

June 7, 2004

To: Finance and Personnel Committee

From: Michael Brady, Employee Benefits



Re: **Information regarding 2005 Employee Benefit  
contract Extensions, Common Council File  
Number 040162**

The following documents are attached:

- (1) Report from Willis of Wisconsin
- (2) Rate sheet for active represented employees
- (3) Rate sheet for active management employees
- (4) Rate sheet for retirees over 65
- (5) Chart showing "Net Health Care Costs 2000-2004"
- (6) Fiscal Note for File 040162

City Of Milwaukee

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Health and Dental Benefits Team Recommendations  
Regarding 2005 Contracts for HMOs, Self Insured  
Medical Plan Administration and Prepaid Dental  
Plans

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Willis of Wisconsin, Inc.  
One Plaza East, Suite 1400  
330 East Kilbourn Avenue  
Milwaukee, WI 53202-3195  
(414) 271-9800

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## EXECUTIVE SUMMARY

### *What are the Recommendations of the Health and Dental Benefits Team?*

#### **HMO Plans**

As a result of a request for proposal (RFP) process and evaluations, the Health and Dental Benefits Team recommends the following for the HMO plans:

Enter into a one-year contract in 2005 with CompCareBlue Aurora Family Network (AFN) HMO and the CompCareBlue Broad Network HMO. These are the incumbent HMOs. This combination offers the lowest cost to the City, lowest employee and retiree contributions as well as the broadest network provider access to City employees and retirees.

#### **Self Insured Medical Plan Administration**

Based on the renewal terms offered by WPS, the City's self insured medical plan administrator, the Health and Benefits Team recommends that the City accept WPS's 2005 fee proposal. The fees represent no increase over 2004, which were the result of a comprehensive RFP process, WPS's administration has been effective and the claim cost of the self insured medical plan has moderated recently.

#### **Prepaid Dental Plans**

The Health and Dental Benefits Team recommends that the City accept the 2005 rate proposals of the three incumbent PPDs, DentalBlue, CARE-PLUS and First Commonwealth. This recommendation maintains the choice currently available to employees, and has no cost impact on the City, because its cost for PPD plans is fixed, and reducing the number of options offered has not reduced premium rates offered by remaining PPDs.

### *Who Was on the Health and Dental Benefits Team?*

The City's six member Health and Dental Benefits team was consulted in March and agreed to allow DER to negotiate 2005 contracts following action by the Common Council. Pending initial responses, the team recommended DER initiate a limited request for proposal process with the assistance of Willis of Wisconsin for the HMO for 2005. The City staff members on the Health and Dental Benefits Team were:

- **Michael Brady**, Director – Employee Benefits, Department of Employee Relations
- **James Michalski, CPA**, Audit Manager – Office of the Comptroller
- **Mark Ramion**, Fiscal Review Analyst Senior – Legislative Reference Bureau
- **Edwin Reyes**, Management and Account Officer – Department of Employee Relations, Employee Benefits Division
- **Katrina Whittley**, Employee Benefit Analyst – Department of Employee Relations
- **Dennis Yaccarino**, City Economist – Budget Office of the Department of Administration

Assisting the City team were the following individuals:

- **Douglas Ley**, Vice President, Willis of Wisconsin, Inc.
- **Clete Anderson**, Assistant Vice President, Willis of Wisconsin, Inc.

The City retained the services of Willis to assist in the following:

- assist the City Health and Dental Benefits Team in evaluating the carrier responses and making recommendations,
- conduct financial analyses,
- draft this final report.

### ***How Did the Health and Benefits Team Reach These Recommendations?***

#### ***HMO Selection Process***

The City goals for its healthcare plans are to keep the cost as affordable as possible to the City while providing employees "choice." Meeting these goals led to the decision for 2004 to continue to offer two HMOs to City employees: the "broad network" CompcareBlue Traditional and "narrow network" CompcareBlue AFN.

