual renewals for the self-insured plans require the city to accurately project medical claims and administrative fees, review the adequacy of stop loss insurance and the health care reserve and review the adequacy of contribution rates to cover claims costs. The total expected cost of medical and dental plans for the recommended option is approximately \$27.2 million and has been included in the development of the FY 2016/17 proposed budget.

## **STAFF RECOMMENDATION**

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Staff recommends adoption of Resolution No. 10321 and the proposed contribution rates and plan design changes shown on Option 4 Exhibits A, B, C and D. This action will:

- Increase the city's share of active employee premiums by 1.9 percent for the OAP In-Network plan and 11 percent for the OAP and OAP + HSA plans.
- Increase the employee premiums by 6.5 percent for all three plans.
- Change the OAP In-Network plan to the LocalPlus Network.
- Increase dental premium and contribution rates by 6%.
- Remove the deductible and co-insurance from the Urgent Care Facility and reduce the out-of-pocket maximums to \$4,000/\$8,000 on the Cigna OAP plan, and increase the deductible to \$1,300 for individual and \$2,600 for family on the OAP + HSA plan.
- Provide an incentive payment of \$120 (employee) or \$240 (employee and spouse) to those active employees covered under the city's medical benefit plans who participate in Cigna's HRA.
- Implement a tobacco surcharge of \$20 per month for employees or family members who self-report use of tobacco products.

***Other Alternatives***

The City Council may, by motion, also provide alternate direction that would change the cost to the city through:

- a. Option 1 – increasing the medical premiums by approximately 10.5% for the city and employees with no network changes.
- b. Option 2 – increasing the medical premiums for the city by approximately 1.9 to 9.05% and increasing the medical premiums for employees by approximately 6.5 % and change the OAP In-Network to the LocalPlus Network.
- c. Option 3 - increasing the medical premiums for the city by approximately 1.9 to 11.8% and increasing the medical premiums for employees by approximately 6.5 to 45% with no network changes.

Options 1 – 3 will also include the four following items:

- Increase dental premium and contribution rates by 6%.
- Remove the deductible and co-insurance from the Urgent Care Facility on the Cigna OAP plan and increase the deductible to \$1,300 for individual and \$2,600 for family on the OAP + HSA plan.
- Provide an incentive payment of \$120 (employee) or \$240 (employee and spouse) to those active employees covered under the city's medical benefit plans who participate in Cigna's HRA.
- Implement a tobacco surcharge of \$20 per month for employees or family members who self-report use of tobacco products.

**STAFF CONTACT**

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Lauran Beebe, Human Resources Manager, [lbeebe@ScottsdaleAZ.gov](mailto:lbeebe@ScottsdaleAZ.gov), 480-312-2746

**APPROVED BY**

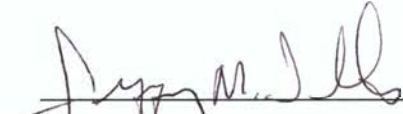
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Donna B. Brown, Director of Human Resources  
480-312-2615, [dbrown@ScottsdaleAZ.gov](mailto:dbrown@ScottsdaleAZ.gov)



Date



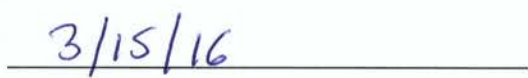
Jeffery M. Nichols, City Treasurer  
480-312-2364, [jenichols@ScottsdaleAZ.gov](mailto:jenichols@ScottsdaleAZ.gov)



Date



Brian Biesemeyer, Acting City Manager  
480-312-2800, [bbiesemeyer@ScottsdaleAZ.gov](mailto:bbiesemeyer@ScottsdaleAZ.gov)



Date

**ATTACHMENTS**

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1. Resolution No. 10321
2. Exhibit A - Proposed Monthly Medical Premiums and Contribution Rates
3. Exhibit B - Proposed Monthly Medical Premiums Applicable to PSPRS Accidental Disability Retirees
4. Exhibit C – Proposed Monthly Dental Premiums and Contribution Rates
5. Exhibit D – Proposed Medical Plan Benefit Changes
6. Exhibit E – Valley-wide city premium contribution rates and plan design comparisons
7. Exhibit F – Premium and out-of-pocket claim scenarios
8. Exhibit G – Map of LocalPlus Network providers
9. Exhibit H – Survey Results

RESOLUTION NO. 10321

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, APPROVING FOR FISCAL YEAR ("FY") 2016/17 MEDICAL BENEFIT PLAN CHANGES AND ACTIVE EMPLOYEE AND PSPRS ACCIDENTAL DISABILITY RETIREE MEDICAL AND DENTAL INSURANCE CONTRIBUTION RATES, AUTHORIZING AN INCENTIVE PAYMENT TO EMPLOYEES WHO PARTICIPATE IN THE CITY'S WELLNESS SCREENING INITIATIVE AND IMPLEMENTING A TOBACCO SURCHARGE.

WHEREAS, section 14-102 of the Scottsdale Revised Code provides that the City pays the employee contributions for health insurance, as determined by the City Council; and

WHEREAS, the City Council has been provided with proposed monthly contribution rates ("Contribution Rates"), which are set forth in Exhibits A, B, C and D to this Resolution, for medical and dental plans for active employees and Public Safety Personnel Retirement System ("PSPRS") accidental disability retirees of the City of Scottsdale; and

WHEREAS, the City's Live Life Well wellness initiative has been established to promote overall employee health and encourage preventive care, nutrition and exercise, in order to create a long term culture of good health, improve employee productivity and allow the City to better manage future health care costs; and

WHEREAS, monetary incentives have been shown to increase wellness program participation, resulting in positive changes in individual health status and a reduction in health care costs; and

WHEREAS, on average tobacco users incur greater health costs than non-tobacco users.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Arizona as follows:

Section 1. The City Council hereby approves the monthly medical premiums and contribution rates for health plans for full-time City employees as set forth in Exhibit A for the period July 1, 2016 through June 30, 2017.

Section 2. The City Council hereby approves the monthly premiums and contribution rates for PSPRS Accidental Disability Retirees as set forth in Exhibit B for the period July 1, 2016 through June 30, 2017.

Section 3. The City Council hereby approves the monthly premiums and contribution rates for dental plans for full-time employees as set forth in Exhibit C for the period of July 1, 2016 through June 30, 2017.

Section 4. The City Council hereby approves the medical plan benefit changes as set forth in Exhibit D for the period of July 1, 2016 through June 30, 2017.

Section 5. The City Council hereby authorizes the following for FY 2016/17: Employees covered under the City medical plan who voluntarily participate in the City's wellness screening program will be paid an incentive of \$120; if the employee and the employee's spouse who is covered under the City medical plan both participate in the wellness screening, the incentive paid will be \$240.

Section 6. The City Council hereby authorizes implementing a tobacco surcharge of \$20.00 per month for FY 2016/17.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this \_\_\_\_ day of \_\_\_\_\_, 2016.

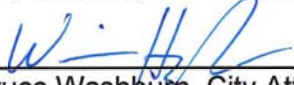
CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Bruce Washburn, City Attorney

By: William Hylen, Senior Assistant City Attorney

# **Option #1**



**EXHIBIT A**

**OPTION #1**

**No Plan Design Changes**

**FY 2016/17 Proposed Monthly Medical Premiums and Contribution Rates  
For Full-Time Employees**

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Employee Contribution	City Contribution Increase	Employee Contribution Increase *
<b>City of Scottsdale Cigna OAP In-Network</b>					
Employee Only	\$562	\$451	\$111	\$43	\$10
Employee & Child(ren)	\$1,020	\$793	\$227	\$75	\$22
Employee & Spouse/Partner	\$1,217	\$941	\$276	\$89	\$27
Employee & Family	\$1,747	\$1,338	\$409	\$127	\$39
<b>City of Scottsdale Cigna OAP</b>					
Employee Only	\$492	\$418	\$74	\$40	\$7
Employee & Child(ren)	\$891	\$717	\$174	\$68	\$17
Employee & Spouse/Partner	\$1,064	\$846	\$218	\$80	\$21
Employee & Family	\$1,526	\$1,195	\$331	\$114	\$31
<b>City of Scottsdale Cigna OAP + HSA</b>					
Employee Only	\$470	\$423	\$47	\$40	\$5
Employee & Child(ren)	\$850	\$707	\$143	\$67	\$14
Employee & Spouse/Partner	\$1,014	\$831	\$183	\$79	\$17
Employee & Family	\$1,455	\$1,161	\$294	\$110	\$28

This option assumes no plan design changes, only a 10.5% premium increase for the city and employees.

\* Participants who self report use of tobacco products will pay an additional \$20 per month.



**EXHIBIT B****OPTION #1****No Plan Design Changes****FY 2016/17 Proposed Monthly Premiums  
Applicable to PSPRS Accidental Disability Retirees**

	<b>FY 15/16 Retiree Contribution</b>	<b>FY 16/17 Retiree Contribution</b>	<b>Retiree Contribution Increase</b>
<b>City of Scottsdale Cigna OAP In-Network</b>			
<b>Retiree Only</b>	\$509	\$562	\$53
<b>Retiree &amp; Child(ren)</b>	\$923	\$1,020	\$97
<b>Retiree &amp; Spouse/Partner</b>	\$1,101	\$1,217	\$116
<b>Retiree &amp; Family</b>	\$1,581	\$1,747	\$166
<b>City of Scottsdale Cigna OAP</b>			
<b>Retiree Only</b>	\$445	\$492	\$47
<b>Retiree &amp; Child(ren)</b>	\$806	\$891	\$85
<b>Retiree &amp; Spouse/Partner</b>	\$963	\$1,064	\$101
<b>Retiree &amp; Family</b>	\$1,381	\$1,526	\$145
<b>City of Scottsdale Cigna OAP + HSA</b>			
<b>Retiree Only</b>	\$425	\$470	\$45
<b>Retiree &amp; Child(ren)</b>	\$769	\$850	\$81
<b>Retiree &amp; Spouse/Partner</b>	\$918	\$1,014	\$96
<b>Retiree &amp; Family</b>	\$1,317	\$1,455	\$138

This option assumes no plan design changes, only a 10.5% premium increase.



