



Summary Healthcare Budget Projections, Assumptions, Rates & Fees

October 2, 2017



- 
- 1) Executive Summary**
 - 2) Budget Projections**
 - 3) Assumptions**
 - 4) 2018 Renewals**
 - 5) City Contribution Structure**
 - 6) 2017 Monthly Contribution Rates**
 - 7) 2018 Projected Monthly Contribution Rates**
 - 8) Historical Insurance Premium Rates and Vendor Fees**
 - 9) Appendix: Financial History**



City of Joplin

Executive Summary

➤ 2018 contribution rate increases

- As a result of recent favorable experience, a 1.2% medical & prescription drug contribution rate increase will cover the projected PPO plan claims cost for 2018
- Dental premium rates and corresponding contribution rates will increase approximately 7%
- There was no change in the vision and life insurance premiums or corresponding contribution rates

➤ A claims fluctuation reserve has been added to the budget projections

- As of December 31, 2017, projected net assets represent 95% of targeted reserves

City of Joplin

Budget Projections

12 Months Ending	Aggregate			PMPM		
	Dec-17	Dec-18	Dec-19	Dec-17	Dec-18	Dec-19
Income						
City Contributions	\$4,630,000	\$4,695,300	\$5,055,000	\$764.03	\$774.80	\$834.16
Employee Contributions	1,213,500	1,232,700	1,317,400	200.25	203.42	217.39
Retiree/COBRA Contributions	105,800	107,500	115,200	17.46	17.74	19.01
Total Income	\$5,949,300	\$6,035,500	\$6,487,600	\$981.74	\$995.96	\$1,070.56
Expenses						
Medical	\$3,239,800	\$3,466,600	\$3,709,200	\$534.62	\$572.05	\$612.08
Prescription Drug	1,200,400	1,332,500	1,479,000	198.09	219.88	244.06
Dental Premium	306,300	327,500	327,500	50.54	54.04	54.04
Vision Premium	42,600	42,600	42,600	7.03	7.03	7.03
Life Insurance Premium	77,100	77,100	77,100	12.72	12.72	12.72
Stop-Loss Insurance Premium	484,000	527,700	585,700	79.87	87.08	96.65
Anthem ASO / EAP Fees	249,100	256,500	264,200	41.11	42.33	43.60
ACA Fees	2,900	2,900	0	0.48	0.48	0.00
Total Expenses	\$5,602,200	\$6,033,400	\$6,485,300	\$924.46	\$995.61	\$1,070.18
Operating Surplus (Deficit)	\$347,100	\$2,100	\$2,300	\$57.28	\$0.35	\$0.38
Enrollment	505	505	505	505	505	505
Beginning Fund Assets¹	\$1,782,818	\$2,129,918	\$2,132,018			
Ending Fund Assets¹	\$2,129,918	\$2,132,018	\$2,134,318			
Reserve Months	4.2	3.9	3.7			
Suggested Reserves						
Claims Fluctuation	\$2,248,000	\$2,429,700	\$2,626,700			
Months	4.5	4.5	4.5			
Reserves Shortfall	\$(118,082)	\$(297,682)	\$(492,382)			

¹ Fund assets are net of incurred but not reported claims.

The projections above are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Segal Consulting has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases. Segal Consulting's pricing guidance is not intended to provide legal advice. Issues involving the interpretation of laws/regulations should be referred to legal counsel for authoritative advice.

City of Joplin

Assumptions

Fiscal Year Ending December 31

	2017	2018	2019
Trend on Expenses			
Medical	7.0%	7.0%	7.0%
Prescription Drug	11.0%	11.0%	11.0%
Dental Premium	0.0%	6.9%	0.0%
Vision Premium	0.0%	0.0%	0.0%
Life Insurance Premium	0.0%	0.0%	0.0%
Accidental Death and Dismemberment	0.0%	0.0%	0.0%
Stop-Loss Insurance Premium	9.0%	9.0%	11.0%
Anthem ASO Fees	3.0%	0.0%	3.0%
Enrollment			
Actives	496	496	496
Retirees	9	9	9

Notes:

The percentage changes for medical and prescription drug are based on trend factors. The percentage changes shown for the remaining expenses, with the exception of the 2019 stop-loss premiums and ASO fees, are based on actual premiums and fees. Historical premiums and fees may be found on page 10 and 11 of this report.

