



Department of Employee Relations

September 15, 2020

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

Tom Barrett
Mayor

Maria Monteagudo
Director

Renee Joos
Employee Benefits Director

Nicole Fleck
Labor Negotiator

File No: 200336 Resolution Approving Health Plan Benefit Design Changes for 2021

Dear Alderman Murphy and Finance Committee Members:

The City of Milwaukee provides healthcare and prescription drug benefits to eligible employees and retirees. Prior to 2012, total healthcare expenditures for the City were increasing at a rate of 8-9% annually. To help mitigate this unsustainable trend, the City took steps in 2012 which included increasing member premium payments, adding benefit design changes and implementing a wellness program for employees to control the rising costs of health care and encourage better utilization by members. Another round of smaller benefit design changes were made in 2015 and the City added free onsite clinic services for employees. Since 2015, the City has significantly expanded the comprehensive health and wellness program along with enhanced onsite and offsite clinic services that are available to employees, spouses and their families.

While these changes have helped stabilize the City's healthcare cost trends over the years, annual health care expenditures are significant and increases in healthcare spend have implications for funds available for other City services. Annual increases in the cost of medical care continue at a relentless pace and the City is working on both short and long term strategies to control healthcare spend while ensuring employees have affordable access to healthcare through good health plan options with supporting benefits that encourage smart and appropriate utilization. For the first time in six years, health plan benefit design changes will be implemented for employees to help control increasing expenditures. To help balance the changes, additional care options have been implemented and are being explored through the City's clinic services including the Workplace Clinic, the Injury Prevention Clinic and FastCare Clinics. The following health plan benefit design changes are being made for employees, effective January 1, 2021.

EPO Choice Plan

- Increase Deductibles from \$750/\$1,500 Single/Family to \$1,000/\$2,000
- Increase the member Coinsurance from 10% to 20% for Tier 1 Premium Providers and from 30% to 40% for non-Tier 1 Providers
- Increase the Out-of-Pocket Maximum from \$1,500/\$3,000 Single/Family to \$2,000/\$4,000



- Increase the ER Copay from \$200 to \$250

PPO Choice Plus Plan (In Network)

- Increase Deductibles from \$1,500/\$3,000 Single/Family to \$2,000/\$4,000
- Increase the member Coinsurance from 10% to 20% for Tier 1 Premium Providers and from 30% to 40% for non-Tier 1 Providers
- Increase the Out-of-Pocket Maximum from \$3,000/\$6,000 Single/Family to \$4,000/\$8,000
- Increase the ER Copay from \$200 to \$250

HDHP High Deductible Health Plan (In Network)

- Increase Deductibles from \$1,500/\$3,000 Single/Family to \$2,000/\$4,000
- Increase the member Coinsurance from 10% to 20% for Tier 1 Premium Providers and from 30% to 40% for non-Tier 1 Providers
- Increase the Out-of-Pocket Maximum from \$3,000/\$6,000 Single/Family to \$4,000/\$8,000
- Increase member payment for ER services from 10% to 20% after the deductible is met

Retiree healthcare expenditures continue to increase at a rate that exceeds active employees and while health plan benefit design changes were implemented in 2020 to help stabilize the rising costs of retiree healthcare, the City continues to subsidize a higher portion of the rate cost for early retirees (those under age 65). Due to this experience, the following health plan benefit design changes are being made for City retirees, effective January 1, 2021.

EPO Choice Plan

- Increase Deductibles from \$1,000/\$2,000 Single/Family to \$1,500/\$3,000
- Increase the Out-of-Pocket Maximum from \$2,000/\$4,000 Single/Family to \$3,000/\$6,000

PPO Choice Plus Plan (In Network)

- Increase Deductibles from \$2,000/\$4,000 Single/Family to \$3,000/\$6,000
- Increase the Out-of-Pocket Maximum from \$4,000/\$8,000 Single/Family to \$6,000/\$12,000

Medicare Covered Members

- Adjust the coordination style for Medicare members enrolled in the City's health plan so that members pay their portion of the benefit design costs

DER requests approval of the file and the outlined 2021 health plan benefit design changes to implement and communicate the changes in time for the City's fall open enrollment period.

I'm happy to answer any questions or comments regarding his file.

Sincerely,
Renee Joos
Employee Benefits