## EXHIBIT C

### FY 2016/17 Proposed Monthly Full-Time Dental Premiums & Contribution Rates

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Participant Contribution	City Contribution Increase/ (Decrease)	Employee Contribution Increase/ (Decrease)
<b>Cigna HMO</b>					
Employee Only	\$9.06	\$9.06	\$0.00	\$0.00	\$0.00
Employee & Child(ren)	\$20.30	\$10.16	\$10.14	\$0.00	\$0.00
Employee & Spouse/Partner	\$14.88	\$8.40	\$6.48	\$0.00	\$0.00
Employee & Family	\$23.84	\$11.92	\$11.92	\$0.00	\$0.00
<b>Cigna PPO</b>					
Employee Only	\$40.28	\$35.26	\$5.02	\$2.00	\$0.28
Employee & Child(ren)	\$72.50	\$39.28	\$33.22	\$2.22	\$1.88
Employee & Spouse/Partner	\$88.62	\$41.30	\$47.32	\$2.34	\$2.68
Employee & Family	\$119.86	\$44.32	\$75.54	\$2.52	\$4.28



**Proposed FY 2016/17 Medical  
Plan Benefit Changes**

All options will have the following benefit changes:

Cigna OAP

- Remove the deductible and co-insurance from the Urgent Care Facility and only apply a \$50 co-pay

Cigna OAP + HSA

- Increase the deductible from \$1,250 for individual and \$2,500 for family to \$1,300 for individual and \$2,600 for family

# **Option #2**



## OPTION #2

## EXHIBIT A

### **Change OAP In-Network Plan to LocalPlus Network**

#### **FY 2016/17 Proposed Monthly Medical Premiums and Contribution Rates For Full-Time Employees**

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Employee Contribution	City Contribution Increase	Employee Contribution Increase *
<b>City of Scottsdale Cigna OAP In-Network (with LocalPlus Network)</b>					
Employee Only	\$523	\$416	\$107	\$8	\$6
Employee & Child(ren)	\$950	\$732	\$218	\$14	\$13
Employee & Spouse/Partner	\$1,133	\$868	\$265	\$16	\$16
Employee & Family	\$1,628	\$1,234	\$394	\$23	\$24
<b>City of Scottsdale Cigna OAP</b>					
Employee Only	\$483	\$412	\$71	\$34	\$4
Employee & Child(ren)	\$875	\$708	\$167	\$59	\$10
Employee & Spouse/Partner	\$1,045	\$835	\$210	\$69	\$13
Employee & Family	\$1,498	\$1,179	\$319	\$98	\$19
<b>City of Scottsdale Cigna OAP + HSA</b>					
Employee Only	\$463	\$418	\$45	\$34	\$3
Employee & Child(ren)	\$835	\$698	\$137	\$58	\$8
Employee & Spouse/Partner	\$997	\$820	\$177	\$68	\$11
Employee & Family	\$1,429	\$1,146	\$283	\$95	\$17

This option changes the OAP In-Network to the LocalPlus Network which includes in-network coverage for HonorHealth and Banner Health Network physicians and hospitals only. Physicians and hospitals affiliated with Mayo, Phoenix Children's Hospital and other Cigna Open Access Plus networks will only be available to participants enrolled in the OAP and OAP + HSA plans.

This option also includes a premium increase of 1.9% - 9.05% for the city and a premium increase of 6.5% for employees.

\* Participants who self report use of tobacco products will pay an additional \$20 per month.



**OPTION #2**

**Change OAP In-Network Plan to LocalPlus Network**

**FY 2016/17 Proposed Monthly Premiums  
Applicable to PSPRS Accidental Disability Retirees**

	<b>FY 15/16 Retiree Contribution</b>	<b>FY 16/17 Retiree Contribution</b>	<b>Retiree Contribution Increase</b>
<b>City of Scottsdale Cigna OAP In-Network (with LocalPlus Network)</b>			
<b>Retiree Only</b>	\$509	\$523	\$14
<b>Retiree &amp; Child(ren)</b>	\$923	\$950	\$27
<b>Retiree &amp; Spouse/Partner</b>	\$1,101	\$1,133	\$32
<b>Retiree &amp; Family</b>	\$1,581	\$1,628	\$47
<b>City of Scottsdale Cigna OAP</b>			
<b>Retiree Only</b>	\$445	\$483	\$38
<b>Retiree &amp; Child(ren)</b>	\$806	\$875	\$69
<b>Retiree &amp; Spouse/Partner</b>	\$963	\$1,045	\$82
<b>Retiree &amp; Family</b>	\$1,381	\$1,498	\$117
<b>City of Scottsdale Cigna OAP + HSA</b>			
<b>Retiree Only</b>	\$425	\$463	\$38
<b>Retiree &amp; Child(ren)</b>	\$769	\$835	\$66
<b>Retiree &amp; Spouse/Partner</b>	\$918	\$997	\$79
<b>Retiree &amp; Family</b>	\$1,317	\$1,429	\$112

This option changes the OAP In-Network to the LocalPlus Network which includes in-network coverage for HonorHealth and Banner Health Network physicians and hospitals only. Physicians and hospitals affiliated with Mayo, Phoenix Children's Hospital and other Cigna Open Access Plus networks will only be available to participants enrolled in the OAP and OAP + HSA plans.



## EXHIBIT C

### FY 2016/17 Proposed Monthly Full-Time Dental Premiums & Contribution Rates

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Participant Contribution	City Contribution Increase/ (Decrease)	Employee Contribution Increase/ (Decrease)
<b>Cigna HMO</b>					
Employee Only	\$9.06	\$9.06	\$0.00	\$0.00	\$0.00
Employee & Child(ren)	\$20.30	\$10.16	\$10.14	\$0.00	\$0.00
Employee & Spouse/Partner	\$14.88	\$8.40	\$6.48	\$0.00	\$0.00
Employee & Family	\$23.84	\$11.92	\$11.92	\$0.00	\$0.00
<b>Cigna PPO</b>					
Employee Only	\$40.28	\$35.26	\$5.02	\$2.00	\$0.28
Employee & Child(ren)	\$72.50	\$39.28	\$33.22	\$2.22	\$1.88
Employee & Spouse/Partner	\$88.62	\$41.30	\$47.32	\$2.34	\$2.68
Employee & Family	\$119.86	\$44.32	\$75.54	\$2.52	\$4.28



**Proposed FY 2016/17 Medical  
Plan Benefit Changes**

All options will have the following benefit changes:

**Cigna OAP**

- Remove the deductible and co-insurance from the Urgent Care Facility and only apply a \$50 co-pay

**Cigna OAP + HSA**

- Increase the deductible from \$1,250 for individual and \$2,500 for family to \$1,300 for individual and \$2,600 for family



# **Option #3**



# **OPTION #3**

# **EXHIBIT A**

## **No Network Changes – Additional Premium Added to OAP In-Network Plan**

### **FY 2016/17 Proposed Monthly Medical Premiums and Contribution Rates For Full-Time Employees**

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Employee Contribution	City Contribution Increase	Employee Contribution Increase *
<b>City of Scottsdale Cigna OAP In-Network</b>					
Employee Only	\$562	\$416	\$146	\$8	\$45
Employee & Child(ren)	\$1,020	\$732	\$288	\$14	\$83
Employee & Spouse/Partner	\$1,216	\$868	\$348	\$16	\$99
Employee & Family	\$1,746	\$1,234	\$512	\$23	\$142
<b>City of Scottsdale Cigna OAP</b>					
Employee Only	\$492	\$421	\$71	\$42	\$4
Employee & Child(ren)	\$891	\$724	\$167	\$75	\$10
Employee & Spouse/Partner	\$1,063	\$853	\$210	\$87	\$13
Employee & Family	\$1,527	\$1,207	\$320	\$126	\$20
<b>City of Scottsdale Cigna OAP + HSA</b>					
Employee Only	\$470	\$425	\$45	\$42	\$3
Employee & Child(ren)	\$851	\$714	\$137	\$74	\$8
Employee & Spouse/Partner	\$1,015	\$838	\$177	\$87	\$11
Employee & Family	\$1,458	\$1,175	\$283	\$124	\$17

This option assumes no plan design changes, but adds the cost of keeping the statewide network to monthly premiums for employees enrolled in the OAP In-Network plan. The premium increases are 1.9% - 11.8% for the city and approximately 38% - 45% for employees on the OAP In-Network plan and 6.5% for employees on the OAP, OAP + HSA plan.

\* Participants who self report use of tobacco products will pay an additional \$20 per month.



# EXHIBIT B

## OPTION #3

### No Network Changes – Additional Premium Added to OAP In-Network Plan

#### FY 2016/17 Proposed Monthly Premiums Applicable to PSPRS Accidental Disability Retirees

	FY 15/16 Retiree Contribution	FY 16/17 Retiree Contribution	Retiree Contribution Increase
<b>City of Scottsdale Cigna OAP In-Network</b>			
Retiree Only	\$509	\$562	\$53
Retiree & Child(ren)	\$923	\$1,020	\$97
Retiree & Spouse/Partner	\$1,101	\$1,216	\$115
Retiree & Family	\$1,581	\$1,746	\$165
<b>City of Scottsdale Cigna OAP</b>			
Retiree Only	\$445	\$492	\$47
Retiree & Child(ren)	\$806	\$891	\$85
Retiree & Spouse/Partner	\$963	\$1,063	\$100
Retiree & Family	\$1,381	\$1,527	\$146
<b>City of Scottsdale Cigna OAP + HSA</b>			
Retiree Only	\$425	\$470	\$45
Retiree & Child(ren)	\$769	\$851	\$82
Retiree & Spouse/Partner	\$918	\$1,015	\$97
Retiree & Family	\$1,317	\$1,458	\$141

This option assumes no plan design changes, but adds the cost of keeping the statewide network to monthly premiums for employees enrolled in the OAP In-Network plan.



# EXHIBIT C

## FY 2016/17 Proposed Monthly Full-Time Dental Premiums & Contribution Rates

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Participant Contribution	City Contribution Increase/ (Decrease)	Employee Contribution Increase/ (Decrease)
<b>Cigna HMO</b>					
Employee Only	\$9.06	\$9.06	\$0.00	\$0.00	\$0.00
Employee & Child(ren)	\$20.30	\$10.16	\$10.14	\$0.00	\$0.00
Employee & Spouse/Partner	\$14.88	\$8.40	\$6.48	\$0.00	\$0.00
Employee & Family	\$23.84	\$11.92	\$11.92	\$0.00	\$0.00
<b>Cigna PPO</b>					
Employee Only	\$40.28	\$35.26	\$5.02	\$2.00	\$0.28
Employee & Child(ren)	\$72.50	\$39.28	\$33.22	\$2.22	\$1.88
Employee & Spouse/Partner	\$88.62	\$41.30	\$47.32	\$2.34	\$2.68
Employee & Family	\$119.86	\$44.32	\$75.54	\$2.52	\$4.28



**Proposed FY 2016/17 Medical  
Plan Benefit Changes**

All options will have the following benefit changes:

**Cigna OAP**

- Remove the deductible and co-insurance from the Urgent Care Facility and only apply a \$50 co-pay

**Cigna OAP + HSA**

- Increase the deductible from \$1,250 for individual and \$2,500 for family to \$1,300 for individual and \$2,600 for family

# **Option #4**



## OPTION #4

## EXHIBIT A

### Change OAP In-Network Plan to LocalPlus Network and Reduce Out-of-Pocket Maximums

#### FY 2016/17 Proposed Monthly Medical Premiums and Contribution Rates For Full-Time Employees

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Employee Contribution	City Contribution Increase	Employee Contribution Increase *
<b>City of Scottsdale Cigna OAP In-Network (with LocalPlus Network)</b>					
Employee Only	\$523	\$416	\$107	\$8	\$6
Employee & Child(ren)	\$950	\$732	\$218	\$14	\$13
Employee & Spouse/Partner	\$1,133	\$868	\$265	\$16	\$16
Employee & Family	\$1,628	\$1,234	\$394	\$23	\$24
<b>City of Scottsdale Cigna OAP</b>					
Employee Only	\$490	\$419	\$71	\$41	\$4
Employee & Child(ren)	\$888	\$721	\$167	\$72	\$10
Employee & Spouse/Partner	\$1,059	\$849	\$210	\$83	\$13
Employee & Family	\$1,521	\$1,202	\$319	\$121	\$19
<b>City of Scottsdale Cigna OAP + HSA</b>					
Employee Only	\$463	\$418	\$45	\$35	\$3
Employee & Child(ren)	\$835	\$698	\$137	\$58	\$8
Employee & Spouse/Partner	\$997	\$820	\$177	\$68	\$11
Employee & Family	\$1,429	\$1,146	\$283	\$95	\$17

This option changes the OAP In-Network to the LocalPlus Network which includes in-network coverage for HonorHealth and Banner Health Network physicians and hospitals only. Physicians and hospitals affiliated with Mayo, Phoenix Children's Hospital and other Cigna Open Access Plus networks will only be available to participants enrolled in the OAP and OAP + HSA plans.

