

HUB

Risk & Insurance | Employee Benefits | Retirement & Private Wealth



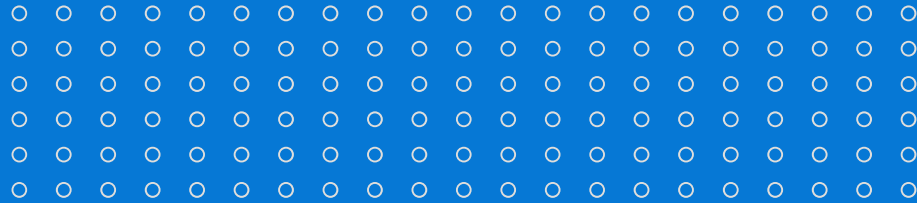
City of Saginaw 2021 Benefits Review & Discussion

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Overview



2020 / 2021 Inforce Vendors – Renewal Recap



COVERAGE	CARRIER	2020 / 2021 RFP Outcome	Next Renewal
Medical/Rx	CIGNA	Cigna' s proposal was -17% under UHC for a comparable plan of benefits and included a <u>2-Year rate guarantee</u> . The City maintained the existing 3 medical plans (Copay, Alt. Copay & HDHP).	October 1, 2022 <i>1st year of 2 year rate guarantee</i>
Dental	CIGNA	Cigna' s proposal was -15% under UHC for a comparable plan of benefits.	October 1, 2021
Vision	CIGNA	Cigna' s proposal was -14.4% under UHC for comparable plan of benefits and included a <u>2-Year rate guarantee</u> .	October 1, 2022 <i>1st year of 2 year rate guarantee</i>
Basic Life/AD&D, Vol. Life/AD&D	CIGNA	Cigna' s proposal was -31% under The Standard for comparable plan of benefits and included a <u>3-Year rate guarantee</u> . <i>(Note) Texas Life also provide Voluntary Life</i>	October 1, 2023 <i>1st year of 3 year rate guarantee</i>

2020 / 2021 Inforce Vendors – Renewal Recap



COVERAGE	CARRIER	2020 / 2021 RFP Outcome	Next Renewal
Voluntary Long Term Disability	CIGNA	Cigna' s proposal was -25% under The Standard for comparable plan of benefits and included a <u>3-Year rate guarantee.</u>	October 1, 2023 <i>1st year of 3 year rate guarantee</i>
Flexible Spending	Alt Bentley Yates	Flexible Spending (1) F.S.A. Administration: \$2,700 with \$500 Rollover (2) Dependent Care: \$5,000	Confirming- No Change
Health Savings Account-	UMB Bank	Health Savings Account (1) H.S.A. Administration	No Change
Voluntary Products	Aflac	Aflac currently provides: (1) Cancer Policy- (2) Accident Policy- (3) Critical Illness- (4) Hospital Indemnity	No Change
COBRA	Self Administered	Consider TPA? (1) COBRA Administration	Adding 10/1/21

2020 / 2021– Renewal Recap

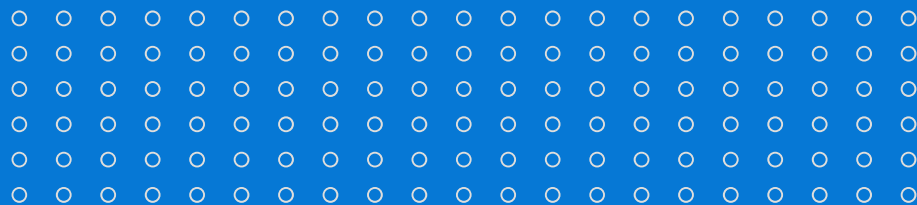


Contribution / Subsidies

The City evaluated potential plan design changes and a more standardized approach to providing contributions (so that plans were cost neutral, subsidies based off a percentage rather than a flat dollar amount, etc.). The City polled their employees and the employees elected to continue with the contribution strategy already in place.

As part of the RFP negotiation, Cigna offered a one-month premium credit equal to around **\$82,000**.