City of Joplin

2018 Renewals

The budget projections and monthly contribution rates reflect the following renewal rates:

- Anthem Administrative Services Only Fee – a rate pass, holding the rate at \$41.10, was proposed for the 12-month period – January 1, 2018 through December 31, 2018.
- Anthem Stop-Loss Insurance – a premium increase of 9.0%, from \$36.91 Single and \$118.15 Family to \$40.24 Single and \$128.82 Family, was proposed for the 12-month period – January 1, 2018 through December 31, 2018.
- CIGNA Dental Insurance – a premium increase of 6.9% from \$26.74 Single and \$71.05 Family to \$28.57 Single and \$75.99 Family was proposed for the 24-month period – January 1, 2018 through December 31, 2019.

City of Joplin

City Contribution Structure

- **Medical & Prescription Drug** – The City pays 100% of the medical and prescription drug costs for single coverage; whereas, the City's cost share for family coverage is 75% with the employee covering the other 25%. It is assumed the cost share will remain the same in 2018.
- **Dental** – The City and employee each pay a portion for both single and family coverage. For single coverage, the City's cost share was 70% in 2017 and is assumed to remain the same in 2018. For family coverage, the City's cost share was 65% in 2017 and is assumed to remain the same in 2018.
- **Life** – The City also provides 1.5 times the annual salary in life insurance benefits at no cost to the employee. Employees can purchase additional life insurance coverage as a voluntary benefit at full cost.
- **Vision** – Vision coverage is offered on a voluntary basis, and 100% is paid by employees.

City of Joplin

2017 Monthly Contribution Rates

Monthly Contributions
Fiscal Year Ending December 31, 2017

City Contributions	Single	Family	Employee + Spouse	Employee + Child(ren)
Anthem BCBS PPO	\$466.82	\$980.36		
CIGNA Dental	\$18.70	\$46.18		
Employee Basic Life Insurance	Contributions vary by age and salary			
Employee Contributions	Single	Family	Employee + Spouse	Employee + Child(ren)
Anthem BCBS PPO	No Cost	\$326.78		
CIGNA Dental	\$8.02	\$24.88		
EyeMed Vision – Exam Only	\$1.44	\$4.22	\$2.72	\$2.88
EyeMed Vision – Plan H	\$5.34	\$15.66	\$10.12	\$10.66
Employee Supplemental Life - \$50,000	Contributions vary by age			
Spouse Voluntary Life - \$25,000		Contributions vary by age		
Child(ren) Voluntary Life - \$10,000		\$0.70 per child		
COBRA/Retiree Contributions	Single	Family	Employee + Spouse	Employee + Child(ren)
Anthem BCBS PPO	\$476.16	\$1,333.28		
CIGNA Dental	\$27.26	\$72.48		
EyeMed Vision – Exam Only	\$1.48	\$4.30	\$2.78	\$2.94
EyeMed Vision – Plan H	\$5.44	\$15.98	\$10.32	\$10.88

City of Joplin

2018 Projected Monthly Contribution Rates

Projected Monthly Contributions Fiscal Year Ending December 31, 2018

City Contributions	Single	% Change	Family	% Change	Employee + Spouse	% Change	Employee + Child(ren)	% Change
Anthem BCBS PPO	\$472.32	1.2%	\$991.88	1.2%				
CIGNA Dental	\$20.00	6.9%	\$49.40	7.0%				
Employee Basic Life Insurance	Contributions vary by age and salary							
Employee Contributions	Single	% Change	Family	% Change	Employee + Spouse	% Change	Employee + Child(ren)	% Change
Anthem BCBS PPO	No Cost	0.0%	\$330.64	1.2%				
CIGNA Dental	\$8.58	7.0%	\$26.60	6.9%				
EyeMed Vision – Exam Only	\$1.44	0.0%	\$4.22	0.0%	\$2.72	0.0%	\$2.88	0.0%
EyeMed Vision – Plan H	\$5.34	0.0%	\$15.66	0.0%	\$10.12	0.0%	\$10.66	0.0%
Employee Supplemental Life - \$50,000	Contributions vary by age							
Spouse Voluntary Life - \$25,000								
Child(ren) Voluntary Life - \$10,000	Contributions vary by age \$0.70 per child							
COBRA/Retiree Contributions	Single	% Change	Family	% Change	Employee + Spouse	% Change	Employee + Child(ren)	% Change
Anthem BCBS PPO	\$481.76	1.2%	\$1,348.96	1.2%				
CIGNA Dental	\$29.14	6.9%	\$77.52	7.0%				
EyeMed Vision – Exam Only	\$1.48	0.0%	\$4.30	0.0%	\$2.78	0.0%	\$2.94	0.0%
EyeMed Vision – Plan H	\$5.44	0.0%	\$15.98	0.0%	\$10.32	0.0%	\$10.88	0.0%