This option will reduce the out-of-pocket maximums to \$4,000/\$8,000

This option also includes a premium increase of 1.9% - 11% for the city and a premium increase of 6.5% for employees.

\* Participants who self report use of tobacco products will pay an additional \$20 per month.



**OPTION #4**

**Change OAP In-Network Plan to LocalPlus Network  
and Reduce Out-of-Pocket Maximums**

**FY 2016/17 Proposed Monthly Premiums  
Applicable to PSPRS Accidental Disability Retirees**

	<b>FY 15/16 Retiree Contribution</b>	<b>FY 16/17 Retiree Contribution</b>	<b>Retiree Contribution Increase</b>
<b>City of Scottsdale Cigna OAP In-Network (with LocalPlus Network)</b>			
<b>Retiree Only</b>	\$509	\$523	\$14
<b>Retiree &amp; Child(ren)</b>	\$923	\$950	\$27
<b>Retiree &amp; Spouse/Partner</b>	\$1,101	\$1,133	\$32
<b>Retiree &amp; Family</b>	\$1,581	\$1,628	\$47
<b>City of Scottsdale Cigna OAP</b>			
<b>Retiree Only</b>	\$445	\$490	\$45
<b>Retiree &amp; Child(ren)</b>	\$806	\$888	\$82
<b>Retiree &amp; Spouse/Partner</b>	\$963	\$1,059	\$96
<b>Retiree &amp; Family</b>	\$1,381	\$1,521	\$140
<b>City of Scottsdale Cigna OAP + HSA</b>			
<b>Retiree Only</b>	\$425	\$463	\$38
<b>Retiree &amp; Child(ren)</b>	\$769	\$835	\$66
<b>Retiree &amp; Spouse/Partner</b>	\$918	\$997	\$79
<b>Retiree &amp; Family</b>	\$1,317	\$1,429	\$112

This option changes the OAP In-Network to the LocalPlus Network which includes in-network coverage for HonorHealth and Banner Health Network physicians and hospitals only. Physicians and hospitals affiliated with Mayo, Phoenix Children's Hospital and other Cigna Open Access Plus networks will only be available to participants enrolled in the OAP and OAP + HSA plans.

This option will reduce the out-of-pocket maximums to \$4,000/\$8,000





# EXHIBIT C

## FY 2016/17 Proposed Monthly Full-Time Dental Premiums & Contribution Rates

July 1, 2016 to June 30, 2017	FY 16/17 Monthly Premium	FY 16/17 City Contribution	FY 16/17 Participant Contribution	City Contribution Increase/ (Decrease)	Employee Contribution Increase/ (Decrease)
<b>Cigna HMO</b>					
Employee Only	\$9.06	\$9.06	\$0.00	\$0.00	\$0.00
Employee & Child(ren)	\$20.30	\$10.16	\$10.14	\$0.00	\$0.00
Employee & Spouse/Partner	\$14.88	\$8.40	\$6.48	\$0.00	\$0.00
Employee & Family	\$23.84	\$11.92	\$11.92	\$0.00	\$0.00
<b>Cigna PPO</b>					
Employee Only	\$40.28	\$35.26	\$5.02	\$2.00	\$0.28
Employee & Child(ren)	\$72.50	\$39.28	\$33.22	\$2.22	\$1.88
Employee & Spouse/Partner	\$88.62	\$41.30	\$47.32	\$2.34	\$2.68
Employee & Family	\$119.86	\$44.32	\$75.54	\$2.52	\$4.28



**Proposed FY 2016/17 Medical  
Plan Benefit Changes**

All options will have the following benefit changes:

**Cigna OAP**

- Remove the deductible and co-insurance from the Urgent Care Facility and only apply a \$50 co-pay
- Reduce the out-of-pocket maximums from \$4,500 for individual and \$9,000 for family to \$4,000 for individual and \$8,000 for family

**Cigna OAP + HSA**

- Increase the deductible from \$1,250 for individual and \$2,500 for family to \$1,300 for individual and \$2,600 for family

**COMPARATIVE EMPLOYEE HEALTH PREMIUM CONTRIBUTION RATES  
EIGHT LARGEST VALLEY CITIES**

EXHIBIT E

**EPO / HMO Plans**

Employee Coverage						Family Coverage					
City	ER Pays	%	City	EE Pays	%	City	ER Pays	%	City	EE Pays	%
Chandler			<i>No EPO Option</i>			Chandler			<i>No EPO Option</i>		
Gilbert	370	80%	Gilbert	93	20%	Gilbert	1,053	80%	Gilbert	263	20%
Glendale	455	85%	Glendale	81	15%	Glendale	1,070	75%	Glendale	359	25%
Mesa	422	73%	Mesa	159	27%	Mesa	942	66%	Mesa	478	34%
Peoria	504	90%	Peoria	54	10%	Peoria	1,365	82%	Peoria	308	18%
Phoenix	386	80%	Phoenix	97	20%	Phoenix	1,226	80%	Phoenix	306	20%
Scottsdale	408	80%	Scottsdale	101	20%	Scottsdale	1,211	77%	Scottsdale	370	23%
Tempe			<i>No EPO Option</i>			Tempe			<i>No EPO Option</i>		
<b>Valley Average</b>	424	81%	<b>Valley Average</b>	98	19%	<b>Valley Average</b>	1,145	77%	<b>Valley Average</b>	347	23%
<b>Valley Median</b>	415	81%	<b>Valley Median</b>	95	19%	<b>Valley Median</b>	1,141	77%	<b>Valley Median</b>	334	23%

**PPO/POS Plans**

Employee Coverage						Family Coverage					
City	ER Pays	%	City	EE Pays	%	City	ER Pays	%	City	EE Pays	%
Chandler	515	80%	Chandler	129	20%	Chandler	1,251	80%	Chandler	312	20%
Gilbert	NONE		Gilbert	NONE		Gilbert	NONE		Gilbert	NONE	
Glendale	443	86%	Glendale	75	14%	Glendale	1,056	75%	Glendale	354	25%
Mesa	422	80%	Mesa	106	20%	Mesa	942	80%	Mesa	235	20%
Peoria	450	92%	Peoria	37	8%	Peoria	1,221	84%	Peoria	240	16%
Phoenix	415	80%	Phoenix	104	20%	Phoenix	1,317	80%	Phoenix	329	20%
Scottsdale	378	85%	Scottsdale	67	15%	Scottsdale	1,081	78%	Scottsdale	300	22%
Tempe	502	79%	Tempe	136	21%	Tempe	1,031	66%	Tempe	534	34%
<b>Valley Average</b>	446	83%	<b>Valley Average</b>	93	17%	<b>Valley Average</b>	1,128	77%	<b>Valley Average</b>	329	23%
<b>Valley Median</b>	443	81%	<b>Valley Median</b>	104	19%	<b>Valley Median</b>	1,081	78%	<b>Valley Median</b>	312	22%

**Basic/HDHP Plans**

Employee Coverage						Family Coverage					
City	ER Pays	%	City	EE Pays	%	City	ER Pays	%	City	EE Pays	%
Chandler	515	100%	Chandler	-	0%	Chandler	1,251	100%	Chandler	-	0%
Gilbert	NONE		Gilbert	NONE		Gilbert	NONE		Gilbert	NONE	
Glendale	347	86%	Glendale	57	14%	Glendale	808	76%	Glendale	249	24%
Mesa	422	100%	Mesa	-	0%	Mesa	942	100%	Mesa	-	0%
Peoria	441	100%	Peoria	-	0%	Peoria	1,107	84%	Peoria	217	16%
Phoenix	323	80%	Phoenix	81	20%	Phoenix	1,024	80%	Phoenix	256	20%
Scottsdale	383	90%	Scottsdale	42	10%	Scottsdale	1,051	80%	Scottsdale	266	20%
Tempe	502	93%	Tempe	40	7%	Tempe	1,031	79%	Tempe	266	21%
<b>Valley Average</b>	419	93%	<b>Valley Average</b>	31	7%	<b>Valley Average</b>	1,031	85%	<b>Valley Average</b>	179	15%
<b>Valley Median</b>	422	91%	<b>Valley Median</b>	40	9%	<b>Valley Median</b>	1,031	81%	<b>Valley Median</b>	249	19%

## Plan Design Comparison between Valleywide Cities

CITY	Scottsdale	Chandler	Gilbert	Glendale	Mesa	Peoria	Phoenix	Tempe
Coverage Period	Beg. 7/15	Beg. 1/16	Beg. 7/15	Beg. 7/15	Beg. 1/16	Beg. 7/15	Beg. 1/16	Beg. 7/15
Plan Name	Cigna EPO	No EPO option provided	BC/BS (self-funded)	BC/BS EPO	BC/BS Copay Choice	BC/BS EPO	Cigna or BC/BS HMO	No EPO option provided
<b>Office Visit</b>								
- PCP	\$25		\$20	\$30	\$20 / 40%	\$20	\$25	
- Specialist	\$40		\$35	\$45	\$20 / 40%	\$35	\$40	
<b>Hospital</b>								
- In-Patient	\$500		\$300	10% coinsurance	\$200 / 40%	\$500	\$150 per day, max \$450	
- Out-Patient	\$250		\$150	\$0	\$100 / 40%	\$125	\$100	
- ER	\$150		\$150	\$100	\$100	\$125	\$150	
- Urgent Care	\$50		\$35	\$35	\$50 / 40%	\$50	\$50	
Out-of-pocket Max (Individual/Family)	\$2,500 / \$5,000		Unlimited	\$2,000 / person	\$3,425 / \$6,850	\$2,500 / \$5,000	\$6,350 / \$12,700	

