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MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

January 14, 2010

## **Rates & Benefits Committee** 2010/11 City Health Plan Renewal

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## The City Health Plan

### Recap on process to date

- The premium equivalent rates presented at the December 10, 2009 Rates and Benefits Committee meeting included estimated September and October incurred claims
- At the December meeting a menu of potential HMO benefit changes were presented. The Committee requested that HSS and Mercer review the current City Plan benefit design alongside these potential changes
- Subsequent to the December meeting, the number of HMO benefit changes under consideration has been reduced. Reviewing the current City Plan design against the proposed HMO benefit changes suggests no obvious corresponding benefit changes (other than those mandated by the Mental Health Parity Act) are appropriate at this time
  - City Plan members are already subject to first dollar claim payments via the plan's deductible and coinsurance structure

# The City Health Plan

## 2010/11 premium equivalent rates – Medical + Rx + Admin

Category	2009/10 Plan Year				2010/11 Plan Year				
	Premium Equivalent	Stabilization Amount	PacifiCare Close-Out	Total	Premium Equivalent	Stabilization Amount	PacifiCare Close-Out <sup>2</sup>	Total	Increase
Employee Only	\$815.86	\$(11.61)	\$4.03	\$808.28	\$939.01	\$(13.97)	\$1.62	\$926.66	14.6%
Emp. + 1	\$1,589.40	\$(22.62)	\$7.84	\$1,574.62	\$1,836.16	\$(27.32)	\$3.16	\$1,812.00	15.1%
Emp. + 2+	\$2,231.40	\$(31.75)	\$11.01	\$2,210.66	\$2,576.67	\$(38.34)	\$4.43	\$2,542.76	15.0%
Retiree w/o Medicare	\$855.18	\$(12.17)	\$4.22	\$847.23	\$1,083.66	\$(16.13)	\$1.86	\$1,069.39	26.2%
Retiree w/o Medicare + 1	\$1,668.06	\$(23.74)	\$8.23	\$1,652.55	\$2,125.46	\$(31.63)	\$3.66	\$2,097.49	26.9%
Retiree w/o Medicare + 2+	\$2,310.06	\$(32.87)	\$11.40	\$2,288.59	\$2,865.97	\$(42.65)	\$4.93	\$2,828.25	23.6%
Retiree with Medicare <sup>1</sup>	\$329.09	\$(4.68)	\$1.62	\$326.03	\$372.79	\$(5.55)	\$0.64	\$367.88	12.8%
Retiree with Medicare + 1 <sup>1</sup>	\$622.85	\$(8.87)	\$3.07	\$617.05	\$711.05	\$(10.58)	\$1.22	\$701.69	13.7%
Retiree with Medicare + 2+	\$1,264.85	\$(18.00)	\$6.24	\$1,253.09	\$1,451.56	\$(21.60)	\$2.50	\$1,432.46	14.3%

<sup>1</sup> Premium equivalents reduced by anticipated Medicare Part D reimbursements from CMS

<sup>2</sup> PacifiCare Close-Out estimates are pre-implementation of any HMO benefit changes

## 2010/11 City Health Plan Renewal

### Summary of Contributions

Employees - Charter Only Basis	Employees			Employees - Typical Bargained Basis	Employees		
	Single	Single + 1	Single +2+		Single	Single +1	Single + 2+
2010/11 Plan Year	\$453.81	\$1,339.15	\$2,069.91	2010/11 Plan Year	\$0.00	\$679.45	\$1,410.21
2009/10 Plan Year	\$358.91	\$1,125.25	\$1,761.29	2009/10 Plan Year	\$0.00	\$498.34	\$1,125.38
% Increase	26%	19%	18%	% Increase	0%	39%	25%

  

Retirees	Non-Medicare Retiree			Medicare Retiree		
	Single	Single + 1	Single +2+	Single	Single + 1	Single + 2+
2010/11 Plan Year	\$226.90	\$740.95	\$1,471.71	\$0.00	\$166.90	\$897.67
2009/10 Plan Year	\$179.45	\$582.11	\$1,218.15	\$0.00	\$145.51	\$781.55
% Increase	26%	27%	21%	0%	15%	15%