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Plan Performance



2017-18 and 2018-19 Claims vs. Premium

Date	Subscribers	Medical Cost	Capitation	Rx Cost	Total Cost	Premium Cost	Loss Ratio
17-Oct	127	\$26,583	\$3,618	\$16,018	\$46,219	\$133,933	34.5%
17-Nov	126	\$35,529	\$3,589	\$14,149	\$53,267	\$132,773	40.1%
17-Dec	126	\$44,944	\$3,531	\$16,006	\$64,481	\$130,182	49.5%
18-Jan	130	\$44,915	\$3,755	\$17,722	\$66,392	\$132,861	50.0%
18-Feb	130	\$49,277	\$3,769	\$12,635	\$65,681	\$134,255	48.9%
18-Mar	131	\$76,485	\$3,784	\$9,670	\$89,939	\$135,530	66.4%
18-Apr	134	\$84,527	\$3,829	\$14,678	\$103,034	\$136,209	75.6%
18-May	135	\$110,589	\$3,933	\$7,747	\$122,269	\$140,255	87.2%
18-Jun	135	\$43,934	\$3,918	\$19,547	\$67,399	\$140,693	47.9%
18-Jul	132	\$38,175	\$3,944	\$26,448	\$68,567	\$137,921	49.7%
18-Aug	133	\$171,437	\$3,814	\$25,393	\$200,644	\$137,921	145.5%
18-Sep	134	\$203,512	\$3,858	\$21,226	\$228,596	\$139,540	163.8%
Plan Year Total	131	\$929,907	\$45,342	\$201,239	\$1,176,488	\$1,632,073	72.1%
Per Capita		\$7,094	\$346	\$1,535	\$8,975	\$12,451	
18-Oct	135	\$72,702	\$3,829	\$14,141	\$90,672	\$137,953	65.7%
18-Nov	135	\$145,977	\$3,814	\$26,284	\$176,075	\$137,952	127.6%
18-Dec	136	\$567,308	\$3,829	\$36,185	\$607,322	\$138,137	439.7%
19-Jan	136	\$798,495	\$3,829	\$35,663	\$837,987	\$138,339	605.7%
19-Feb	137	\$603,606	\$3,933	\$33,858	\$641,397	\$140,749	455.7%
19-Mar	138	\$94,010	\$4,955	\$31,209	\$130,174	\$144,208	90.3%
19-Apr	141	\$425,277	\$5,011	\$47,275	\$477,563	\$143,271	333.3%
19-May	138	\$170,583	\$4,974	\$31,913	\$207,470	\$144,045	144.0%
19-Jun	136	\$103,106	\$4,900	\$22,823	\$130,829	\$141,416	92.5%
19-Jul	136	\$76,233	\$4,900	\$28,462	\$109,595	\$140,254	78.1%
19-Aug	135	\$195,256	\$4,733	\$11,380	\$211,369	\$138,176	153.0%
19-Sep	135	\$94,165	\$4,770	\$9,511	\$108,446	\$138,092	78.5%
Plan Year Total	137	\$3,346,718	\$53,477	\$328,704	\$3,728,899	\$1,682,592	221.6%
Per Capita		\$24,518	\$392	\$2,408	\$27,318	\$12,327	
\$ Difference from Prior Year		\$2,416,811	\$8,135	\$127,465	\$2,552,411	\$50,519	
% Change from Prior Year		259.9%	17.9%	63.3%	217.0%	3.1%	

Target Loss Ratio
< 85%

CIGNA – YTD Claims vs. Premium



Date	Subscribers	Medical Cost	Fees	Rx Cost	Total Cost	Premium Cost	Loss Ratio
20-Oct	138	\$20,467	\$0	\$9,915	\$30,382	\$10,174	298.6%
20-Nov	140	\$109,935	\$89	\$13,020	\$123,044	\$145,049	84.8%
20-Dec	136	\$134,494	\$125	\$19,690	\$154,309	\$139,523	110.6%
21-Jan	136	\$210,647	\$184	\$13,755	\$224,586	\$137,334	163.5%
21-Feb	136	\$62,971	\$651	\$17,265	\$80,887	\$139,322	58.1%
21-Mar	135	\$78,086	\$763	\$20,342	\$99,191	\$137,862	71.9%
Plan Year Total	137	\$616,600	\$1,812	\$93,987	\$712,399	\$709,264	100.4%
Per Capita		\$4,506	\$13	\$687	\$5,206	\$5,183	