The Health and Dental Benefits Team decided that DER would first review the 1/1/05 HMO rate renewal from CompcareBlue. If the rate action were reasonable, given current health care cost trends and the options available in the Milwaukee marketplace, the team would accept the rate renewal. If the CompcareBlue rate renewal were deemed higher than reasonable, then an abbreviated RFP, focusing strictly on rates, would be sent to the other two local HMOs, Humana and United Health Care. Both of these HMOs have worked with the City in the past as well as have responded to previous, comprehensive RFPs, so there would be little need to ask for another comprehensive response this time.

The Team received the preliminary 1/1/2005 rate renewal from CompcareBlue, summarized here.

#### **CompcareBlue**

Plan	1/1/2005 Rate Increase
Active AFN	5.7%
Active Traditional	27.8%
Retiree AFN	65.8%
Retiree Traditional	60.6%

The combined rate increase was 27.8%, with the increases by plan based on the claims experience of the respective plans.

Based upon current enrollment, here is a summary of the annual results comparing the expected cost in 2004 of the CompcareBlue Traditional and AFN HMO plans against the expected 2005 preliminary costs of those plans using the same enrollment.

**Projected 2004 HMO Premiums**

	Annual Amounts
Gross 2004 HMO Prem.	\$64,331,892
Less: Active HMO Trust	(\$2,776,735)
Less: Retiree HMO Trust	(\$5,362,342)
Less: Water & Prkg Credits	(\$3,066,307)
Projected Net HMO 2004	\$53,126,508

**Projected 2005 HMO Expenditures**

		Percent % Change From 2004	\$ Increase Over 2004
Gross 2005 HMO Prem.	\$82,434,249	28.1%	
Less: Active HMO Trust	(\$9,072,084)	226.7%	
Less: Retiree HMO Trust	(\$8,744,020)	63.1%	
Less: Water & Prkg Credits	(\$3,597,745)	17.3%	
Projected Net HMO 2005	\$61,020,400	14.9%	\$7,893,892

The City's net cost would increase almost 14.9%, or almost \$7.9 million in 2005. Total active employee contributions for the Traditional plan would increase 227%. This large increase is the result of the employee contribution design. The least costly HMO option, AFN, is noncontributory to the employee, and the employee pays the full cost difference for the Traditional plan. The AFN rates only increased 5.7%, while the Traditional rates increased, 27.8%. The employee must pay the full difference in the increase. Retiree contributions for Medicare eligible retirees increased 63% because they pay 75% of the cost of post-Medicare coverage, and the rates on average increased 63%.

The team concluded that the preliminary premium rate increases, particularly for the retirees and active Traditional plan, were higher than acceptable. The over 200% increase in employee contributions for the Traditional plan would render it a virtually unviable option, probably driving most of the participants into the self insured medical plan with unknown risks resulting to the City of shifting large numbers of people from insured HMO coverage to self insured medical coverage. The large increase to retirees was no less a problem.

As a result, the abbreviated RFP was e-mailed to Humana and United Health Care. Responses were requested by May 24 and were received from CompcareBlue and United Health Care. Humana declined to quote. A copy of Humana's declination letter can be found in the appendices. Here is a summary of the results of the CompcareBlue and United Health Care 2005 rate quotes. These quotes also assume no change in the current enrollment choices.

**CompcareBlue**

Plan	1/1/2005 Rate Increase
Active AFN	5.7%
Active Broad	18.0%
Retiree AFN	47.64%
Retiree Broad	47.64%

**United Health Care**

Plan	1/1/2005 Rate Increase
Active	27.5%
Retiree	27.5%

Here are projected 2005 annual amounts based on current enrollment.