Plan Name	Cigna PPO	BC/BS PPO	BC/BS PPO	BC/BS PPO	BC/BS Choice PPO	BC/BS PPO	BC/BS PPO	PPO High
<b>Deductible (Individual/Family)</b>								
- In-Network	\$750 / \$1,500	\$500 / \$1000		\$500 / \$1000	\$300 / \$900	\$500 / \$1000	\$250 / \$750	\$400 / \$800
- Out-of-Network	\$2000 / \$4000	\$1500 / \$3000		\$500 / \$1000	\$1000 / \$3000		\$500 / \$1500	\$800 / \$1600
<b>Out of Pocket Max (Individual/Family)</b>								
- In-Network	\$4500 / \$9000	\$2500 / \$5000		\$2000 / \$4000	\$2450 / \$7200	\$3350 / \$6700	\$750 / \$2250	\$1,750 / \$3,500
- Out-of-Network	\$4500 / \$9000	\$6000 / \$12000		\$4000 / \$8000	none		\$1500 / \$4500	\$5,250 / \$10,500
<b>Co-insurance (after deductible)</b>								
- In-Network	90%	85%		80%	80%	80%	90%	90%
- Out-of-Network	70%	60%		70%	60%		70%	70%
<b>Office Visit (In-Network / Out of Network)</b>								
- PCP	\$25 / 30%	15% / 40%		\$30 / 30% aft ded	20% / 40%	\$25	10% / 30%	\$20 / 30%
- Specialist	\$40 / 30%	15% / 40%		\$45 / 30% aft ded	20% / 40%	\$40	10% / 30%	\$35 / 30%
- In-Patient Hospital	10% / 30%	15% / 40%		\$100 + 20% / \$100 + 30%	20% / 40%	20%	10% / 30%	10% / 30%
- Out-Patient Hospital	10% / 30%	15% / 40%		\$0 / 30%	20% / 40%	20%	10% / 30%	10% / 30%
- ER	\$150 copay, + 10% aft ded	15% / 40%		\$100 + 20%	20%	\$125 copay, + 20% aft ded	10% / 30%	\$100 / 30%

## EXHIBIT E

- Urgent Care	\$50 copay, + 10% aft ded	15% / 40%		\$35 / 30%	20% / 40%	\$50	10% / 30%	\$50 / 30%
-Chiropractor	10% / 30%	15% / 40%		\$30	20% / 40%	\$40	10% / 30%	\$35 / 30%

CITY	Scottsdale	Chandler	Gilbert	Glendale	Mesa	Peoria	Phoenix	Tempe
Coverage Period	Beg. 7/15	Beg. 1/16	Beg. 7/15	Beg. 7/15	Beg. 1/16	Beg. 7/15	Beg. 1/16	Beg. 7/15
Plan Name	Cigna HSA	HSA		BC/BS HDHP	BC/BS Basic Choice	BC/BS PPO 1500 Plan	BC/BS HSA	Cigna Basic PPO
HSA contr. if app.	\$0 / \$0	no charge for plan	N/A	\$1000 / \$1000	N/A	N/A	\$500 / \$1000	N/A
<b>Deductible (Individual/Family)</b>								
- In-Network	\$1250 / \$2500	\$1500 / \$3000		\$1500 / \$3000	\$550 / \$1650	\$1500 / \$3000	\$1500 / \$3000	\$750 / \$1500
- Out-of-Network	\$4000 / \$8000	\$4500 / \$9000		\$1500 / \$3000	\$1000 / \$3000			\$1500 / \$3000
<b>Out of Pocket Max (Individual/Family)</b>								
- In-Network	\$4000 / \$8000	\$3000 / \$6000		\$5000 / \$10,000	\$4500/\$9000	\$6350 / \$12,700	\$3000 / \$6000	\$3,250 / \$6,500
- Out-of-Network	\$6000 / \$12000	\$8000/\$16000		\$10,000/\$20,000	none			\$6,500 / \$13000
<b>Co-insurance (after deductible)</b>								
- In-Network	90%	90%		80%	50%	80%	100% aft ded	80%
- Out-of-Network	70%	70%		60%	25%			60%
<b>Office Visit (In-Network / Out of Network)</b>								
- PCP	10% / 30%	10% / 30%		20% / 40%	\$20 / 50% all other serv / 75% OON	\$25	100% aft ded	\$25 / 40%
- Specialist	10% / 30%	10% / 30%		20% / 40%	\$20 / 50% all other serv / 75% OON	\$40	100% aft ded	\$40 / 40%
-Chiropractor	10% / 30%	10% / 30%		20% / 40%	50% all other serv / 75% OON	\$40	100% aft ded	\$40 / 40%

# COMPARING POTENTIAL MAXIMUM ANNUAL OUT OF POCKET COSTS AMONG THE THREE SCOTTSDALE EMPLOYEE HEALTH PLANS

OPTION 2 or OPTION 4: OAP In-Network change to LocalPlus and a 6.4 percent premium increase

MINIMUM USE SCENARIO	EMPLOYEE ONLY			EMPLOYEE + FAMILY*		
	OAP IN-NETWORK	OAP	OAP + HSA	OAP IN-NETWORK	OAP	OAP + HSA
Annual premium (plus free annual preventative care visit)	\$1,284	\$852	\$540	\$4,728	\$3,828	\$3,396

\*Calculated at three covered members,  
the average size family in the city's health plans

AVERAGE USE SCENARIO 1 out-patient procedure, 1 pcv visit each and 4 specialist visits each	EMPLOYEE ONLY			EMPLOYEE + FAMILY*		
	OAP IN-NETWORK	OAP	OAP + HSA	OAP IN-NETWORK	OAP	OAP + HSA
Annual premium	\$1,284	\$852	\$540	\$4,728	\$3,828	\$3,396
Deductible	-	\$750	\$1,300	-	\$1,500	\$2,600
Co-pays	\$435	\$1,360	\$1,815	\$805	\$1,730	\$3,210
HSA tax savings (assumes 15 % marginal income tax rate)	-	-	- \$500	-	-	- \$1,000
Out of pocket maximum (after premium)	\$2,500	\$4,500	\$4,000	\$5,000	\$9,000	\$8,000
<b>Annual total cost to the employee:</b>	<b>\$1,719</b>	<b>\$2,212</b>	<b>\$1,855</b>	<b>\$5,533</b>	<b>\$5,558</b>	<b>\$5,606</b>

\*Calculated at three covered members,  
the average size family in the city's health plans

MAXIMUM USE SCENARIO	EMPLOYEE ONLY			EMPLOYEE + FAMILY*		
	OAP IN-NETWORK	OAP	OAP + HSA	OAP IN-NETWORK	OAP	OAP + HSA
Annual premium	\$1,284	\$852	\$540	\$4,728	\$3,828	\$3,396
Deductible	-	\$750	\$1,300	-	\$1,500	\$2,600
HSA tax savings (assumes 15 % marginal income tax rate)	-	-	- \$500	-	-	- \$1,000
Out of pocket maximum (after premium)	\$2,500	\$4,500	\$4,000	\$5,000	\$9,000	\$8,000
<b>Annual total cost to the employee:</b>	<b>\$3,784</b>	<b>\$5,352</b>	<b>\$4,040</b>	<b>\$9,728</b>	<b>\$12,828</b>	<b>\$10,396</b>

\*Calculated at three covered members,  
the average size family in the city's health plans

# COMPARING POTENTIAL MAXIMUM ANNUAL OUT OF POCKET COSTS AMONG THE THREE SCOTTSDALE EMPLOYEE HEALTH PLANS

## OPTION 3: No network change, adding OAP In-Network premium increase for employees

MINIMUM USE SCENARIO	EMPLOYEE ONLY			EMPLOYEE + FAMILY*		
	OAP IN-NETWORK	OAP	OAP + HSA	OAP IN-NETWORK	OAP	OAP + HSA
Annual premium (plus free annual preventative care visit)	\$1,752	\$852	\$540	\$6,144	\$3,840	\$3,396

\*Calculated at three covered members,  
the average size family in the city's health plans

AVERAGE USE SCENARIO 1 out-patient procedure, 1 pcv visit each and 4 specialist visits each	EMPLOYEE ONLY			EMPLOYEE + FAMILY*		
	OAP IN-NETWORK	OAP	OAP + HSA	OAP IN-NETWORK	OAP	OAP + HSA
Annual premium	\$1,752	\$852	\$540	\$6,144	\$3,840	\$3,396
Deductible	-	\$750	\$1,300	-	\$1,500	\$2,600
Co-pays	\$435	\$1,360	\$1,815	\$805	\$1,730	\$3,210
HSA tax savings (assumes 15 % marginal income tax rate)	-	-	- \$500	-	-	- \$1,000
Out of pocket maximum (after premium)	\$2,500	\$4,500	\$4,000	\$5,000	\$9,000	\$8,000
Annual total cost to the employee:	\$2,187	\$2,212	\$1,855	\$6,949	\$5,570	\$5,606

\*Calculated at three covered members,  
the average size family in the city's health plans

MAXIMUM USE SCENARIO	EMPLOYEE ONLY			EMPLOYEE + FAMILY*		
	OAP IN-NETWORK	OAP	OAP + HSA	OAP IN-NETWORK	OAP	OAP + HSA
Annual premium	\$1,752	\$852	\$540	\$6,144	\$3,840	\$3,396
Deductible	-	\$750	\$1,300	-	\$1,500	\$2,600
HSA tax savings (assumes 15 % marginal income tax rate)	-	-	- \$500	-	-	- \$1,000
Out of pocket maximum (after premium)	\$2,500	\$4,500	\$4,000	\$5,000	\$9,000	\$8,000
Annual total cost to the employee:	\$4,252	\$5,352	\$4,040	\$11,144	\$12,840	\$10,396

\*Calculated at three covered members,  
the average size family in the city's health plans