Target Loss Ratio
< 85%

Large Claimants



FULLY INSURED NON-PARTICIPATING

Claims Exceeding : \$25,000.00

Reported Claims: InNet, OutNet, Drug

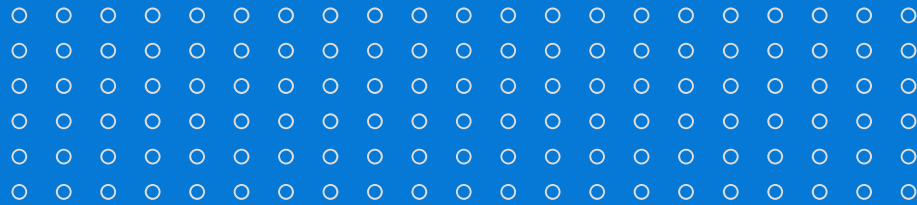
Note: Diagnosis is based on the largest medical claim amount

REL	ICD DESCRIPTION	CLAIMANT TOTAL
CH	NEURALGIA AND NEURITIS, UNSPECIFIED	\$27,042
SB	CALCULUS OF KIDNEY WITH CALCULUS OF URETER	\$75,203
SB	COVID-19	\$45,960
SB	OTHER SPECIFIED SEPSIS	\$152,683
CH	TYPE 1 DIABETES MELLITUS WITH KETOACIDOSIS WITHOUT COMA	\$32,152
SB	SPRAIN OF ANTERIOR CRUCIATE LIGAMENT OF LEFT KNEE, INIT	\$40,956
CH	POISONING BY OTH ANTIPSYCHOT/NEUROLEPT, SELF-HARM, INIT	\$53,200
		\$427,197

Large Claims as a percentage of overall claims= **60%**



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Plan Designs & Contribution Analysis



Medical Benefits - CIGNA



NETWORK	Open Access Plus	Open Access Plus	H.S.A. Open Access Plus
EPO or PPO	OAPIN 2500	OAPIN 5000	HSAIN 5000
MEDICAL BENEFITS	COPAY-EPO	ALT COPAY- EPO	HDHP
Deductible (Indiv / Family)	Includes Deductible, Copay, Coinsurance	Includes Deductible, Copay, Coinsurance	Includes Deductible, Copay, Coinsurance
In-Network	\$2,500 Ind. / \$5,000 Fam.	\$5,000 Ind. / \$10,000 Fam.	\$5,000 Ind. / \$10,000 Fam.
Non-Network	-	-	-
Out Of Pocket Max (Indiv / Family)			
In-Network	\$4,000 Ind. / \$8,000 Fam.	\$7,150 Ind. / \$14,300 Fam.	\$6,000 Ind. / \$12,000 Fam.
Coinsurance			
In-Network	0%	20%	0%
Telemedicine	\$0	\$0	\$55
Physician Office Visit			
In-Network	\$30	\$15	Deductible
Specialist Office Visit			
In-Network	\$60	\$100	Deductible
Preventive Care			
In-Network	0%	0%	0%
Urgent Care			
In-Network	\$75	\$25	Deductible
Emergency Room			
In-Network	\$300 + Ded.	\$300 + Ded. + Coin.	Deductible
Non-Network	\$300 + Ded.	\$300 + Ded. + Coin.	-
Diagnostic Lab & X-Ray			
In-Network	0% in office setting; 0% Deductible + Coinsurance for outpatient or independent lab	0% in office setting; Deductible + Coinsurance for outpatient or independent lab	Deductible
Rehab Therapy- PT/OT/ST			
In-Network	\$60	\$100	Deductible
In-Patient Hospital			
In-Network	Deductible	Deductible + 20%	Deductible
Out-Patient			
In-Network	Deductible	Deductible + 20%	Deductible
Prescriptions	No Separate Deductible	No Separate Deductible	No Separate Deductible Does Include Preventive Drug
Preferred Generic - Retail & Mail	\$10 / 2.5X	\$10 / 2.5X	\$10 / 2.5X
Non-Preferred Generic - Retail & Mail	\$10 / 2.5X	\$10 / 2.5X	\$10 / 2.5X
Preferred Brand - Retail & Mail	\$35 / 2.5X	\$35 / 2.5X	\$35 / 2.5X
Non-Preferred Brand - Retail & Mail	\$60 / 2.5X	\$60 / 2.5X	\$60 / 2.5X
Preferred Specialty Drugs	\$60	\$60	\$60

