



Department of Employee Relations

September 14, 2018

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

Tom Barrett
Mayor

Maria Monteagudo
Director

Renee Joos
Employee Benefits Director

Nicole Fleck
Labor Negotiator

File No: 180623 Communication regarding 2019 Healthcare and Dental Rates

Dear Alderwoman Coggs and Finance Committee Members:

The City of Milwaukee provides healthcare and prescription drug benefits to all eligible employees and retirees and dental benefits to active employees. The premium rates for these benefit services are updated annually by Willis Towers Watson, the City's benefits consultant, based on the experience to date of each respective employee and retiree group. This communication shares the employer and member cost of healthcare and dental benefits for 2019.

The Finance and Personnel Committee and Common Council approved file 180382, a resolution authorizing the process to prepare 2019 rates for health and dental benefits. Willis Towers Watson actuarial services determines the projected rates for healthcare costs based on past utilization and experience, healthcare and pharmacy trends, anticipated plan benefit design, and future cost projections.

The active employee healthcare rates, which have remained flat since 2012, will have a small 5.2% increase in 2019 to account for medical inflation. Although premiums are increasing slightly, there will be no benefit design changes for 2019 for the fourth year in a row. The monthly employee premium for the UHC EPO Choice plan will increase from \$74 to \$78 (single plan) and from \$222 to \$234 (family plan). The City's experience with active healthcare premiums and expenditures since 2012 is very unique and significantly lower than premium trends experienced by similar employers over the same time period.

During the last 8 years, City employees have continued to pay a 12% premium with one 5% increase while nationally employee premiums average 24-32% for large employers with similar plans and are at least 65% higher than City employee rates. The City's experience is possible because of the culture shift that occurred with employees and their high engagement in the City's comprehensive health and wellness program and onsite clinic services which improve health awareness and encourage smarter healthcare utilization choices. These factors have made a



significant difference in the City's healthcare trends, limiting premium increases over the past eight years and allowing the City to continue to offer very generous health benefits to employees.

Retiree healthcare rates for those under age 65 are increasing in 2019 based on utilization experience along with medical and prescription drug trends for this group. A member's monthly premium for a single plan with the UHC EPO Choice will increase 9.5% to \$127 (12% share) in 2019 from \$116 in 2018.

Medicare retiree (age 65 and above) rates are increasing in 2019 based on utilization experience and medical and prescription drug trends. The monthly member's premium for a single plan with UHC PPO Choice Plus will increase 1.6% to \$306 (75% share) from \$301 in 2018.

The attached rate projection summaries prepared by Willis Towers Watson reflect the premium numbers for actives, retirees under 65 and Medicare retirees. In addition, rates charts are also provided for active employees and retirees.

There will be no increases for employee dental rates in 2019 for the City's Delta Dental EPO/PPO plans and the CarePlus dental plan.

I'm happy to answer any questions or comments regarding his file.

Sincerely,
Renee Joos
Employee Benefits

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