City of Joplin

Historical Insurance Premium Rates & Vendor Fees

	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	Next Renewal
Anthem Specific Stop-Loss									
Single							\$36.91	\$40.24	
Family							\$118.15	\$128.82	
Composite Specific Deductible			\$79.57 \$100,000	\$59.94 \$150,000	\$69.11 \$150,000	\$75.14 \$150,000	\$150,000	\$150,000	1/1/2019
Anthem BCBS Medical and Drug ASO / EAP									
Per Employee Per Month	\$38.68	\$40.61	\$42.64	\$43.49	\$43.49	\$39.90	\$41.10	\$41.10	1/1/2019
Delta Dental									
Single	\$28.08	\$28.77	\$28.77	\$29.51	\$29.95				Terminated
Family	\$74.70	\$76.54	\$76.54	\$78.50	\$79.68				
CIGNA Dental									
Single						\$26.74	\$26.74	\$28.57	1/1/2020
Family						\$71.05	\$71.05	\$75.99	
Humana Vision Exam Plus (Basic)									
Single	\$1.57	\$1.57	\$1.66	\$1.66	\$1.77				Terminated
EE + 1	\$3.15	\$3.15	\$3.34	\$3.34	\$3.55				
EE + Children	\$2.99	\$2.99	\$3.17	\$3.18	\$3.37				
Family	\$4.70	\$4.70	\$4.98	\$4.98	\$5.30				
EyeMed Vision Exam Only									
Single						\$1.43	\$1.43	\$1.43	1/1/2020
EE + 1						\$2.72	\$2.72	\$2.72	
EE + Children						\$2.87	\$2.87	\$2.87	
Family						\$4.22	\$4.22	\$4.22	
Humana Vision Care Plan (Extended)									
Single	\$4.80	\$4.80	\$5.09	\$5.10	\$5.42				Terminated
EE + 1	\$11.22	\$11.22	\$11.89	\$11.90	\$12.65				
EE + Children	\$10.58	\$10.58	\$11.21	\$11.22	\$11.93				
Family	\$17.52	\$17.52	\$18.57	\$18.58	\$19.76				
EyeMed Vision Plan H									
Single						\$5.33	\$5.33	\$5.33	1/1/2020
EE + 1						\$10.12	\$10.12	\$10.12	
EE + Children						\$10.65	\$10.65	\$10.65	
Family						\$15.65	\$15.65	\$15.65	