2020 / 2021 Benchmark



	Public Benchmark		City of Saginaw		
Number of Benchmark Cities	63				
Number of Enrolled Employees			135		
Plans Offered	Non HDHP	HDHP	3		
Current Carrier			Cigna		
Plan Year	2020-2021		2021		
Plan Type			EPO	EPO	HDHP HSA
Subscriber Enrollment			90	20	25
% of Subscriber Enrollment			67%	15%	19%
HSA or HRA Contribution	n/a	\$1,066 EE \$1,829 Fam	n/a	n/a	\$1,800
Individual Deductible	\$1,775	\$3,149	\$2,500	\$5,000	\$5,000
Family Deductible	\$3,865	\$6,216	\$5,000	\$10,000	\$10,000
Individual Out of Pocket	\$4,413	\$4,824	\$4,000	\$7,150	\$6,000
Family Out of Pocket	\$10,377	\$10,778	\$8,000	\$14,300	\$12,000
Coinsurance	19%	14%	0%	20%	0%
Office Visits/Specialist	\$26 PCP Copay / \$50 Specialist Copay	Ded./14%	\$30 PCP Copay / \$60 Specialist Copay	\$15 PCP Copay / \$100 Specialist Copay	Ded./0%
Urgent Care	\$64 Copay	Ded./14%	\$75 Copay	\$25 Copay	Ded./0%
Emergency Room	\$239 Copay + Coinsurance	Ded./14%	\$300 Copay + Ded	\$350 Copay + Ded./20%	Ded./0%
Inpatient Surgery	Ded./20%	Ded./14%	Ded./0%	Ded./20%	Ded./0%
Pharmacy - Retail Only	Tier 1 - \$10 Tier 2 - \$41 Tier 3 - \$77 Tier 4 - \$144	Ded./14%	Tier 1 - \$10 Tier 2 - \$35 Tier 3 - \$60	Tier 1 - \$10 Tier 2 - \$35 Tier 3 - \$60	Tier 1 - \$10 Tier 2 - \$35 Tier 3 - \$60

City of Saginaw Rates/Contributions compared to Benchmark

Employee Contributions	Public Benchmark		City of Saginaw		
Plan	Non HDHP	HDHP	Copay	Alt Copay	HDHP HSA
Employee	\$49	\$17	\$0	\$0	\$0
EE + Spouse	\$428	\$347	\$650	\$461	\$449
EE + Child	\$297	\$229	\$384	\$223	\$235
EE + Family	\$622	\$501	\$1,373	\$452	\$1,028

- ❑ The City funds employee only cost at 100% for all three plans which is rich compared to norms. However, it does not align with best practices. Recommendation would be to restructure employee only subsidy to steer members to plans with more effective cost control measures (example: HDHP Plan, Narrow Network Plans).
- ❑ Typically a funding structure will be set up to incentivize employees into the lowest cost plan which is designed to transform the way health care is delivered and purchased. The goal is to make employees engaged consumers of their health care. Currently, the funding is set up in a way that the plan with the greatest impact to save costs and mitigate trend for the City is not the lowest cost plan (HDHP Plan).
- ❑ The benefits offered (including plan cost share and premium cost share for employees with spouses and families) are significantly behind benchmarks.

2020 -2021 Contributions



HSA Plan	Full Time Employees	Medical Rate	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)	Total Contribution Per Paycheck (\$)
Employee	25	\$580	\$580	100%	\$0	\$0
+ Spouse	1	\$814	\$365	45%	\$449	\$224.57
+ Children	8	\$600	\$365	61%	\$235	\$117.74
+ Family	0	\$1,393	\$365	26%	\$1,028	\$513.94
Premium Contributions - Annual	25	\$241,352	\$213,357	88%	\$27,995	
HSA Contributions (\$1,745 Per Employee.)		\$43,500	\$43,500	100%	\$0	
Total Contributions - Annual		\$284,852	\$256,857	90%	\$27,995	