**Projected 2005 HMO Expenditures**

	Annual Amounts	Percent % Change From 2004	\$ Increase Over 2004
<b>CompcareBlue</b>			
Gross 2005 HMO Prem.	\$77,546,367	20.5%	
Less: Active HMO Trust	(\$6,350,666)	128.7%	
Less: Retiree HMO Trust	(\$7,916,961)	47.6%	
Less: Water & Prkg Credits	(\$3,439,589)	12.2%	
Projected Net HMO 2005	\$59,839,151	12.6%	\$6,712,642
<b>United Health Care</b>			
Gross 2005 HMO Prem.	\$82,002,073	27.5%	
Less: Active HMO Trust	\$0	-100.0%	
Less: Retiree HMO Trust	(\$6,162,985)	14.9%	
Less: Water & Prkg Credits	(\$4,001,115)	30.5%	
Projected Net HMO 2005	\$71,837,974	35.2%	\$18,711,465

The 2005 United Health Care premium rates are almost \$4.5 million higher than the CompcareBlue rates and \$18.7 million higher than the current HMO rates (though the gross annual premium is more than \$400,000 lower than CompcareBlue's original rates). The City's cost under the United Health Care quote is almost \$12 million higher. This much higher net City cost results from United Health Care only offering one HMO. As a result, there would be no employee contributions since it would also be the lowest cost HMO.

The final CompcareBlue proposal is about \$4.9 million lower in total annual premium than its original rates and almost \$1.2 million lower in net cost to the City. The total cost increase for the City in 2005 is projected to be \$6.7 million, or 12.6%.

In addition to having better financial terms, CompcareBlue's provider network is more comprehensive than United Health Care. United Health Care's HMO does not include Aurora Health Care while CompcareBlue does. If the City were to select United Health Care's HMO, employees who would want access to Aurora providers would have to switch to the City's self insured medical plan. Based on provider utilization data provided by CompcareBlue, the high use of Aurora providers by Traditional plan participants indicates that this change would negatively impact a large percentage of this group.

The lower cost to the City as well as employees and retirees, and better network provider access, led the Team to select the CompCareBlue proposal.

During this process the Team also investigated possible plan alternatives to address the rate increases. For the active employees currently in the Traditional plan, the Team looked into HMO plan options that would reduce the premium rates by offering reduced benefits, or by offering small provider networks, but no viable option was available for 2005.

For retirees, the Team has been investigating non-City-sponsored (no City contributions) retiree medical plans that could provide Medicare eligible retirees a less expensive option than the City's plan. At the time of this report, the process is going forward to offer retirees these other medical plan options through the City retired employees organization. Part of this process is a change being made to a current rule that states that retirees who drop out of the retiree medical plan have three years in which to rejoin, otherwise they are permanently excluded. This rule, put in place many years ago as a protection against anti-selection to the City's plan, is now simply an impediment, scaring retirees away from choosing another option because of the fear of never being able to get back into the plan. The Team believes removing this rule will actually reduce the City's cost by encouraging retirees to opt for non-City-sponsored plans.

### ***Self Insured Plan Administrator Selection Process***

As with the HMO plans, the Health and Benefits Team concluded that it would review the 2005 administration fee proposal from WPS. If it were reasonable then there would be no need to go through an RFP process. The Team drew this conclusion because:

- The 2004 fees had been obtained through a rigorous RFP process and were therefore competitive.
- The administration fees represent only about 4% of the total cost of the self insured medical plan, the rest being claims paid, so any savings from switching to a new administrator would probably be eaten up by the City's transition cost and there would be the employee relations issues related to problems that arise when changing administrators.
- WPS's administration of the plan has been effective.
- The cost of the self insured medical plan has moderated. The projected 2005 rate increase for the plan is a half a percent, and the cost increase is 10%.

The City received WPS's 2005 fee proposal, which represented no increase over 2004 fees. The City also has an option to renew the contract in 2006 with those same fees.

Based on the renewal terms offered by WPS, the City's self insured medical plan administrator, the Health and Benefits Team recommends that the City accept WPS's 2005 fee proposal. The fees represent no increase over 2004, which were the result of a comprehensive RFP process, WPS's administration has been effective and the claim cost of the self insured medical plan has moderated recently.



***Prepaid Dental Plans Selection Process***

An abbreviated e-mail request was sent to the three incumbent PPDs, DentalBlue, CARE-PLUS and First Commonwealth, asking for 2005 rates. The Health and Dental Benefits Team concluded that there would be little value to the City of a comprehensive RFP process for the following reasons.