# Appendix

# 2010/11 City Health Plan Renewal

	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree & Spouse w/o Medicare	Retiree & Family	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family
Medical	\$ 741.06	\$ 1,482.11	\$ 2,141.81	\$ 808.45	\$ 1,616.90	\$ 2,276.60	\$ 162.61	\$ 325.22	\$ 984.92
Pharmacy	\$ 152.51	\$ 305.03	\$ 382.87	\$ 229.77	\$ 459.54	\$ 537.38	\$ 212.05	\$ 424.12	\$ 501.96
Vision	\$ 3.57	\$ 7.15	\$ 10.12	\$ 3.57	\$ 7.15	\$ 10.12	\$ 3.57	\$ 7.15	\$ 10.12
Expense	\$ 41.87	\$ 41.87	\$ 41.87	\$ 41.87	\$ 41.87	\$ 41.87	\$ 34.56	\$ 34.56	\$ 34.56
Medicare Part D Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40.00)	\$ (80.00)	\$ (80.00)
Claims Stabilization Amount	\$ (13.97)	\$ (27.32)	\$ (38.34)	\$ (16.13)	\$ (31.63)	\$ (42.65)	\$ (5.55)	\$ (10.58)	\$ (21.60)
Flex Funded Plan Closedown Adjustment	\$ 1.62	\$ 3.16	\$ 4.43	\$ 1.86	\$ 3.66	\$ 4.93	\$ 0.64	\$ 1.22	\$ 2.50
<b>Total</b>	<b>\$ 926.66</b>	<b>\$ 1,812.00</b>	<b>\$ 2,542.76</b>	<b>\$ 1,069.39</b>	<b>\$ 2,097.49</b>	<b>\$ 2,828.25</b>	<b>\$ 367.88</b>	<b>\$ 701.69</b>	<b>\$ 1,432.46</b>
10-County Amount	\$ 472.85	\$ 472.85	\$ 472.85	\$ 472.85			\$ 367.88		
Single Retiree Offset					\$ 472.85	\$ 472.85		\$ 367.88	\$ 367.88
"Actuarial Difference"				\$ 142.73	\$ 142.73	\$ 142.73	\$ -	\$ -	\$ -
Prop. E Subsidy				\$ 226.91	\$ 740.96	\$ 740.96	\$ -	\$ 166.91	\$ 166.91
Subtotal City Contributions (Gap Dollars)	\$ 472.85	\$ 472.85	\$ 472.85	\$ 842.49	\$ 1,356.54	\$ 1,356.54	\$ 367.88	\$ 534.79	\$ 534.79
Trust Fund Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2010/11 Non-Bargained Contribution Rate</b>	<b>\$ 453.81</b>	<b>\$ 1,339.15</b>	<b>\$ 2,069.91</b>	<b>\$ 226.90</b>	<b>\$ 740.95</b>	<b>\$ 1,471.71</b>	<b>\$ -</b>	<b>\$ 166.90</b>	<b>\$ 897.67</b>
75% Kaiser Pickup		\$ 659.70	\$ 659.70						
Single Employee Pickup	\$ 453.81								
<b>Typical Bargained Member Contribution</b>	<b>\$ -</b>	<b>\$ 679.45</b>	<b>\$ 1,410.21</b>						
<b>2009/10 Non-Bargained Contribution Rate</b>	<b>\$ 358.91</b>	<b>\$ 1,125.25</b>	<b>\$ 1,761.29</b>	<b>\$ 179.45</b>	<b>\$ 582.11</b>	<b>\$ 1,218.15</b>	<b>\$ -</b>	<b>\$ 145.51</b>	<b>\$ 781.55</b>
<b>Contribution Increase</b>	<b>26%</b>	<b>19%</b>	<b>18%</b>	<b>26%</b>	<b>27%</b>	<b>21%</b>	<b>0%</b>	<b>15%</b>	<b>15%</b>
<b>2009/10 Bargained Contribution Rate</b>	<b>\$ -</b>	<b>\$ 489.34</b>	<b>\$ 1,125.38</b>						
<b>Contribution Increase</b>	<b>0%</b>	<b>39%</b>	<b>25%</b>						

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