Alt Copay	Full Time Employees	Medical Rate	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)	Total Contribution Per Paycheck (\$)
Employee	20	\$649	\$649	100%	\$0	\$0
+ Spouse	2	\$904	\$443	49%	\$461	\$230.33
+ Children	17	\$666	\$443	67%	\$223	\$111.46
+ Family	1	\$895	\$443	50%	\$452	\$225.77
Premium Contributions - Annual	20	\$324,102	\$262,152	81%	\$61,950	

Copay	Full Time Employees	Medical Rate	City Contribution (\$)	City Contribution (%)	Employee Contribution (\$)	Total Contribution Per Paycheck (\$)
Employee	90	\$730	\$730	100%	\$0	\$0
+ Spouse	5	\$1,015	\$365	36%	\$650	\$325.23
+ Children	22	\$749	\$365	49%	\$384	\$191.98
+ Family	2	\$1,738	\$365	21%	\$1,373	\$686.54
Premium Contributions - Annual	90	\$1,088,464	\$915,118	84%	\$173,347	

- ❑ The City does not contribute a flat dependent subsidy towards health care but rather significantly varies its contribution amongst rate tiers. For example, the city ranges from 21% Family to 49% Child(ren) subsidy on the Copay plan which is the plan closes to our benchmark PPO plan. As a best practice, most municipalities will contribute a flat % subsidy towards spouse, children and family and then allow employees buy up for more costly plans.
- ❑ To gauge whether the plans are cost neutral we calculated costs assuming 100% of employees are enrolled on each plan (HSA, Alt Copay and Copay). The HSA Plan and the Copay plan are cost neutral. However, the Alt Copay plan is not cost neutral and that is why there are not any single employees enrolled on that plan.
- ❑ Overall, we would recommend to look at plan options to reduce out pocket cost sharing from Deductibles and Out of Pockets and recalibrate the employers funding structure. Consider re-evaluating funding all plans at 100% and build in increases so that other areas of benefits and subsidies can be improved.

Dental Plan: CIGNA

- ❑ Recommend offering a DHMO plan (in addition to the current PPO Plan) and pay 100% for employees to enroll in this coverage and offer the current plan as a buy-up

DENTAL BENEFITS	CIGNA
	DPPO GC 1K 4 Tier
	Passive PPO
Type I – Preventive Services	2020-21
Deductible	Waived
Oral Exams -	No cost
Fluoride treatments-children under ____ limit ____ per calendar year	No cost
(2) Cleanings per calendar year	No cost
Sealants for children under ____ not to exceed \$ ____ per calendar year	No cost
Full mouth X-ray 1 series in a ____ consecutive month period	No cost
Periapical and Intraoral X-rays	No cost
Bitewings X-rays once per calendar year	No cost
Type II – Basic Services	
Coinsurance	80%
Emergency Exams	80%
Non-preventive X-rays	80%
Amalgam and resin-based composite fillings	80%
Extractions	80%
Anesthesia	80%
Periodontics	80%
Oral Surgery	80%
Type III – Major Services	
Coinsurance	50%
Replacement of Crowns	50%
Dental Implants	50%
Removable / fixed bridge-work	50%
Partial or complete dentures	50%
Type IV – Orthodontia	
Coinsurance	50%
Orthodontia Eligibility	Child up to age 19
Orthodontia Lifetime Maximum	\$1,000
Calendar Year Deductible	
Individual	\$50
Family	\$150
Maximums and UCR Info	
Dental Annual Maximum	\$1,000
Network	Cigna Total DPPO
UCR Out of Network Percentile	90th



Voluntary Vision Plan: CIGNA



VOLUNTARY VISION BENEFITS		2020-22
		1025
Eye Exam	Network	\$10
	Non-Network	\$45 Allowance
<u>Frames/ Lenses, and/or</u>		
Single Vision	Network	\$25 Copay
	Non-Network	\$32 Allowance
Bifocal Lenses	Network	\$25 Copay
	Non-Network	\$55 Allowance
Trifocal Lenses	Network	\$25 Copay
	Non-Network	\$65 Allowance
Progressive Lenses	Network	\$25 Copay
	Non-Network	\$80 Allowance
Frames	Network	\$25 Copay- \$130 Allowance +20%
	Non-Network	\$71 Allowance
<u>CONTACTS</u>		
Medically Necessary Contacts 1 year supply	Network	\$25 Copay
	Non-Network	\$210 Allowance
Elective Contact 1 year supply	Network	\$25 Copay- \$130 Allowance
	Non-Network	\$105 Allowance
Exam Frequency		12
Lens Frequency		12
Frames / Contacts Frequency		24 frames / 12 contacts
Network		Cigna Vision PPO

❑ Benefits are in-line with benchmarks. No recommendations.