- The 2004 fees had been obtained through a rigorous RFP process and were therefore competitive.
- The City has a fixed contribution toward the cost of PPD coverage. Participants contribute the remaining premium. Thus the City's contribution will not be changed by changes in the PPD's rate quotes.
- A comprehensive RFP process is unlikely to provide any lower rates.
- In previous RFPs, the PPDs have been asked if reducing the number of PPDs offered would reduce their rates. The answer is "no," so there is no point to reducing options to try to reduce rates, which would also force some participants to change providers.

The City will receive the PPD rates on June 4, which precludes having the actual 2005 rate proposals. Nonetheless, the Health and Dental Benefits Team recommends that the City accept the 2005 rate proposals of the three incumbent PPDs, DentalBlue, CARE-PLUS and First Commonwealth. This recommendation maintains the choice currently available to employees, and has no cost impact on the City, because its cost for PPD plans is fixed, an RFP process is unlikely to provide any lower rates, and reducing the number of options offered has not reduced premium rates offered by remaining PPDs, so there is no reason to ask again.

**Appendix A**

Humana Declination Letter

EM 11  
'04 MAY 5 1

May 20, 2004

Michael J. Brady  
Department of Employee Relations, Employee Benefits Division  
City of Milwaukee  
Room 701, City Hall  
200 East Wells Street  
Milwaukee, WI 53202-3560



Dear Mike:

Thank you for giving Humana the opportunity to respond to your request for proposal (RFP) for the 2005 City of Milwaukee HMO. Humana has always valued its past relationship with the City, and looks forward to a return to the mutually beneficial relationship that existed between our two organizations prior to 2003.

We do not believe it is in Humana's best interest to respond with a proposal for the City's HMO offering, and therefore we are declining to respond with an HMO only proposal. It was Humana's understanding and hope that there would be an opportunity to provide a proposal on the self-funded Basic Plan for 2005, along with the HMO. We were disappointed to learn that this would not be the case. Humana is focused on providing total healthcare solutions for organizations, as opposed to assuming potential adverse selection risk associated with being one of several offerings.

As we have stressed in the past, we at Humana are confident that we would be able to save the City millions of dollars in health care costs by administering the self-funded plan. These savings would come from several areas, the largest of which would be from our proven provider discount advantage over WPS. We have and continue to be willing to guarantee these savings. We point to the savings we have provided to Milwaukee County, and the ability to confirm these savings with County officials. Humana has generated millions of dollars of savings for Milwaukee County through becoming its sole health plan and administrative partner, providing a total solution. This includes flexible provider network options and integrated clinical and pharmacy programs. It is our desire to provide the same for the City of Milwaukee.

Humana continues to be interested in partnering with the City to provide solutions to rising health care costs. It is our strong belief that it is neither in the City's nor Humana's best interest to pursue a limited approach by providing HMO only coverage, or being one of several HMOs offered to the City. Again, thank you for considering Humana. We look forward to continued opportunities to work with the City in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Austin", written over a horizontal line.

Scott Austin  
Director of Large Group Sales

**Appendix B**

CompcareBlue and United Health Care 2005 Rate Charts

**2005 Rates**

Please complete a rate chart for each HMO plan you will offer and state whether it can be offered with another plan.

**City of Milwaukee  
2005 HMO Rates**

Plan Description CompcareBlue AFN HMO and CompcareBlue Broad Network HMO

Effective Period of Rates 1/1/05-12/31/05

Rate	Broad Network	Narrow Network
<b>Active Rates</b>		
Single	\$441.10	\$355.61
Family	\$1204.18	\$970.80
<b>Retiree Rates</b>		
Single without Medicare	\$551.89	\$496.71
Family without Medicare	\$1506.65	\$1356.00
One with Medicare	\$434.22	\$390.76
Two with Medicare	\$868.45	\$781.52
One with Medicare & One without Medicare	\$986.12	\$887.46
One with Medicare, One without Medicare & Dependent children	\$1388.98	\$1251.54
Two with Medicare & Dependent children	\$1271.31	\$1145.60
One without Medicare & Dependent children	\$1506.65	\$1356.00
One with Medicare & Dependent children	\$1388.98	\$1251.54

"With Medicare" means having both parts of Medicare, Hospital (Part A) and Medical (Part B)

## 2005 Rates

Please complete a rate chart for each HMO plan you will offer and state whether it can be offered with another plan.

