

Memorandum

Human Resources Director



Date: 02/11/2016
To: City Council & Management
From: Lorrie Waters, Human Resources Director
Subject: 2016-2017 Proposals for Insurance Renewal

Blue Cross Blue Shield of Georgia

Option 1:

Accept the 9% renewal with Blue Cross Blue Shield and keep the current plan design. This represents an increase of \$99,674 in total annual premium with a portion of the increase bore by employees via a slight increase in payroll deductions as listed below:

Current Payroll Deductions

EE: \$25.00
ES: \$161.68
EC: \$137.94
FAM: \$224.28

Revised Payroll Deductions

EE: \$30.00
ES: \$170.00
EC: \$140.00
FAM: \$230.00

NET Impact: ≈\$100,000 Increase (\$83,000 to the City & \$17,000 to the employees)

Option 2:

Modify plan design as listed under "Alternate 3" and keep payroll deductions the same. This plan design change will bring the renewal down from a 9% increase to 1.6% and represent a \$17,866 increase in total annual premium. At the City's discretion, an FSA(Flexible Spending Account) would be funded in the amount of \$200 for each employee. This FSA can be used for any qualified medical expenses incurred by the employee or dependents and will help offset some of the additional exposure as a result of the plan changes. With approximately 127 employees on the medical plan, implementing an FSA would increase the annual exposure by \$25,400. This would bring the total healthcare increase to ≈ \$43,266. Please see plan design changes below:

- Increase Deductible for Employee from \$1,000 to \$1,500
- Increase Family Deductible from \$3,000 to \$4,500
- Decrease Employee Out of Pocket Maximum from \$4,750 to \$4,500
- Decrease Family Out of Pocket Maximum from \$9,500 to \$9,000
- Implement a \$200 Deductible for Non-Generic Prescription Drugs
- Tier 2 - Preferred Brand Name Prescriptions Copay Increases from \$35 to \$45
- Tier 3 - Non-Preferred Brand Name Prescriptions Copay Increases from \$60 to \$85
- All Employees Enrolled in Medical Plan Receive a \$200 City Funded FSA

NET Impact: ≈\$43,000 Increase (\$18,000 from plan increase & \$25,000 for FSA Card (1each employee))

City of Canton

Medical Renewal Analysis - BlueCross BlueShield Alternates

April 1, 2016

Blue Cross Blue Shield of Georgia				
Current / Renewal			Alternate 3	
Plan Name	OAP5 1K 80 4.7K A		OAP5 1.5K/20 K	
Provider Network	Blue Open Access POS		Blue Open Access POS	
	In-Network	Out of Network	In-Network	Out of Network
Office Visits (PCP/Specialist)	\$25 / \$50	60%	\$25 / \$50	60%
Preventive Care	100%	60%	100%	60%
Policy or Calendar Year Deductible	Calendar Year		Calendar Year	
Deductible	Single	\$1,000	\$1,500	\$3,000
	Family	\$3,000	\$4,500	\$9,000
Coinsurance		80%	80%	60%
Out-of-Pocket Maximum		Includes Deductible	Includes Deductible	
	Single	\$4,750	\$4,500	\$13,500
	Family	\$9,500	\$9,000	\$27,000
Annual Maximum	Unlimited		Unlimited	
Inpatient Hospital Copay	N/A	N/A	N/A	N/A
Inpatient Hospital Coinsurance	80%	60%	80%	60%
Outpatient Hospital Copay	N/A	N/A	N/A	N/A
Outpatient Hospital Coinsurance	80%	60%	80%	60%
Urgent Care	\$60	60%	\$60	60%
Emergency Room	\$150 + coins		\$150 + coins	
Prescription Drugs				
Rx Deductible	None		\$200	
Tier 1 (Preferred Value/Generic)	\$15		\$15	
Tier 2 (Preferred Brand)	\$35		\$45	
Tier 3 (Non-preferred)	\$60		\$85	
Tier 4 (Preferred Specialty)	20% to \$300		20% to \$300	
Tier 5 (Nonpreferred Specialty)	NA		NA	
Mail Order	1x/2x/3x retail		1x/2x/3x retail	
Rates by Plan	Lives	Current	Renewal	Alternate 3
Employee	75	\$483.64	\$527.17	\$491.44
Employee + Spouse	17	\$1,068.57	\$1,164.74	\$1,085.81
Employee + Child(ren)	9	\$911.64	\$993.68	\$926.35
Family	20	\$1,482.35	\$1,615.76	\$1,506.27
Monthly Premium by Plan		\$92,290	\$100,597	\$93,779
Annual Premium by Plan		\$1,107,485	\$1,207,160	\$1,125,352
		Change From Current		Change From Current
		\$	%	\$
Employee		\$43.53	9.0%	\$7.80
Employee + Spouse		\$96.17	9.0%	\$17.24
Employee + Child(ren)		\$82.04	9.0%	\$14.71
Family		\$133.41	9.0%	\$23.92
Total Cost Difference-Monthly		\$8,306	9.0%	\$1,489
		Current	Renewal	Alternate 3
Combined Annual Plan Totals		\$1,107,485	\$1,207,160	\$1,125,352
Combined Annual Cost Difference (\$)		-	\$99,674	\$17,866
Combined Annual Cost Difference (%)		-	9.0%	1.6%

This comparison is intended to illustrate the carrier's proposed services and rates and should not be relied upon to fully determine Plans shown were chosen as the best fit for City of Canton. Other options are available. Please see complete BCBS list of alternate plans in Appendix.

Premium discount of 2% may apply towards medical renewal if combined with BCBS Dental.