# Arizona LocalPlus Hospital & Healthcare Provider Locations in Maricopa County

## Custom territories

Maricopa County

Pinal County

## Pushpins

Arizona LocalPlus Hospitals

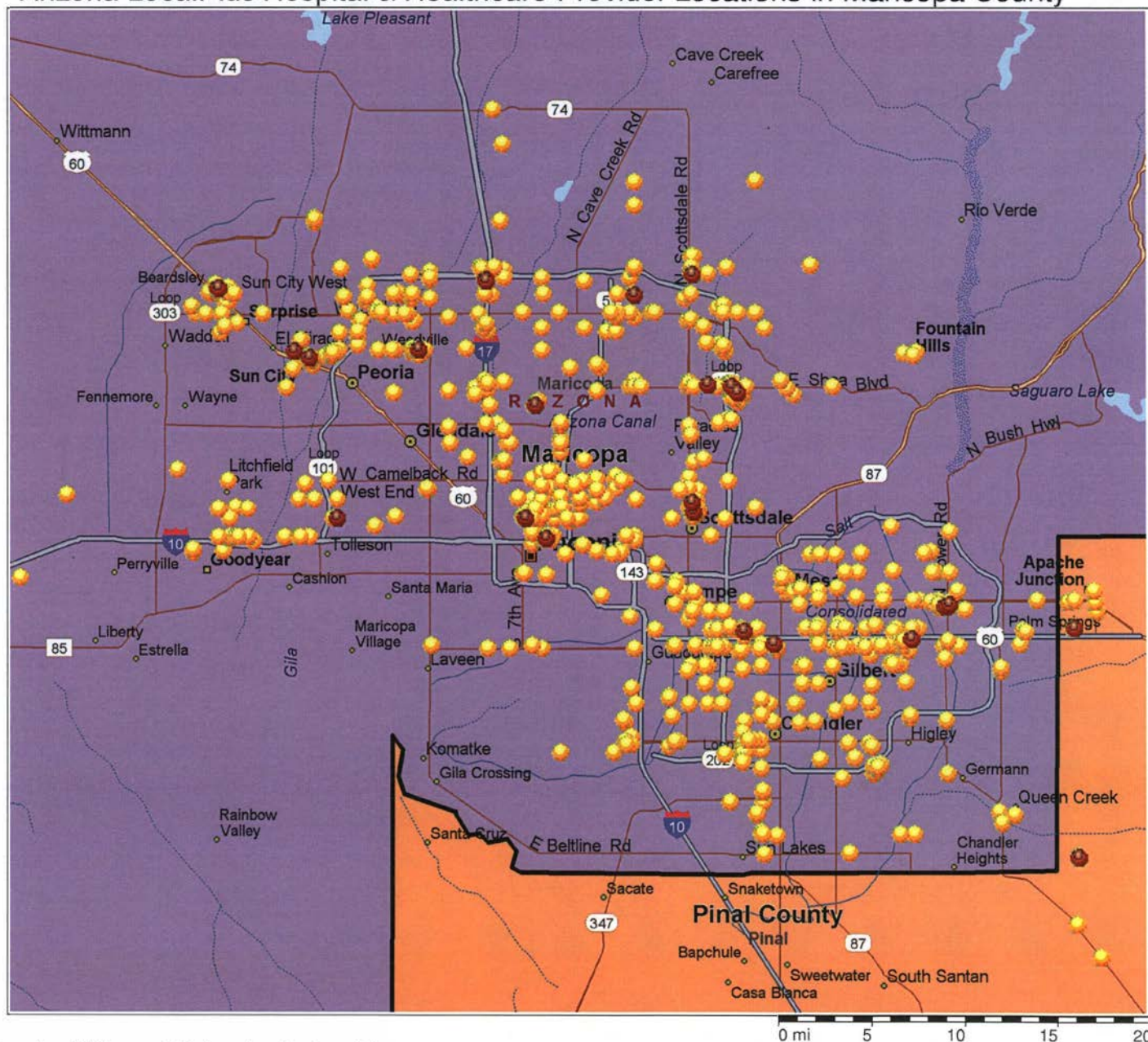
Arizona LocalPlus Healthcare Providers

Providers

LocalPlus Network

5,192 primary care and specialist providers.

25 hospitals.





# Employee Survey Results

## Question 1

### Option A:

**Don't make any changes  
to the network of  
doctors and hospitals.**

Instead, add the cost of  
keeping that statewide network  
to monthly employee premiums

**373**

Employees preferred this option  
(50.2 %)

### Option B:

**Narrow the network  
of doctors and hospitals  
on the OAP In-Network plan**

to the "LocalPlus" network, which  
does not include Mayo Clinic  
or Phoenix Children's Hospital

**370**

Employees preferred this option  
(49.8 %)

743 employees responded to this question

# Employee Survey Results

## Question 2

**As the city continues to attempt to provide health benefits that best meet the needs of most employees within budgetary constraints, which of these philosophies is more important to you?**

### **A consistent monthly premium**

and more predictable annual out of pocket cost, even if it means you pay for health care services you may not actually use.

**569**

Employees preferred this  
(78.3 %)

### **A lower monthly premium,**

but potentially higher maximum out of pocket costs for the health care you use.

**158**

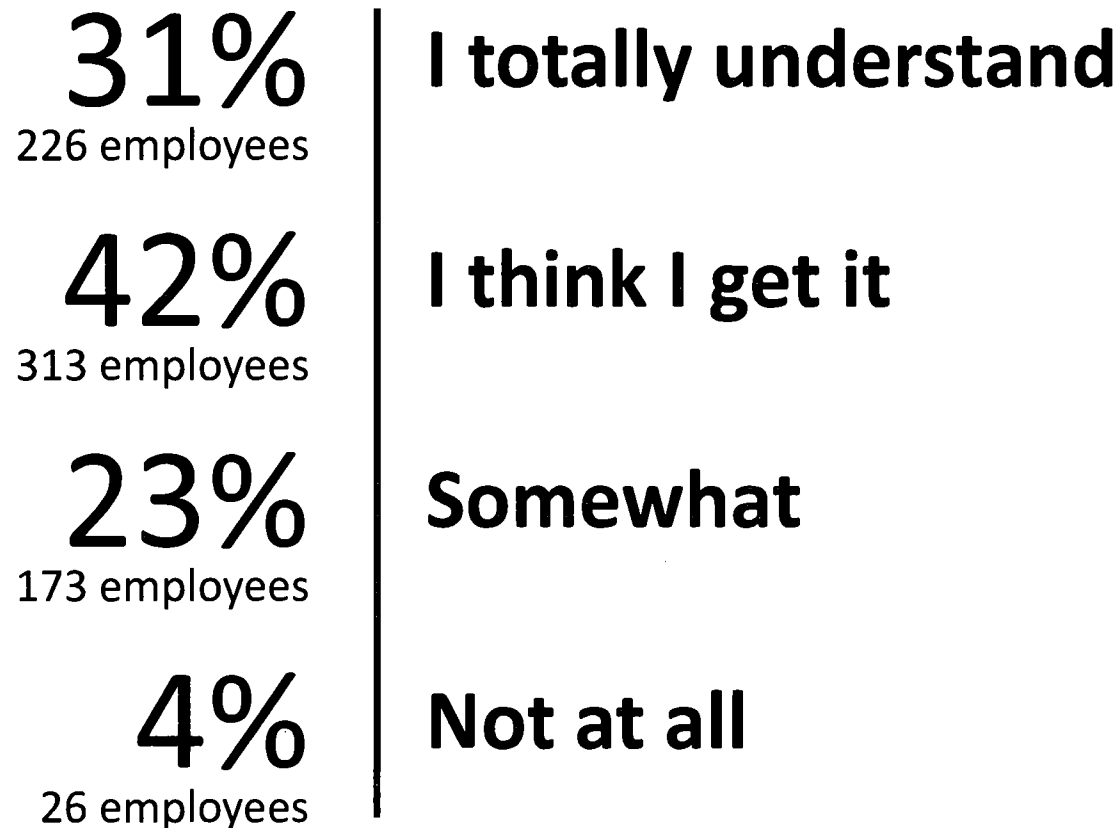
Employees preferred this  
(21.7 %)

727 employees responded to this question

# Employee Survey Results

## Question 3

How well do you understand the differences (costs, advantages, disadvantages, etc.)  
between the three health plans offered to city employees?



738 employees responded to this question

### Employee Feedback – Benefit Options Survey

I would prefer to limit the network because every time I get a raise, which is not much for where I work, it disappears to cover higher premiums for our insurance. I would like to finally get to notice my raise on my paycheck for once, even if it's only a small amount.

Council meetings, because I don't think that staff (HR, Treasurer, etc.) does an adequate job of relaying employee concerns to Council.

I am always in favor of saving money this time I have my kids to look out for. We I finally found a doctor that meets all of our needs for our children. And this doctor is not in the local network and when I search the local network there's only 12 in our area for pediatrics versus the regular network or there's 35 in network for our current insurance. Is there anyway doctors can be added to the network?

How about the City just do the 80/20 split? Like they said they would in the past. Let make Scottsdale great again and stop dumping on the workers...

I didn't answer "other" above, but I am going to make some comments about the questions that make up this survey.

Question 1: I don't use this plan, so maybe I shouldn't vote on it, but it was required.

Question 2: I am not sure what the first answer means. What is the relationship between the first clause and the second? So poorly worded that I cannot provide an answer. Also, you are making this a binary choice when there could be other reasonable "philosophies" that apply.

Question 3: If the 3 plans were the same except for the amounts of co-pays and out of pocket costs, it would be easy to understand the differences among them. As it is now, each year's plan choice means making a decision among semi-comparable plans. What a crappy way to have to choose something so important.

Thanks for reading.

This is absolutely absurd. The economy isn't in the state it was 8 years ago and that is no longer a viable excuse for the constant "taking" of benefits from your employees. We spend millions on "public art" and in the same breath you'll tell us that the city can't afford a healthcare premium increase. You know what helps with the increases? COLAs! That's the point of COLA's. If the healthcare cost is going up due to inflation so should our pay. Stop taking things away from those who make this city run and start supporting us. \$142 a month to keep our health coverage the same? You're all insane.

This survey is pure rhetoric and a shell game. it's forcing people to choose the lesser of two evils in their pov, making it seem like we chose the outcome. You made a mistake going to Cigna and it's evident now. I haven't been to the dentist in a year and I won't go under this plan. damned if you do, damned if you don't is the real set of "options"

These changes would take away my ability to not only see my primary care physician but all three of the specialists I have been seeing, some I have seen for over 10years. There has to be away to keep our current coverage even if we pay a little more, but I think to keep the longevity of the employee's you can find other places to save in the budget. Maybe there is room with deductible or co-pays or services that are not used. Your statistic of claims is false as I have more claims with my primary care but where my insurance helps is specialists and you would be reducing them by 75% I would think of leaving the City of Scottsdale if these changes were made.

There are a significant number of people who will have to find new doctors by narrowing the network and that means less doctors for people to be able to get into. Many doctors on the Local Plus network are not accepting new patients. It would have been nice if you asked if employees doctors were on the localplus network. I think you would have found that many are not.

We are forced to select an option. Have "other" under option a and option b. I don't understand why the city is forcing employees away from the most popular plan. Why not make changes to the other plans?

Review what isn't working... I have heard new hires are told "this is the plan most people are on" when picking their medical plan. Email communication is poor, as at least half of employees are not at a desk. (Which makes me wonder how many employees in the field will respond to this electronic survey) Seminars don't work for the majority since they are out in the field. Staff meetings with HR personnel is the most effective ways to education and inform employees about health care benefits. But the whole picture needs to be crafted for the employee, not leave out important information.