### City of Milwaukee 2005 HMO Rates

Plan Description **United Healthcare Select HMO**

Effective Period of Rates **1/1/2005 to 1/1/2006**

Rate	UHC Network	N/A
<b>Active Rates</b>		
Single	\$461.69	
Family	\$1,269.65	
<b>Retiree Rates</b>		
Single without Medicare	\$461.69	
Family without Medicare	\$1,269.65	
One with Medicare	\$232.04	
Two with Medicare	\$638.11	
One with Medicare & One without Medicare	N/A**	
One with Medicare, One without Medicare & Dependent children	N/A**	
Two with Medicare & Dependent children	N/A**	
One without Medicare & Dependent children	N/A**	
One with Medicare & Dependent children	N/A**	

\*\* Note: The status of the enrolling employee (i.e. active, retiree non-Medicare or retiree Medicare) dictates which rates are applicable.

"With Medicare" means having both parts of Medicare, Hospital (Part A) and Medical (Part B)

**Appendix C**

WPS 2005 Administration Fee Proposal Summary

**From:** "CRONCE, MARK" <WPS.MCRONCE@WPSIC.COM>  
**To:** <MBRADY@CI.MIL.WI.US>  
**Date:** 6/7/04 5:08PM  
**Subject:** 2005 Rates

--- Received from WPS.MCRONCE 1-414-224-3946 06-07-04 507p

Mike,

Per our recent conversations this email will confirm the following rates for 2005 for the City of Milwaukee Patient Choice plan. (This will replace our current Narrow Network with no changes in benefits).

WPS/Patient Choice Tier 1 Single \$366.02 Family \$988.20  
Tier 2 Single \$401.50 Family \$1084.06

With regard to an extension for 2005, WPS will hold our current 2004 pricing as listed in Section VI, B, Administrative Fees... (page 20 - 22). This will apply to Administrative Services, Utilization Services and PPO Network Access Agreements for the period of 1/1/05 through 12/31/05 for both the City of Milwaukee's Basic Plan and the WPS/Patient Choice plans.

Mike, if the above is acceptable to you please let me know as outlined in Section VII Agreement Period of our current agreement.

I look forward to any questions you may have. Please call me at 414-881-0458 anytime. Thanks!

Mark

--- 06-07-04 507p --- Sent to -----  
-> MBRADY@CI.MIL.WI.US  
CC:  
-> WPS.CBERGHAM BERGHAMMER, CAROLINE UNDW



**Appendix D**

Prepaid Dental Plans Rate Charts

## II. RATES

State your proposed rates for prepaid dental services for the City on a monthly per-employee basis with the single and family rates guaranteed for twenty-four months, beginning January 1, 2005

1. State your rates if yours is one of three PDPs offered.

1/1/2005-12/31/2005	Single: <u>\$ 26.11</u>	Family: <u>\$ 78.80</u>
1/1/2006-12/31/2006	Single: <u>\$ 27.81</u>	Family: <u>\$ 83.92</u>

## II. RATES

State your proposed rates for prepaid dental services for the City on a monthly per-employee basis with the single and family rates guaranteed for twenty-four months, beginning January 1, 2005

1. State your rates if yours is one of three PDPs offered.

1/1/2005-12/31/2005	Single: <u>\$ 25.96</u>	Family: <u>\$ 75.59</u>
1/1/2006-12/31/2006	Single: <u>\$ TBD 5/05</u>	Family: <u>\$ TBD 5/05</u>

## II. RATES

State your proposed rates for prepaid dental services for the City on a monthly per-employee basis with the single and family rates guaranteed for twenty-four months, beginning January 1, 2005

