



Department of Employee Relations

June 11, 2014

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Deborah Ford
Labor Negotiator

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

**File No: 140208 authorizing health and prescription drug benefit design changes
for active and retired members in 2015**

Dear Alderman Kovac and Finance Committee Members:

The City of Milwaukee provides health benefits and prescription drug benefits to all active and retired employees. In order to support employees who are making good decisions about their health and in order to control the growing cost of health benefits, the Department of Employee Relations (DER) is recommending changes in the benefit design in 2015.

The changes include the following:

- Increase the deductible for UHC Choice to \$750 per member, \$1500 for family.
- Increase the co-insurance for UHC Choice to 30% and to \$750 per member.
- Keep the co-insurance at 10% for those who use Tier 1 Premier providers who provide higher quality care, better outcomes and more competitive costs as identified by UHC.
- The out-of-pocket maximum will be \$1500 for single and \$3000 for family.
- Increase the deductible for UHC Choice Plus to \$1500 per member, \$3000 per family for in-network providers and \$3000 per member, \$6000 per family for out-of-network providers.
- Increase the co-insurance for UHC Choice Plus to 30%, \$1500 per member, \$3,000 per family for in-network providers and \$6000 per member, \$12,000 per family for out-of-network providers.
- Keep the co-insurance at 10% for in-network for those who use Tier 1 Primer providers.
- The out-of-pocket maximum will be \$3,000 single and \$6000 family for in-network services and \$6000 single and \$12,000 family for out of network services.
- Change the emergency room visit from part of the deductible and co-insurance to a \$200 co-pay for each visit.
- Change the drug co-pay of \$5-\$25-\$50 to a co-insurance of 20% with a minimum of \$4 and a maximum of \$75.

To compliment these benefit design changes, DER wants to emphasize the following;

- DER is requesting authorization to implement an on-site nurse practitioner service 20 hours a week under separate file, #140077.
- DER is recommending as part of their 2015 budget request an increase to \$250 per participant for the Healthy Rewards program.
- DER anticipates 60% of all prescriptions will be reduced from \$5 to \$4 in 2015.
- DER projects that the actual premium for members in 2015, based on the benefit design changes, should remain relatively flat barring no unforeseen utilization spikes in 2014.

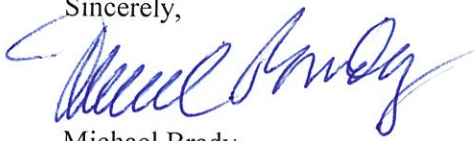


Because of the increase in utilization of health benefits by employees and retirees, combined with an increase in health cost trends, the DER finds these steps appropriate to help control costs.

The benefit design changes will affect both active employees and retired employees, although those with Medicare, because of the coordination of benefits with Medicare and UHC, will have a smaller impact.

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

Sincerely,



Michael Brady,
Employee Benefits

CC: Maria Monteagudo, DER
Deborah Ford, Labor
Renee Joos, DER
Ellen Tangen, City Attorney's Office
Mary Turk, LRB
Dennis Yaccarino, Budget Office