Asking for an email address is absolutely inappropriate for this survey. There should not be an employee identifier associated with this.

A combination of all of those. Employees would feel valued if they were at least asked their opinions on what they would be willing to pay for a higher standard of health care. It feels a bit deeming when management says there are things that take a higher priority than employees' health when dealing with budget issues. Employees are appreciative that the City Council requested our input via this survey. Thank you.

To stay aware/informed of options once the benefit is in effect with no changes then: Emails, web pages and videos & face to face do work. If/Or there are going to be major changes I prefer to hear it from City Council, and/or Hotlines/Newsletters from City Mgr or directors since staff may or may not provide the best and worst case scenarios to major changes, such as in this case their proposed changes appear slanted to Option B, and they say nothing is missing or being taken away, but in actuality it's a major difference in out of pocket costs, & available providers, and some major valley hospitals (St. Josephs & Chandler Regional) both Dignity providers are not included in the "local plus" network which is a huge change for some. - Also if there are employees which didn't choose to or for some reason were not able to attend the informational staff meetings that were held, they may not totally understand the changes or issues associated with it and are only going off what's been sent out. I think anyone reading this would love to only pay for health care costs they use, and save money altogether, but that's not the idea of insurance. Insurance is also a protection for what is unknown or the "what if's." I don't think a homeowner would only insure their house for fire insurance during fire season, to get a lower rate. They would want protection/insurance year-round, 24/7 just in case their house was destroyed by fire anytime of the year & would pay for year-round fire insurance even if it's not ever used.

For major changes in person communication would be best. Email is good for minor changes and announcements.

This is not a survey I don't agree with the questions wording.
Tell me which plan I am enrolled in and what I currently pay for that plan. Then tell me what I would pay with the various plans once they changed.
The most effective would be having Aetna back, they were great - really don't care for Cigna.
This is a comment: I am not in the group that currently needs to worry about annual major medical but I want to support our employees to have options to get the care they need and desire at a cost that is not devastating to their families. BTW - Most of us have car and home insurance that includes services we don't actually use....
The city's executive and management staff need to understand the response to continued increases in employee healthcare costs, narrowing healthcare choices, very low wages and low annual increases. With the economy returning to normal, better paying private sector jobs will become more attractive, especially to the newly hired and younger city staff. Many will leave for those better paying jobs that have more competitive healthcare benefits.
PRIOR to coming up with all of the changes, then asking us to review and pick one, have meetings at the various buildings and spell things out in a very basic way. Ask employees what they look for in a doctor. In one place in your communication, you imply that if our doctor is not In Network, we can simply change to one that is. That's fine except that punishes someone who has a chronic condition and loves their doctor who is not in the Local Plus group. Now they pay more to keep the doctor they are comfortable with. Ask staff what are their major concerns and frustrations with current plans.
A comparison chart of other cities would also help to ease employee minds. Reinstate cost of living increases to help offset the cost increases since not only healthcare goes up on a year-to-year basis, but the cost of living as well.
Dear Council Members, Please wait until after the Presidential Election to make any drastic changes to our healthcare budget.
Stop changing the benefits, simplify the health care industry, cure cancer! ~ Sarcastic frustration... email updates are fine.
Please reconsider keeping Phoenix Children Hospital in the LocalPlus network.
Since most people had the OAP-In Network Plan without a deductible plan per year, I guess it would be good to understand how a plan with a deductible works; primarily because none of my doctors are in the LocalPlus network and that is a huge loss for me. Therefore in order for me to keep my doctors, I'd have to pay way more basically to have them covered out of network. It is truly disappointing.
The EBWT meetings are not as helpful as one may be led to believe. Those meetings are not for seeking input, but rather dictating what will occur. These meetings should be a forum to share information and ideas with, as well as seek input from, employees.
Include Council earlier on health email communications to staff, plus make email communications/webpages more extensive.
Also increase Council input/evaluation on Hays Companies Contract performance.

I think a better dialog overall is needed before these types of options are release to council. We definitely need better benefit analysis based on what was completed this year. Saying 43% of doctors will remain in the new plan but 73% of all claims were covered last year doesn't tell the full story or accurately reflect how many employees will be impacted by having to change their doctor. This still hasn't been address, so I'm specifically asking how many employees will have to change doctors. If employee A saw a LocalPlus covered doctor 9 times and employee B saw their out of LocalPlus network physician for an annual checkup one time then we could suggest that 90% of our claims will be covered but we would still be impacting 50% of the employee population by making them switch doctors.

If you want to know how many employees would be impacted you could use those same claims. Identify one claim from a PCP for each active employee or family member and identify how many will have to change doctors. Medical statistics are used by every insurance company, I guarantee they have this information, if they don't then we need to ask ourselves if we have the right insurance administrator. We have a few technologists in the city that have worked in the medical field providing just such information.

I'm also concerned with the number of employees that will be stuck with bills for doctors that aren't in such a limited network. Going into the hospital will be a nightmare to make sure you aren't stuck with a bankruptcy type bill if we use the Local Plus Network.

Bottom line, how important is a good benefits plan to the city in attempting to attract talent. My wife recently changed jobs, but it's disheartening to think that her last employer (DriveTime a.k.a. Ugly Duckling Car sales) had better coverage and what looks to be a better rate than the City of Scottsdale.

All of the above. I think that the City Council did the right thing by asking Benefits to gather more information and reach out to employees. Kudos to the City Council! Communication is key and we should always work towards better communication.

Access to an expert-advocate for one-on-one discussions on options and coverage warnings and the best course of action medically & financially when a medical condition arises so we can concentrate on WELLNESS and not on the bills that weren't covered and fighting with insurance companies and HR appeals. Example: Leg hurts - do I first see a chiropractor, pain doctor, orthopedic surgeon, physical therapist, etc.? If I have hip replacement surgery why isn't the walker the hospital gave me covered? If I have cancer and a PetScan is not covered what are my alternatives and how much will it cost and can I get a reduced cost and how? Why aren't any anesthesiologists covered? How can I have surgery without one? Why is it all about timely submitting the correct form and not about taking care of us when we are too ill to care?

I appreciate the detailed information provided electronically as my schedule would not allow me to make most meetings/discussions. I was originally all for option A, as there are several doctors and hospitals I liked that would be lost and wanted the choice of going to them. But seeing the price comparison, I agree that it is not worth \$1000 extra a year to keep them. Thanks again for the detail you put into this.

Why changes so soon after switching over to Cigna? Wasn't that to save the city money?

A combination of the above to include dissemination through employee groups.

I researched the new Provider list and found 3 of our families current Doctors are not on the list, this would create major issues with my wife's and daughter's healthcare.

Should be a comments section for other questions. Under the new proposal 3 out of my 4 doctors are not in the new proposed OAP Plus In-Network plan because the new plan is narrowing the network of doctors. Most of us have used the same doctors for our long time years of service to the City. Also many of our spouses have used the same Gyno doctors for most of their lives, now they will have to find a new one. Or we change to the more expensive plans with now deductibles
I found the acting city manager's comment in the video to be insensitive: " besides, the money we set aside is for employee raises." I've been topped out for years with no ability for overtime, advancement, raises, and no merit award. Perhaps better communication skills or another speaker. RH
The ability to call someone in HR and speak over the phone. Also, having explanations using written examples.
I answered "other" because I think all three measures listed above are effective. Adults have different learning styles and benefits is a complicated topic. I liked the electronic communication as a first pass at the material. Then, I heard a health care discussion with benefits staff which answered my general questions. Finally, I met with an HR benefits person one-on-one and she was able to answer specific questions pertaining to me. With each iteration of the benefits material, I understood it more and thought they did a great job of communicating it to COS staff.
I prefer Option A, however the city should assume a larger share of the increased cost. There was a rumor that there is a substantial surplus this year which would easily cover the increased costs. The proposed increases are not affordable, especially for those using, or intending to use, COBRA next fiscal year. Thank you.
As an employee we should feel appreciated and taken care of. After all most of us are here to take care of our citizens, our families and ourselves. You are making it continually harder to provide. An employee should not put off a health concern due to an increased cost or due to an increased burden to see a doctor.
"A person who feels appreciated will always do more than what is expected," unknown.
Publish more answers to "situational" questions. Tables and numbers confuse many.
Make decisions after finding out what the staff wants. It's ridiculous that you want to get rid of Phoenix Children's Hospital, when the majority of other hospitals want to send children there for almost everything. There is not a hospital within 20miles from my house that has pediatric specialists. I'm sure your illustrious group that came up with this plan has no children or makes 100k a year, so you don't have to worry about paying out of pocket for an E.R. visit. Try and think of the average employee and income when making future decisions.
While I indicated a specific choice above, I have also found reason to call the Benefits Department to ask them specific questions and that has always been helpful.
Not sure what you mean by Staff meetings. Healthcare information has never been disseminated down through the chain of command.
Need to keep "healthcare discussions with benefits staff" to answer specific questions because their emails, webpages and videos can be misleading.
Make Cigna available to meet and do Q&A.
More time to digest info and meetings to explain to employees and understand we don't all understand everything!



Stop changing plans every year! It obvious that the only factor the city is using to make decisions is the monetary cost. Please try considering the soft costs on the employees in HR, and the employees having to change doctors and plans every year. Filing taxes is more enjoyable than the annual benefit increase with less coverage.
All of the Above - Knowing in advance (electronic communication) what is to be discussed so I can make a list of questions for the other two items shown. Also what happened to the REBATE that we were notified about in September 2015? Is it being applied toward the upcoming plan year or are we getting a reimbursement (I'm sure will be taxed) in our payroll?
There are other questions that should have been asked as a part of this survey. It is too narrow and doesn't allow for suggestion and idea sharing. Thanks though for this attempt
If 8 of every 10 employees are in the OAP In-Network Plan, why would you want to get rid of it? I'm willing to pay MORE out of pocket, only to keep the same plan and doctors.
Sometimes I wonder if making a "mandatory" informative meeting would be a good idea. So far the face-to-face opportunities and meetings have conflicted with my schedule. I know it's been the same with many others. This would get more people on the same page and would help with the schedule conflicts if it's mandatory. Just a thought.
The Employee Wellness team did not have input into which plans/options were being selected. They were told the options but were not part of the selection process. This has been re-iterated to me by multiple people that attended those meetings. You need to get employee input BEFORE you give the options to Council.
It helped being able to contact the HR benefits team. I was confused about if my doctors were in network or not. I usually get the best plan possible and pay more to have the most covered. However, I learned since I am unwilling to give up my doctors I will need to change. I will need to switch to the OAP plan since they are not in network. She was really helpful in helping me figure out what I needed. Denise answered my questions very quickly and is a great resource!
I personally feel we are very privileged to have the employment here at the City of Scottsdale. As for the insurance and the freedom to choose what plan that suits our families personal needs, the ones that choose to pay more up front should be able to as well as the ones that don't feel the need to pay more up front should have the right to make that choice on their families own personal need as well. Thank you for letting me participate in this survey. Have a blessed day.
Sharing FAQ from health care discussion/seminars. Hotlines & frequent reminders are better than just webpages or blog entries. EBWT info should reiterate what is also communicated CITYWIDE through Hotlines or email.

