

**LRB-RESEARCH AND ANALYSIS SECTION**  
**FINANCE AND PERSONNEL COMMITTEE**  
**JUNE 18, 2014      FILE # 140208**

**File Number 140208 is a resolution approving a change in design for employee health and prescription drug benefits for 2015.**

**Background**

1. On January 1, 2012, the City introduced a redesigned health and prescription drug benefit plan. The City also followed the lead of Act 10, requiring that employees pay premium costs of 12%. The cost shifting to employees was done as a response to rising healthcare costs as well as increased budgetary stresses from increased pension contribution requirements and reduced state shared revenues.
2. The redesigned health and prescription benefit plan included features such as deductibles and co-insurance with out-of-pocket maximums. Prescription drug benefits featured a 3-tier copay plan. Details of the plan can be found in Common Council File Number 110300, adopted July 26, 2011.

**Discussion**

1. This resolution proposes a plan to begin January 1, 2015, that will require increased cost sharing. Employee cost increases range from 50% for the deductible and co-insurance to 100% for the out-of-pocket maximum. Details can be found in the table on page 2.
2. Prescription drug benefits change from a 3-tier system to a flat 20% cost for employees with a maximum of \$75. Monthly costs for generic medications will decrease from \$5 to \$4. This new design could result in individuals with non-generic medications paying an additional \$25 monthly, or \$300 annually, for each non-generic medication.
3. The premiums associated with this design change will not be available until after further analysis of past healthcare utilization which is to be conducted by Willis of Wisconsin. This will be available during the open enrollment period in October 2014.

**Fiscal Impact**

1. The proposed design changes will reduce the increased cost of the benefits to the City, from an increase of \$6,000,000, representing a 5% cost increase, to an increase of \$2,000,000, representing a 1.7% increase.

Impact of Proposed Health Benefit Changes on Employees					
		2014	2015	Change	Percent Change
<b>UHC Choice</b>					
<b>Deductible</b>	<b>Single</b>	<b>\$ 500</b>	<b>\$ 750</b>	<b>\$ 250</b>	<b>50%</b>
	<b>Family</b>	<b>\$ 1,000</b>	<b>\$ 1,500</b>	<b>\$ 500</b>	<b>50%</b>
<b>Co-Insurance</b>		<b>10%</b>	<b>30%</b>	<b>20%</b>	<b>200%</b>
	<b>Maximum</b>	<b>\$ 500</b>	<b>\$ 750</b>	<b>\$ 250</b>	<b>50%</b>
<b>Co-Insurance (Tier 1 Providers)</b>		<b>10%</b>	<b>10%</b>	<b>0</b>	<b>None</b>
<b>Out of Pocket Max - Single</b>		<b>\$ 1,000</b>	<b>\$ 1,500</b>	<b>\$ 500</b>	<b>50%</b>
	<b>Family</b>	<b>\$ 2,000</b>	<b>\$ 3,000</b>	<b>\$ 1,000</b>	<b>50%</b>
<b>UHC Choice Plus</b>					
<b>Deductible</b>					
<b>In-Network</b>	<b>Single</b>	<b>\$750</b>	<b>\$1,500</b>	<b>\$750</b>	<b>100%</b>
	<b>Family</b>	<b>\$ 1,500</b>	<b>\$ 3,000</b>	<b>\$ 1,500</b>	<b>100%</b>
<b>Out of Network</b>	<b>Single</b>	<b>\$ 1,500</b>	<b>\$ 3,000</b>	<b>\$ 1,500</b>	<b>100%</b>
	<b>Family</b>	<b>\$ 3,000</b>	<b>\$ 6,000</b>	<b>\$ 3,000</b>	<b>100%</b>
<b>Co-Insurance (Non-Tier 1 Providers)</b>					
<b>In-Network</b>	<b>Percentage</b>	<b>10%</b>	<b>30%</b>	<b>20%</b>	<b>200%</b>
	<b>Single</b>	<b>\$ 750</b>	<b>\$ 1,500</b>	<b>\$ 750</b>	<b>100%</b>
	<b>Family</b>	<b>\$ 1,500</b>	<b>\$ 3,000</b>	<b>\$ 1,500</b>	<b>100%</b>
<b>Out of Network</b>	<b>Percentage</b>	<b>30%</b>	<b>30%</b>	<b>0</b>	<b>0%</b>
	<b>Single</b>	<b>\$ 1,500</b>	<b>\$ 6,000</b>	<b>\$ 4,500</b>	<b>300%</b>
	<b>Family</b>	<b>\$ 3,000</b>	<b>\$ 12,000</b>	<b>\$ 9,000</b>	<b>300%</b>
<b>Co-Insurance (Tier 1 Providers)</b>					
<b>In-Network</b>	<b>Percentage</b>	<b>10%</b>	<b>10%</b>	<b>0</b>	<b>0%</b>
	<b>Single</b>	<b>\$ 1,500</b>	<b>\$ 3,000</b>	<b>\$ 1,500</b>	<b>100%</b>
	<b>Family</b>	<b>\$ 3,000</b>	<b>\$ 6,000</b>	<b>\$ 3,000</b>	<b>100%</b>
<b>Out of Network</b>	<b>Percentage</b>	<b>30%</b>	<b>30%</b>	<b>0</b>	<b>0%</b>
	<b>Single</b>	<b>\$ 3,000</b>	<b>\$ 6,000</b>	<b>\$ 3,000</b>	<b>100%</b>
	<b>Family</b>	<b>\$ 6,000</b>	<b>\$ 12,000</b>	<b>\$ 6,000</b>	<b>100%</b>

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