1. State your rates if yours is one of three PDPs offered.

1/1/2005-12/31/2005	Single: <u>\$25.25</u>	Family: <u>\$75.75</u>
1/1/2006-12/31/2006	Single: <u>\$Not To Exceed 7.0% increase</u>	Family: <u>\$Not To Exceed 7.0% increase</u>

## 2005 RATE CHART FOR ACTIVE EMPLOYEES

This Chart applies to all Employees whose positions are represented by any of the following units:  
**DC48; NMNR; L75; Assc of Sci Pers; Assc of Muni Attys;  
 L494 Elec; L494 Mach; L61 San; TEAM; MBCTC; L139;  
 ALEASP; SNC; Local 510 IAM District #10; Loc 195  
 Bridge Operators**

### COMPUTATION METHOD OF HMO "CITY SHARE"

The CITY will pay, monthly, 100% of the lowest single or lowest family HMO premium cost to the City. For 2005, this contribution ("City Share") will be no more than \$355.61 (Single) or \$970.80 (Family) toward the cost of your HMO. Any excess HMO premium over these amounts ("Employee Share") will be deducted as a payroll deduction from the last paycheck of each month.

### COMPUTATION METHOD OF BASIC PLAN "EMPLOYEE SHARE"

An employee will pay \$50.00 (single) or \$100.00 (family) as his/her share of the Basic Plan cost. This amount ("Employee Share") will be deducted as a payroll deduction from the last paycheck of each month.

### Chart I - 2005 Monthly Health Plan Rates

HEALTH PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Aurora Family Network	\$ 355.61	\$ 355.61	<i>No Cost</i>	\$ 970.80	\$ 970.80	<i>No Cost</i>
CompcareBlue-Traditional	\$ 441.10	\$ 355.61	<b>\$ 85.49</b>	\$ 1,204.18	\$ 970.80	<b>\$ 233.38</b>
Basic Plan	\$ 523.86	\$ 473.86	<b>\$ 50.00</b>	\$ 1,251.68	\$ 1,151.68	<b>\$ 100.00</b>

### Chart II - 2005 Monthly Dental Plan Rates

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
WPS/Delta Dental	\$ 24.50	\$ 13.00	<b>\$ 11.50</b>	\$ 84.39	\$ 37.50	<b>\$ 46.89</b>
Care-Plus	\$ 25.96	\$ 13.00	<b>\$ 12.96</b>	\$ 75.59	\$ 37.50	<b>\$ 38.09</b>
DentalBlue	\$ 25.25	\$ 13.00	<b>\$ 12.25</b>	\$ 75.75	\$ 37.50	<b>\$ 38.25</b>
First Commonwealth	\$ 26.11	\$ 13.00	<b>\$ 13.11</b>	\$ 78.80	\$ 37.50	<b>\$ 41.30</b>

When this material was printed, the City had not established Health/Dental terms for 2005 with all employee groups. As a result the above contribution levels may change.

## 2005 RATE CHART FOR ACTIVE EMPLOYEES

This Chart applies to all Employees whose positions are represented by any of the following units:  
**General City Management**

### COMPUTATION METHOD OF "CITY SHARE"

The CITY will pay, monthly, 100% of the lowest single or lowest family HMO premium cost to the City. For 2005, this contribution ("City Share") will be no more than \$355.61 (Single) or \$970.80 (Family) toward the cost of Health Plan of your choice. Any excess premium over these amounts ("Employee Share") will be deducted as a payroll deduction from the second paycheck of each month.