City of Joplin

Historical Insurance Premium Rates & Vendor Fees *continued*

Hartford Basic Life and AD&D	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	Next Renewal
Life Premium Per \$1,000 of Coverage	\$0.110	\$0.110	\$0.110	\$0.121	\$0.121				Terminated
AD& D Premium Per \$1,000 of Coverage	N/A	N/A	\$0.015	\$0.015	\$0.015				Terminated
Symetra Basic Life and AD&D									
Life Premium Per \$1,000 of Coverage						\$0.098	\$0.098	\$0.098	1/1/2019
AD& D Premium Per \$1,000 of Coverage						\$0.020	\$0.020	\$0.020	1/1/2019
Hartford Voluntary Supplemental Life	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	Next Renewal
Premium Per \$1,000 of Coverage - By Age									Terminated
Under 35	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05				
35 - 39	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08				
40 - 44	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12				
45 - 49	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19				
50 - 54	\$0.33	\$0.33	\$0.33	\$0.33	\$0.33				
55 - 59	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53				
60 - 64	\$0.71	\$0.71	\$0.71	\$0.71	\$0.71				
65 - 69	\$1.11	\$1.11	\$1.11	\$1.11	\$1.11				
70 - 74	\$1.93	\$1.93	\$1.93	\$1.93	\$1.93				
75+	\$3.34	\$3.34	\$3.34	\$3.34	\$3.34				
Child Rate	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07				
Symetra Supplemental Life									
Premium Per \$1,000 of Coverage - By Age									
Under 25						\$0.05	\$0.05	\$0.05	1/1/2019
25 - 29						\$0.05	\$0.05	\$0.05	
30 - 34						\$0.05	\$0.05	\$0.05	
35 - 39						\$0.08	\$0.08	\$0.08	
40 - 44						\$0.12	\$0.12	\$0.12	
45 - 49						\$0.19	\$0.19	\$0.19	
50 - 54						\$0.33	\$0.33	\$0.33	
55 - 59						\$0.53	\$0.53	\$0.53	
60 - 64						\$0.71	\$0.71	\$0.71	
65 - 69						\$1.11	\$1.11	\$1.11	
70 - 74						\$1.67	\$1.67	\$1.67	
75 +						\$2.90	\$2.90	\$2.90	
Child Rate						\$0.07	\$0.07	\$0.07	

Appendix: 2016 Financial Statement

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
Beginning Balance	\$2,046,544 ¹	\$1,872,919	\$1,882,503	\$1,788,213	\$1,887,918	\$2,059,208	\$2,019,043	\$2,158,037	\$2,049,320	\$1,930,654	\$1,954,332	\$2,002,381	\$2,046,544
Income													
City Contributions	\$356,307	\$354,407	\$344,725	\$356,833	\$361,461	\$354,767	\$352,266	\$353,440	\$358,818	\$351,149	\$347,993	\$384,510	\$4,276,676
Employee Contributions ²	102,878	99,505	98,628	101,902	99,451	106,154	100,635	102,073	100,403	93,509	104,888	108,565	1,218,592
Interest Income	0	0	0	0	0	1,167	0	0	0	2,068	0	0	3,235
Total	\$459,185	\$453,912	\$443,353	\$458,735	\$460,912	\$462,088	\$452,901	\$455,513	\$459,221	\$446,726	\$452,881	\$493,075	\$5,498,503
Expense													
Medical ³	\$362,593	\$246,207	\$359,957	\$158,721	\$104,098	\$320,557	\$110,769	\$388,145	\$381,288	\$233,640	\$224,012	\$224,320	\$3,114,308
Stop Loss Reimbursements	0	0	0	0	0	0	0	0	(3,482)	(12)	(5)	(654)	(4,153)
Prescription Drug ³	117,907	90,825	80,566	103,634	86,325	82,811	103,510	81,305	97,856	86,396	84,823	99,200	1,115,158
Dental Premium	26,380	26,572	26,234	26,190	26,767	26,830	26,048	25,942	26,310	26,174	25,622	25,710	314,780
Vision Premium	3,371	3,390	3,408	3,388	3,380	3,455	3,385	3,351	3,463	3,423	3,374	3,330	40,718
Life Premium	6,382	6,438	6,370	6,494	6,531	6,543	6,545	6,495	6,504	6,565	6,512	6,361	77,740
Stop-Loss Premium	38,474	38,008	38,205	37,168	38,191	38,394	37,961	37,758	37,378	38,035	37,073	37,493	454,138
Medical Administration	20,904	20,549	20,868	19,910	20,588	20,828	20,668	20,429	20,070	21,107	20,588	20,469	246,978
Special Events & Promotions	391	423	25	690	909	0	0	805	0	489	0	5	3,737
ACA Fees	56,408	0	0	0	0	1	2,771	0	0	0	0	0	59,180
Administration ⁴	0	11,917	2,010	2,833	2,833	2,833	2,250	0	8,500	7,231	2,833	2,833	46,074
Total	\$632,810	\$444,329	\$537,643	\$359,030	\$289,622	\$502,253	\$313,907	\$564,230	\$577,887	\$423,048	\$404,832	\$419,067	\$5,468,658
Operating Surplus/(Deficit)	(\$173,625)	\$9,584	(\$94,290)	\$99,706	\$171,290	(\$40,165)	\$138,994	(\$108,717)	(\$118,666)	\$23,678	\$48,049	\$74,008	\$29,845
Ending Balance	\$1,872,919	\$1,882,503	\$1,788,213	\$1,887,918	\$2,059,208	\$2,019,043	\$2,158,037	\$2,049,320	\$1,930,654	\$1,954,332	\$2,002,381	\$2,076,389	\$2,076,389
Active/COBRA Lives	508	511	506	506	506	505	507	502	510	512	511	506	508
Retiree Lives	8	8	7	8	8	8	8	9	9	8	6	6	8
Total	516	519	513	514	514	513	515	511	519	520	517	512	516

