

July 11, 2013

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

File No: 130098 regarding substitute ordinance for 2014 premium payments for health insurance

Dear Alderman Murphy and Finance Committee Members:

The Department of Employee Relations (DER) is recommending no changes in the health benefit design for general city employees and retirees for 2014.

The City currently offers two health plans, the UHC Choice EPO plan and the UHC Choice Plus PPO plan. Approximately 90% of active employees select the lower cost EPO plan and 10% of active employees choose the higher cost PPO plan.

City employees currently pay 12% of the premium of either plan as specified under Section 350-7-a-1 of the City Code of Ordinances. The UHC Choice Plus PPO plan is about 30% higher in costs than the UHC Choice EPO plan and the higher deductibles and co-pays for the UHC Choice Plus PPO plan do not offset these higher costs.

Both plans offer an extensive network with the UHC Choice EPO plan covering over 5,000 hospitals and 700,000 providers throughout the country. In addition, any emergency services are covered under the UHC Choice EPO plan as in-network regardless of the facility selected.

The DER is recommending with file #130098 that the City pay 88% of the low cost plan for all general city employees and retirees under 65 beginning with the first pay period of 2014. Currently the UHC Choice EPO plan is the low cost plan. If an employee or retiree under the age of 65 selects the higher cost UHC Choice Plus PPO plan, the employee would pay the difference between the projected cost of the PPO plan and 12% of the cost of the EPO plan.

This would be a change from the current policy requiring active employees to pay 12% of the total premium less a \$10 single and \$20 family wellness program participation adjustment. As of the first pay period in 2014, the City will discontinue the \$10 and \$20 premium adjustment for general city employees.

General city employees and retirees under 65 selecting the UHC Choice Plus PPO plan in 2014 will have higher employee premium share costs. The actual rates for the UHC Choice and UHC Choice Plus plan will not be available until September 2013.

Please contact me if you have any additional comments or questions regarding this file.

Sincerely,

Michael Brady,
Employee Benefits

CC: Maria Monteagudo, DER
Debra Ford, Labor
Renee Joos, DER

Ellen Tangen, City Attorney's Office
Mary Turk, LRB
Dennis Yaccarino, Budget Office
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