### Chart I - 2005 Monthly Health Plan Rates

HEALTH PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Aurora Family Network	\$ 355.61	\$ 355.61	<i>No Cost</i>	\$ 970.80	\$ 970.80	<i>No Cost</i>
CompcareBlue-Traditional	\$ 441.10	\$ 355.61	<b>\$ 85.49</b>	\$ 1,204.18	\$ 970.80	<b>\$ 233.38</b>
Basic Plan	\$ 523.86	\$ 355.61	<b>\$ 168.25</b>	\$ 1,251.68	\$ 970.80	<b>\$ 280.88</b>
Basic Plan - Patient Choice 1	\$ 366.02	\$ 355.61	<b>\$ 10.41</b>	\$ 988.20	\$ 970.80	<b>\$ 17.40</b>
Basic Plan - Patient Choice 2	\$ 401.50	\$ 355.61	<b>\$ 45.89</b>	\$ 1,084.06	\$ 970.80	<b>\$ 113.26</b>

### Chart II - 2005 Monthly Dental Plan Rates

DENTAL PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
WPS/Delta Dental	\$ 24.50	\$ 13.00	<b>\$ 11.50</b>	\$ 84.39	\$ 37.50	<b>\$ 46.89</b>
Care-Plus	\$ 25.96	\$ 13.00	<b>\$ 12.96</b>	\$ 75.59	\$ 37.50	<b>\$ 38.09</b>
DentalBlue	\$ 25.25	\$ 13.00	<b>\$ 12.25</b>	\$ 75.75	\$ 37.50	<b>\$ 38.25</b>
First Commonwealth	\$ 26.11	\$ 13.00	<b>\$ 13.11</b>	\$ 78.80	\$ 37.50	<b>\$ 41.30</b>

When this material was printed, the City had not established Health/Dental terms for 2005 with all employee groups. As a result the above contribution levels may change.

# 2005 RATE CHART FOR RETIREES & SURVIVING SPOUSES

**These rates are effective January 1, 2005**

We will deduct the new rates effective with your December, 2004 pension check.

This is official notification of health plan rates for 2005. DO NOT discard this rate chart.

## RATE CHART I These Rates Apply To You If You Are:

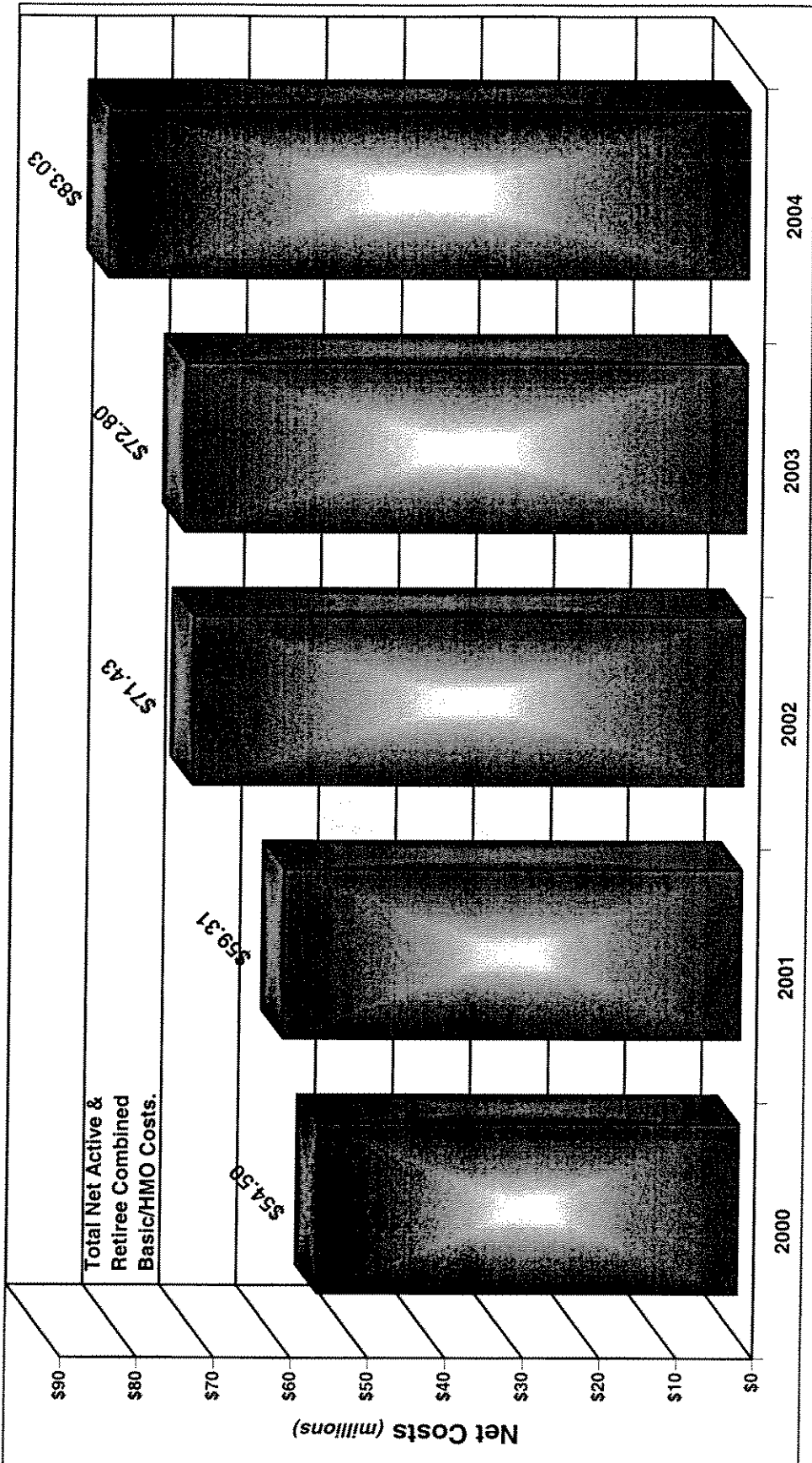
- 1 Retirees age 65 and over.
- 2 Certain General City Retirees under age 60, or between 60-65 paying for health coverage.
- 3 Fire Retirees (pre March 1983) under age 60.
- 4 Police Retirees (pre 1983) under age 60.
- 5 Ordinary Disability Retiree
- 6 Surviving Spouses of certain General City, Fire or Police Service Retirees.