Voluntary Long Term Disability: CIGNA



VOLUNTARY LTD BENEFITS	CIGNA
	2020-23
Class Description	All Active / 30hrs per week
Definition of Earnings	BAE
Monthly Percentage	60%
Monthly Maximum	\$5,000
Guarantee Issue	\$5,000
Minimum Benefit	\$100
Elimination Period	180 days
Maximum Benefit Duration	SSNRA
Definition of Own Occ/Any Occ	24 Months
Earnings Test	80/60 AND
Survivor Benefit	3 Month's Lump Sum
Pre-existing Limitations	3 prior/12 insured
Mental/Nervous Limits	24 months
Drug & Alcohol Limits	24 months
Work Incentive	Included
Taxable Benefit	Taxable
FICA Match	Included
W-2 Preparation	Included

- ❑ Recommended plan design change to increase monthly maximum to \$7,500
 - Added income protection for those earning up to \$100,000 with minimum rate impact (typically less than \$1,000 to \$2,000 annually).

Basic Life & AD&D: Cigna



BASIC LIFE BENEFITS	CIGNA
	2020-23
Class Description	Full Time / 30 hrs per week
Definition of Earnings	BAE
Basic Life Schedule - Employee	\$50,000
Basic Life Includes \$5,000 Spouse Benefit	Yes
Basic Life Includes \$1,000 per Child(ren) Benefit	Yes
Maximum Benefit	\$50,000
Guarantee Issue Amount	\$50,000
Age Reduction Schedule	65% at 65, 50% at 70, 35% at 75
Terminates at Retirement	Yes
Waiver of Premium	Disabled Prior to Age 60, Elim Period, To age 65
Accelerated Death Benefit	50% to \$25,000
Conversion	Included
Portability	Included
BASIC AD&D BENEFITS	
Class Description	Full Time / 30 hrs per week
Definition of Earnings	BAE
Basic AD&D Schedule	
Maximum Benefit	\$50,000
Age Reduction Schedule	65% at 65, 50% at 70, 35% at 75
Education	Included
Seatbelt	Included
Air Bag	Included
Common Carrier Benefit	Not Included
Bereavement Counseling	Not Included

❑ In-line with benchmarks. No recommendations.

Voluntary Life & AD&D: Cigna



VOLUNTARY LIFE & AD&D BENEFITS	CIGNA
	2020-23
Class Description	All Active Full time Employees
Definition of Earnings	Base Annual Earnings
Employee Life Schedule	Increments of 10,000
Employee Maximum Benefit	\$300,000
Employee Guarantee Issue Amount	\$150,000
Age Reduction Schedule	65% at age 65 50% at age 70 35% at age 75 Rounded to the next higher \$1,000
Waiver of Premium	Included
Accelerated Death Benefit	75% TO \$225,000
Conversion	Included
Portability	Included
Value Adds	
Spouse Life Schedule	\$5,000 - \$300,000 up to 100% of Employee's Voluntary Amount
Spouse Maximum Benefit	\$300,000
Spouse Guarantee Issue Amount	\$25,000
Child(ren) Life Schedule	\$1,000 - or \$10,000
FINANCIALS (per \$1,000)	
Age	EE + SP
20 or under	\$0.077
20 - 24	\$0.077
25 - 29	\$0.077
30 - 34	\$0.082
35 - 39	\$0.108
40 - 44	\$0.160
45 - 49	\$0.258
50 - 54	\$0.391
55 - 59	\$0.652
60 - 64	\$0.750
65 - 69	\$1.470
70 - 74	\$2.520
75 or over+	\$8.309
Children	\$0.20
AD&D	0.02 / EE + SP + CH

❑ In-line with benchmarks. No recommendations.

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