

July 6, 2004

The Honorable Common Council
Finance and Personnel Committee Members
City Hall Room 200
200 East Wells Street
Milwaukee, WI 53202

RE: Health Benefit Changes for Management Employees in 2005

Dear Members of the Finance and Personnel Committee:

The Common Council and the Department of Employee Relations are always looking for efforts to better control health care costs that create positive alternatives for the City and the employees. In May of this year, you agreed to allow all active management employees take advantage of the Patient Choice health insurance plans that could save management employees up to \$1800 in single deductions annually and up to \$3000 in family deductions annually without the need to change doctors. These two Patient Choice plans are offered because the City currently pays the same amount without regard to the health insurance plan management employees select, whether an HMO, the Basic Plan or the two Patient Choice options. The attached rate sheet shows the five options for management employees.

In a continuing effort to control costs this department is recommending that the HMO drug co-pay for management employees, currently \$4 for generic and \$8 for brand name, be changed to a 20% co-insurance in 2005 for management employees. Currently about 49% of all the prescriptions used by City employees with a HMO are for generic. Similar employers have at least 55% of their employee prescriptions generic. If the City could increase the generic prescriptions to 55% there would be a savings of \$1.2M annually. Currently the average cost of a generic prescription is \$15 and the average cost of a brand name prescription is \$92. Other employers do not have a \$4/\$8 HMO drug co-pay.

In this continuing effort this department is recommending that the "one family plan" currently used for City employees with a spouse working for the City – only one family member can have one family health and one family dental plan – be extended to all City management employees who have a spouse working for a governmental agency, including but not limited to MPS, Milwaukee County, Metropolitan Sewage District, Milwaukee Area Technical College, the State of Wisconsin and the Federal government. This would prevent those employees from having two governmental bodies both provide complete coverage for the family.

Two resolutions relating to these two items are attached.

If you have any questions regarding the recommendations, feel free to contact me at 286-2317 or at mbrady@milwaukee.gov.

Sincerely,

Michael Brady
Employee Benefits

Cc:
Debra Fowler
James Owczarski
Ronald Leonhardt
Barry Zalben
Mark Ramion
Dennis Yaccarino
Ellen Tangen