(Rates in parentheses are the 2004 rates and are shown only for comparison purposes)

Plan Code	If you are or your family consists of:	Basic Plan	Compcare	Aurora Family Network
1	A single w/o Medicare	\$ 650.12 (\$645.34)	\$ 413.95 (\$280.36)	\$ 372.53 (\$252.32)
3	Family w/o Medicare	\$ 1,164.58 (\$1,155.80)	\$ 1,129.99 (\$765.37)	\$ 1,017.00 (\$688.84)
4	One with Medicare	\$ 301.01 (\$298.22)	\$ 325.67 (\$220.58)	\$ 293.07 (\$198.50)
5	Two with Medicare	\$ 582.17 (\$576.70)	\$ 651.34 (\$441.17)	\$ 586.14 (\$397.01)
6	One with Medicare & one w/o Medicare	\$ 890.76 (\$883.53)	\$ 739.59 (\$500.94)	\$ 665.60 (\$450.83)
7	One with Medicare, one w/o Medicare & Dependent Child(ren)	\$ 1,017.13 (\$1,009.20)	\$ 1,041.74 (\$705.59)	\$ 938.66 (\$635.78)
8	Two with Medicare & Dependent Child(ren)	\$ 722.23 (\$715.98)	\$ 953.48 (\$645.82)	\$ 859.20 (\$581.96)
9	One w/o Medicare & Dependent Child(ren)	\$ 972.59 (\$964.90)	\$ 1,129.99 (\$765.37)	\$ 1,017.00 (\$688.84)
10	One with Medicare & Dependent Child(ren)	\$ 616.92 (\$609.01)	\$ 1,041.74 (\$705.59)	\$ 938.66 (\$635.78)

"With Medicare" means having both parts of Medicare, Hospital (Part A) and Medical (Part B).

**NET HEALTH CARE COSTS 2000 - 2004  
COMBINED BASIC/HMO COSTS**



Total Net Active &  
Retiree Combined  
Basic/HMO Costs.

COMBINED NET HEALTH CARE COST