

July 13, 2016

Alderwoman Milele Coggs, Chairwoman
City of Milwaukee Common Council Finance & Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 160038 authorizing the City to serve as an alternate plan sponsor of the Medicare Advantage Plans for certain Medicare Retirees in 2017

Dear Alderwoman Coggs and Finance Committee Members:

City of Milwaukee Medicare retirees have the option to participate in the MRA-C48 (AFSCME) sponsored Group Medicare programming through two Medicare Advantage Plans and have done so for over a decade. There is a union affiliation change taking place which includes a name update to reflect the plan sponsor coming under affiliation with a local council (AFL-CIO union) designation rather than the AFSCME affiliation. If this alternative union affiliation/alignment is not accomplished or in any way jeopardizes the renewability of the existing arrangement, the City of Milwaukee as former employer (rather than union plan sponsor) will serve as an alternate plan sponsor of the program.

The City of Milwaukee will assume sponsorship on a contingent basis only if sponsorship through the union is not possible or in place in time for the City's 2017 open enrollment process. The City of Milwaukee, MRA-C48 and National Benefits Consultants, Inc. (NBCI) have been close partners over the years with this retiree benefit offering and currently around 1,200 Medicare Retirees are enrolled in these plans. The Medicare Advantage plans through Humana and UHC are a valuable healthcare benefit option for current City Medicare Retirees. The Medicare Advantage plans do not require the 25% City subsidy that is included in the current UHC Choice and Choice Plus plans offered by the City. The benefit design structure of the Medicare Advantage plan also differs from the Choice and Choice Plus plans.

If the change occurs, NBCI will remain as the broker for the plans and Humana and UHC will continue to administer the plans. Most importantly, the change will be seamless for current Medicare Retirees enrolled in the Medicare Advantage plans and will not require them to re-enroll. Members will receive new ID cards and the plans would have a name change reflecting the new plan sponsor. The change will not impact the comprehensive health insurance coverage offered by the plans and will be offered at no additional cost to the City's healthcare budget.

This resolution allows the City to assume sponsorship of the Medicare Advantage Plans if the alternative union affiliation/alignment is not obtained allowing City Medicare Retirees to continue enrollment in these valuable plan options. Failure to find an appropriate sponsorship could result in the 1,200 Medicare Retirees enrolling in the City's Choice and Choice Plus plans which could cost the City an additional \$4.0M in healthcare related expenditures.

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

Sincerely,

Renee Joos,
Employee Benefits

CC: Maria Montegudo, DER
Ellen Tangen, City Attorney's Office
Dennis Yaccarino, Budget Office