



Department of Employee Relations

September 13, 2019

Alderwoman Milele Coggs, Chairwoman
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: 190725 Resolution Approving Health Plan Benefit Changes for 2020

Dear Alderwoman Coggs 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 while significantly expanding health and wellness program efforts. No additional benefit design changes have been made since 2015.

Although the City's healthcare cost trends have stabilized over the years, retiree healthcare expenditures continue to increase at a rate that exceeds active employees. While active employee healthcare rates increased 4% from 2012-2019, retiree rates increased 30% during the same time period, with the City subsidizing a much higher portion of the cost for early retiree (those under age 65) rates. In 2019 for a single tier healthcare plan, the City pays \$571 of the monthly cost for actives versus \$928 for early retirees. For a family plan, the City pays \$1,713 monthly for an active employee versus \$2,783 for an early retiree. On average, the per member plan portion that the City contributes for early retirees is 62% higher than the amount paid for active employees.

Due to this experience, the Department of Employee Relations (DER) is recommending the following health plan benefit design changes for City Retirees, effective January 1, 2020.

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

To help offset some of these changes, early retirees (those under age 65) who take the City's health insurance and live in the Milwaukee area, will be able to utilize Froedtert FastCare Clinic services at no cost. Covered members can visit six approved Froedtert FastCare Clinic locations to receive high quality care on a walk-in basis without an appointment. In addition, early retirees on the City's health insurance can continue to utilize the Real Appeal program, which was recently offered to this group as an additional benefit.

Aside from annual premium rate fluctuations, there will be no changes in the premium portion that retiree members will pay in 2020. In addition, there will be no changes to the coinsurance or the benefit design for pharmacy drug benefits.

DER requests approval of the file and the outlined 2020 healthcare benefit design changes so they can be communicated and implemented 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