¹ Adjusted based on reconciliation to audited statements.

² Employee contributions include Retiree and COBRA contributions.

³ Based on financial statements received from City of Joplin personnel. Reported medical and prescription drug payments are combined on the financial statements received from the City.

⁴ Administration expense includes "Equipment Operating" line item from financial statements.

Appendix: 2017 YTD Financial Statement

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Year to Date</u>
<u>Beginning Balance</u>	\$2,076,389	\$2,112,430	\$2,180,225	\$2,172,415	\$2,187,934	\$2,337,557	\$2,591,421	\$2,559,166	\$2,076,389
<u>Income</u>									
City Contributions	\$382,789	\$388,721	\$393,140	\$383,559	\$388,025	\$390,655	\$381,738	\$380,168	\$3,088,795
Employee Contributions ¹	105,030	105,769	113,827	110,416	108,762	112,229	111,995	108,500	876,528
Interest Income ²	1,205	0	0	0	0	1,167	0	0	2,372
Total	\$489,024	\$494,490	\$506,967	\$493,975	\$496,787	\$504,051	\$493,733	\$488,668	\$3,967,695
<u>Expense</u>									
Medical ³	\$247,651	\$232,680	\$291,957	\$285,661	\$160,360	\$46,856	\$344,740	\$407,096	\$2,017,001
Stop Loss Reimbursements	0	0	0	0	0	0	0	0	0
Prescription Drug ³	91,332	91,422	111,429	89,338	86,075	102,744	81,966	79,863	734,169
Dental Premium	25,355	25,116	25,577	25,613	25,355	25,906	25,195	25,124	203,241
Vision Premium	3,240	3,276	3,299	3,324	3,326	3,398	3,320	3,346	26,529
Life Premium	6,446	6,417	6,425	6,396	6,322	6,495	6,459	6,455	51,415
Stop-Loss Premium	41,314	40,419	41,054	40,936	40,323	40,434	40,427	40,471	325,378
Medical Administration	20,799	21,125	21,290	21,249	20,838	20,961	21,043	21,002	168,307
Special Events & Promotions	108	2,832	1,708	5	5	5	5	5	4,673
ACA Fees	13,905	0	0	0	0	0	0	0	13,905
Administration ⁴	2,833	3,408	12,038	5,934	4,560	3,388	2,833	36,452	71,446
Total	\$452,983	\$426,695	\$514,777	\$478,456	\$347,164	\$250,187	\$525,988	\$619,814	\$3,616,064
Operating Surplus/(Deficit)	\$36,041	\$67,795	(\$7,810)	\$15,519	\$149,623	\$253,864	(\$32,255)	(\$131,146)	\$351,631
<u>Ending Balance</u>	<u>\$2,112,430</u>	<u>\$2,180,225</u>	<u>\$2,172,415</u>	<u>\$2,187,934</u>	<u>\$2,337,557</u>	<u>\$2,591,421</u>	<u>\$2,559,166</u>	<u>\$2,428,020</u>	<u>\$2,428,020</u>
Active/COBRA Lives	504	506	506	501	501	504	497	494	502
Retiree Lives	6	8	8	8	10	10	10	10	9
Total	510	514	514	509	511	514	507	504	511

¹ Employee contributions include Retiree and COBRA contributions.

² Interest income includes "Other Income" line item from financial statements.

³ Based on financial statements received from City of Joplin personnel. Reported medical and prescription drug payments are combined on the financial statements received from the City.

⁴ Administration expense includes "Equipment Operating" and "Building Improvements" line items from financial statements.