The information you provided (written) for the comparison stated "Cigna OAP In-Network OR LocalPlus. This was misleading and many employees assumed that if they looked up their doctors and they were OAP In Network they were fine under the plan changes. This is NOT the case. The "Proposed City of Scottsdale Medical Plans Comparison Chart FY16/17" first column should have been "LocalPlus." Many employees do not understand that if their doctor or pretty much every hospital in town is not "LocalPlus" they are not covered. This information should be revised to reflect the changes you are actually making. Additionally, it would be beneficial to publish the dollar amount and the number of positions that are currently being paid under the health insurance program. The last time I checked the budget it was more than \$600,000 in employee salaries that were added to the cost of the coverage and were paid by employees. Are there additional human resource positions that have been added to the health coverage line item? Employees should know that at least three quarters of a million dollars in employee salaries are part of the line item, along with additional consultant fees.

All of the above would help.

There needs to be an Option C with the first question, otherwise it comes across as a rigged question.

I am fortunate all of my Doctors are in local plus, (most of my co-workers are not so lucky) but this makes me wonder if the numbers are off. With the small number of Doctors that are supposed to be on the list, what are the chances that all of mine are? Are the numbers truly correct?

I need to do better job with my Division representatives to provide me updates throughout the year on subject matter discussed on health benefits, so not big surprise as we roll out budget discussions

I really think that we should keep the OAP In-Network the way it is, but am requesting that the City help absorb the 1 million + difference.

This is a difficult survey to take. It's asking which response is best for my situation when none are adequate. The City needs to figure out how to secure more desirable plan options. We are too quick to blame the health of the employee (this is the standard response). We may have employees requiring more medical care but so does every other organization/company. We can't be more unhealthy than other City, State, County organizations yet we pay premiums on the higher end in comparison. In addition, our other benefits don't balance things out. We get less vacation, lower tuition reimbursement and higher medical premiums. The job market is very competitive and these benefits are important to people and taken into consideration when seeking employment. Please consider other options.

Why is there no place to leave comments other than how to effectively communicate health care issues to staff? Why are there only 2 options to rectify the increase health care costs? AND why is it that our HR department is proposing a nearly 40% increase in cost just to keep the same services we have now? This is absurd. Other municipalities have had to increase their cost for health care as well, but I have never seen a proposal to their staff such as what Scottsdale HR is attempting to do. What about other health care providers, BC/BS? Is Cigna charging too much? We have to expect better for our staff if we want to keep them.

More options: do we have to stay with Cigna at all, comparison to other provider's plans. With localplus, our family loses every doctor we currently use except 1 specialist. Spouses (both are employees) should be able to be on same plan so the entire family has one plan instead of one person having children and other being standalone. Not sure if this basic survey will answer all the questions or provide all the employee feedback that Council asked for during their last meeting.

It would have been nice to have had the cost comparison between the plans. I have not seen one. Cigna is the worst provider I've ever dealt with since working for the city. Aetna was so much better.

<p>I think consideration needs to be made to allow for additional options. For example:</p> <p>Employee Only Employee Plus one Employee plus two Employee &amp; Family</p>
<p>All of the above, staff has done a very poor job of communicating cost savings opportunities to employees</p>
<p>I think that all of the above are useful. I find that I learn more when I hear other staff's questions and point of view than relying on just my response - helps to give a broader perspective. It seems unreasonable to me that with the number of families we have that we would take away the possibility of Children's Hospital as a service provider for all those families who typically would take a network only plan to set their costs annually.</p>
<p>Where do these Estimated cost increases come from and why aren't they challenged .If actual increases don't happen do we get a refund? How much of this cost increase is because of the City Managers extended illness? And if so, now that he has been terminated, are we paying for him for the rest of his life? I think there is a lot of possible fraud and needless use of the plan by unscrupulous employees.</p>
<p>Specific opportunities for staff to meet with Cigna representatives one-on-one that would allow us to ask questions BEFORE any of these questions or presentations to Council are made. -- KEEP US INFORMED BEFORE it gets to THIS POINT IN TIME.</p>
<p>HR needs to take the time to come to the employees. Some of us are lucky to work at a desk with computer access, but many are not. Please be considerate of that.</p>
<p>Bring back the employee benefits group so that the stake holders have some input in the process. Give more time for discussion on such vital benefit and planning.</p>
<p>I don't believe the employees should bear the whole cost of the increased premiums. The city should share in the cost.</p> <p>Benefits are a primary concern for all employees; therefore, they should be involved as much as possible and informed of changes when they occur. I think both electronic communications and health care discussions should occur.</p>
<p>This is part of our compensation package and the city should share the cost with employees.</p>
<p>I do not believe the process was not transparent and I do not feel that our HR department did their job with what is best for the employees. I think they need to be more aware and develop handouts that guide the employee. Simply saying nothing is changing is wrong. Long wait times to be seen is what will occur with Option B, it has already been an issue when people try to use the Cigna medical facilities. Our health care is going to be similar to the great VA system.</p>
<p>and with the Cigna representatives</p>

The medical plan comparison chart should have included a row that shows what we currently pay for each plan and what the proposed new monthly rates will be.

I find the statistics hard to believe that 73% of the doctors used by employees were in the new narrowed network. All three of my regular doctors are not in the In-Network, which would force me to go up to the Cigna OAP plan. I've heard a few others with the same issue, so the numbers don't seem believable. By the way, I've chosen my current doctors because they've helped me AVOID surgeries that other doctors have recommended I have. My choices - while for made for my health benefit - have saved the city lots of \$\$ in surgeries that didn't occur ...

Keep the existing plans and city budget to help pay for the increase in cost. Let's not turn our healthcare plan into a "VA Hospital" plan where employees can't get into see their doctors on an as need bases. Don't limit the resources that we might need like Children's Hospitals and/or Burn Units.

Survey should request additional comments - proposed plan changes to Local network effectively forces eligible dependents living outside the local network area to either seek external/independent coverage, or forces the primary insured to change to out of network plan in order to maintain coverage for those non-local dependents (ex - dependents attending college). Only alternative to such a change is to ensure that non-local dependents use emergency services only, which ultimately increases overall fund expenditures and forces additional cost increases - a cyclical, and structural problem with the plan.

I would like the City of Scottsdale to consider picking up more of the cost of benefits

Not sure if it is posted, but most of the figures are for full time employees, there are still vested part time people, and the healthcare proposals are considerably higher for them.

What I have never understood, is that I moved here from another state and my hourly pay was 4 dollars an hour less then I make here- however my take-home pay is significantly less here then my take home was there because of all the deductions taken from my hard earned money. What is wrong with this picture? I am forced to work 3 jobs just to have the basic necessities. There is something seriously wrong with not being able to have enough money just to eat and feed the family. It's so frustrating. No raises for pay-Yet let's always raise the deductions that are taken.

This survey is very misleading. It appears to be directing us to agree with your recommendation, which is not what council asked you to do.

Please send a survey asking how we would prefer to have the unspent premiums returned to us. The current system is inequitable.

I have some questions/comments:

- 1) why didn't the Benefits office provide staff more time/input in this process?
- 2) Our insurance premiums have dramatically increased in the last 3 years. Has the Benefits office added more staff in the last 3 years?
- 3) What benefits/incentives do the "healthy" staff employees receive? I'd like to see some additional incentive such as discounts to gym memberships, additional discounts to insurance premiums, additional bonuses if weight is maintained, etc.
- 4) it certainly appears that the Benefits department is not communicating to employees and does not have a lot enough incentive to keep costs low enough. Further, the constant yearly changes to the health coverage affect our continuity of care. These changes, coupled with the rate increases and short timeframe to adequately review the information gives a false illusion of soliciting staff input.

I think the most effective plan should be go back to Aetna. Did the City replace Aetna for Cigna with a lower costs on premiums promise?

\$142 increase is outrageous.

Why can't the City take on more of a cost associated to the change of plan?

Provide better education on the front end before you decide to make such big changes to your employees' lives. Trying to cut out important services we currently pay for is not good. If this impacts one child's life from being saved at PCH. Than that's a shame.

Why can't the city offset some of the costs as opposed to passing off the "better negotiated but less services covered" deal to the employees? Health insurance by design is a financial hedge against a catastrophic illness or injury should it occur. Why should we (city and employee) have to settle on what the cheapest offered plan is vs what is truly available to best meet the future medical needs of our workforce?

To your question 2 above, what is most important is actually good quality healthcare. Staff is very exasperated from having a premium increase year after year. You would have expected at least a brief lapse in increases once the majority of retirees were forced off the city health plan and yet these annual increases continue. They are frustrating and difficult to financially bear. Ultimately, you've got us over a barrel and our input really makes no difference. We have no choice but to pay so at least let's try and have the best care possible. Sadly, I've seen my coverage shift from Mayo to Aetna and now to Cigna. Under this plan, I've had the most issues with getting insurance to pay for services that were considered routine in years past. Cigna calls them "experimental." Under Cigna, my out of pocket dental costs for a simple cleaning with x-rays were also outrageous. More than I've ever had to pay by 50%.

Yes, I know this box was not intended for this purpose, but no other comment space has been provided in this survey.

In the Council Action presented to our City Council by Lauran Beebe on March 1, 2016, it recommended that in going to the Local Plus Plan the City would increase its annual contribution by \$500,000 (with the employees picking up the rest). I am willing to take on the entire increased premium cost to maintain the current plan and benefits. However, if this option is chosen, I expect your team to recommend that the City increase its contribution to an equal degree that you recommended for the Local Plus Plan. Thanks.

No other place to put this, so I'm putting it here. Is there a reason that the only two options are increasing premiums by such a huge % and reducing the available care centers so drastically? Is there not a medium that reduces coverage marginally, increases some costs and keeps more of our providers? This feels like two extremes without a good choice of middle ground.

You've given us two undesirable options.

BECAUSE SO MANY OF US WORK WEIRD SHIFTS IT CAN BE HARD TO HAVE ACTUAL MEETINGS UNLESS SOME CAN BE SCHEDULED FOR ABNORMAL HOURS -- EVENINGS/WEEKENDS

SINGLE PAYER -

Negotiate big Pharma crazy rip-off profits down.

Make it required training like diversity or the computer security training. Then you will ensure employees understand the importance.

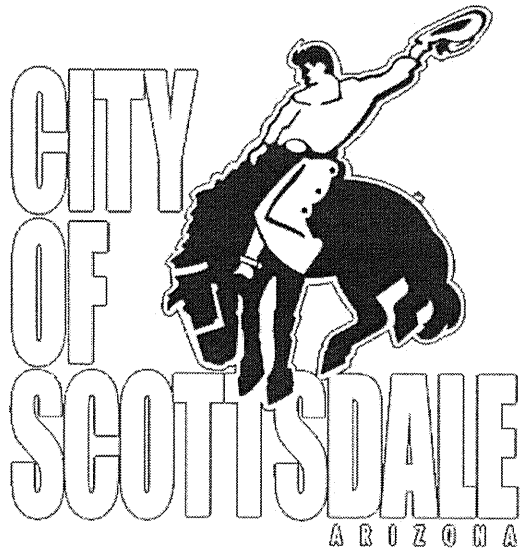
I have a lot of suggestions. (1) How about advising employees of what are the top five significant issues driving health care costs up. For example, it would be helpful for us to know that using such-and-such a pharmacy drove costs up or an increase in people needing MRI's drove costs up, etc. (2) VERY FEW people that I work with are aware of the M-LIVE feature where you can call a doctor and pay a \$5.00 deductible, etc. (3) The City of Goodyear hired a doctor and provides a "for employees and their families only" Urgent-Care that is free for families with minor healthcare issues and doesn't go against their health insurance. This is driving health costs DOWN. I don't understand why we don't reach out to other cities to get ideas from them. We just keep doing the same old thing every year. (4) NOBODY should be precluded from having access to Phoenix Children's Hospital, St. Joseph's Hospital and Barrows. How ridiculous to even think of prohibiting people access to this world class medical care. This makes people DISTRUST the City. We feel that you don't have our best interests in mind. So disappointing.

What does annual out of pocket maximum mean? Do I have to spend \$9,000 first? I don't like Cigna they have been refusing to pay my wife's hospital bill. They send letters about how to live my life, I don't want to use their prescription plan it does not make me feel safe. They send me bills, how does my insurance company I pay through my check bill me? Effective communication, email everybody's questions with answers to all of us. The comparison chart was not helpful could not understand it. Maybe yearly seminars that employees could take to stay aware of employment benefits. Lastly who in city employment helps me fight with Cigna?? Please post that person.

How about we use money from useless and unnecessary projects (like the free trolley and the 8.5 million for park and ride that no one uses) instead of throwing more on the backs of the employees? Other cities like Gilbert? Better pay, lower benefits. When I started in 2004, the employee healthcare portion was \$100 for family coverage. 11 years later it will have quadrupled and I am making 9K a year LESS than I should be had we be adequately compensated each annual review. I would have been at top pay almost two years ago.

What is a veteran employee to do? Give up seniority, a job they love (knowing every aspect of it - comes with long term employees) and drive more. Talk about being stuck between a rock and a hard place.

This stinks! Instead of giving us more money you're taking it away from us. Thanks city council.



# **Medical Plans and Premiums**

March 22, 2016 City Council Meeting

# Valley Comparison Premiums and Design

- OAP In-Network plan - City pays 80% for single; 77% for family
- Valley average is 81% for single; 77% for family
- OAP plan – City pays 85% for single; 78% for family
- Valley average is 83% for single; 77% for family
- Out-of-Pocket maximums vary



# Networks in Maricopa County

- LocalPlus Network
  - 5,192 primary care and specialist providers
  - 25 hospitals
- OAP Network
  - 11,982 primary care and specialist providers
  - 56 hospitals

# Survey Results

- More predictable out-of-pocket costs or a lower monthly premium
  - 78% preferred more predictable out of pocket costs
- Considering budget constraints with potential higher premiums to keep their network
  - 50% preferred a lower monthly premium

# Medical Plans - Option 1

If no plan design changes are made

- \$29.3 million = total expected medical costs
  - Total medical increase equals \$2.8 million
  - Employees \$600,000; city \$2.2 million
- If rates increase by 10.5 percent:
  - Employee rates increase by \$5 to \$39 per month
  - Employer rates increase by \$40 to \$127 per month



## Medical Plans - Option 2

- Change OAP In-Network to a narrower network – LocalPlus of Arizona
- OAP and OAP + HSA plans would continue to include Mayo and Phoenix Children's Hospital in-network
- \$27.2 million = total expected medical costs
  - Total medical increase equals \$650,000
  - Employees \$150,000; city \$500,000
  - Employee rates increase by \$3 to \$24/month
  - Employer rates increase by \$8 to \$98/month

## Medical Plans - Option 3

- Keep all networks the same; increase employee premiums on OAP In-Network plan
- \$29.3 million = total expected medical costs
  - Employees \$2.1 million; city \$650,000
  - Employee rates increase by \$3 to \$142/month
  - Employer rates increase by \$8 to \$126/month

## Medical Plans - Option 4

- Change OAP In-Network to a narrower network – LocalPlus of Arizona
- OAP and OAP + HSA plans would continue to include Mayo and Phoenix Children's Hospital in-network
- OAP plan - reduce the out-of-pocket maximums to \$4,000/\$8,000
- \$27.3 million = total expected medical costs
  - Total medical increase equals \$750,000
  - Employees \$150,000; city \$600,000
  - Employee rates increase by \$3 to \$24/month
  - Employer rates increase by \$8 to \$121/month



# Medical Plans – Additional Option

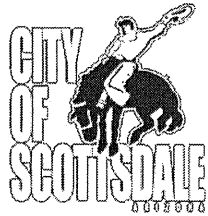
## Medical Plans - Option 5

- Keep all networks the same; increase employee premiums on OAP In-Network plan by 26%
- Increase employee premiums on OAP and OAP + HSA plan by 10.5%
- \$29.3 million = total expected medical costs
  - Employees \$1.4 million; city \$1.36 million
  - Employee rates increase by \$4 to \$96/month
  - Employer rates increase by \$27 to \$114/month



# OAP In-Network Overall Cost Ratio

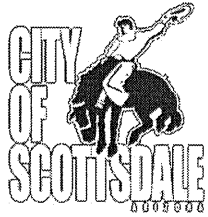
Option	Additional Cost to City	Additional Cost to Employees	City/Employee Cost Ratio for Single Coverage	City/Employee Cost Ratio for Family Coverage
1	\$2,200,000	\$600,000	80% / 20%	77% / 23%
2	\$500,000	\$150,000	80% / 20%	76% / 24%
3	\$650,000	\$2,100,000	74% / 26%	71% / 29%
4	\$600,000	\$150,000	80% / 20%	76% / 24%
5	\$1,360,000	\$1,400,000	77% / 23%	73% / 27%



## Tonight's Agenda Item

### Adopt **Resolution No. 10321 – Option #4**

- Increase the city premiums by 1.9 to 11 percent.
- Increase the employee premiums by 6.5 percent
- Change the OAP In-Network plan to the LocalPlus Network.
- Increase dental premium and contribution rates by 6%.
- Remove the deductible and co-insurance from the Urgent Care Facility and reduce the out-of-pocket maximums to \$4,000/\$8,000 on the Cigna OAP plan, and increase the deductible to \$1,300 for individual and \$2,600 for family on the OAP + HSA plan.



## Tonight's Agenda Item

### Adopt **Resolution No. 10321 – Option #4**

- Provide an incentive payment of \$120 (employee) or \$240 (employee and spouse) to those active employees covered under the city's medical benefit plans who participate in Cigna's HRA.
- Implement a tobacco surcharge of \$20 per month for employees or family members who self-report use of tobacco products.



## Medical Plans and Premiums

March 22, 2016 City Council Meeting

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## Medical Plans - Option 1

If no plan design changes are made

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  - Total medical increase equals \$2.8 million
  - Employees \$600,000; city \$2.2 million
- If rates increase by 10.5 percent:
  - Employee rates increase by \$5 to \$39 per month
  - Employer rates increase by \$40 to \$127 per month



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## Medical Plans - Option 2

- Change OAP In-Network to a narrower network – LocalPlus of Arizona
- OAP and OAP + HSA plans would continue to include Mayo and Phoenix Children's Hospital in-network
- \$27.2 million = total expected medical costs
  - Total medical increase equals \$650,000
  - Employees \$150,000; city \$500,000
  - Employee rates increase by \$3 to \$24/month
  - Employer rates increase by \$8 to \$98/month



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### **Medical Plans - Option 3**

- Keep all networks the same; increase employee premiums on OAP In-Network plan
- \$29.3 million = total expected medical costs
  - Employees \$2.1 million; city \$650,000
  - Employee rates increase by \$3 to \$142/month
  - Employer rates increase by \$8 to \$126/month



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### **Medical Plans - Option 4**

- Change OAP In-Network to a narrower network – LocalPlus of Arizona
- OAP and OAP + HSA plans would continue to include Mayo and Phoenix Children's Hospital in-network
- OAP plan - reduce the out-of-pocket maximums to \$4,000/\$8,000
- \$27.3 million = total expected medical costs
  - Total medical increase equals \$750,000
  - Employees \$150,000; city \$600,000
  - Employee rates increase by \$3 to \$24/month
  - Employer rates increase by \$8 to \$121/month



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## Medical Plans – Additional Option



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## Medical Plans - Option 5

- Keep all networks the same; increase employee premiums on OAP In-Network plan by 26%
- Increase employee premiums on OAP and OAP + HSA plan by 10.5%
- \$29.3 million = total expected medical costs
  - Employees \$1.4 million; city \$1.36 million
  - Employee rates increase by \$4 to \$96/month
  - Employer rates increase by \$27 to \$114/month



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## OAP In-Network Overall Cost Ratio

Option	Additional Cost to City	Additional Cost to Employees	City/Employee Cost Ratio for Single Coverage	City/Employee Cost Ratio for Family Coverage
1	\$2,200,000	\$600,000	80% / 20%	77% / 23%
2	\$500,000	\$150,000	80% / 20%	76% / 24%
3	\$650,000	\$2,100,000	74% / 26%	71% / 29%
4	\$600,000	\$150,000	80% / 20%	76% / 24%
5	\$1,360,000	\$1,400,000	77% / 23%	73% / 27%

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## Tonight's Agenda Item

### Adopt **Resolution No. 10321 – Option #4**

- Increase the city premiums by 1.9 to 11 percent.
- Increase the employee premiums by 6.5 percent
- Change the OAP In-Network plan to the LocalPlus Network.
- Increase dental premium and contribution rates by 6%.
- Remove the deductible and co-insurance from the Urgent Care Facility and reduce the out-of-pocket maximums to \$4,000/\$8,000 on the Cigna OAP plan, and increase the deductible to \$1,300 for individual and \$2,600 for family on the OAP + HSA plan.



## **Tonight's Agenda Item**

### **Adopt Resolution No. 10321 – Option #4**

- Provide an incentive payment of \$120 (employee) or \$240 (employee and spouse) to those active employees covered under the city's medical benefit plans who participate in Cigna's HRA.
- Implement a tobacco surcharge of \$20 per month for employees or family members who self-report use of tobacco products.