



Summary Healthcare Budget Projections, Assumptions, Rates & Fees

October 7, 2019



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City of Joplin

Executive Summary

- The City has experienced operating surpluses in fiscal 2018 and year-to-date fiscal 2019
- 2020 contribution rates are projected to change as follows:
 - Medical & prescription drug contribution rates will increase by approximately 5.6%
 - Dental premium rates and corresponding contribution rates will increase by 5%
 - Vision premium rates and corresponding contribution rates do not change
 - Life and AD&D insurance premium rates and contributions do not change
- Assets are projected to remain above suggested reserve levels, under the assumptions noted throughout this report

The projections provided 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

Budget Projections

PROJECTED INCOME AND EXPENSE, FISCAL YEARS ENDED DECEMBER 31

12 Months Ending	Aggregate			PPPM		
	Dec-19	Dec-20	Dec-21	Dec-19	Dec-20	Dec-21
Income						
City Contributions	\$4,527,000	\$4,777,600	\$5,123,000	\$751.49	\$793.09	\$850.43
Employee Contributions	1,140,700	1,199,600	1,278,500	189.36	199.14	212.23
Retiree/COBRA Contributions	135,100	142,600	152,600	22.43	23.67	25.33
Total Income	\$5,802,800	\$6,119,800	\$6,554,100	\$963.28	\$1,015.90	\$1,087.99
Expenses						
Medical	\$3,116,200	\$3,334,400	\$3,567,800	\$517.30	\$553.52	\$592.26
Prescription Drug	1,347,100	1,454,900	1,571,300	223.62	241.52	260.84
Dental Premium	312,500	328,100	338,000	51.88	54.47	56.11
Vision Premium	40,900	40,900	40,900	6.79	6.79	6.79
Life Insurance Premium	91,400	91,400	91,400	15.17	15.17	15.17
Stop-Loss Insurance Premium	564,400	619,300	693,700	93.69	102.81	115.16
Anthem ASO / EAP Fees	247,600	247,600	247,600	41.10	41.10	41.10
Total Expenses	\$5,720,100	\$6,116,600	\$6,550,700	\$949.55	\$1,015.38	\$1,087.43
Operating Surplus (Deficit)	\$82,700	\$3,200	\$3,400	\$13.73	\$0.52	\$0.56
Enrollment	502	502	502	502	502	502
Beginning Fund Assets	\$2,711,651	\$2,794,351	\$2,797,551			
Ending Fund Assets	\$2,794,351	\$2,797,551	\$2,800,951			
Reserve Months	5.5	5.1	4.8			
Suggested Reserves						
Claims Fluctuation	\$2,259,700	\$2,424,700	\$2,601,800			
Months	4.4	4.4	4.5			
Reserve (Shortfall)/Surplus	\$534,651	\$372,851	\$199,151			

Notes:

Medical claims costs include out-of-network claims fees, equal to 50% of the discounted claims amount, which appear on the administrative fee invoices effective as of January 1, 2019.

Fund assets are net of incurred but not reported claims.

City of Joplin

Assumptions

ASSUMPTIONS FOR FISCAL YEAR ENDING DECEMBER 31			
	2019	2020	2021
Trend on Expenses			
Medical	7%	7%	7%
Prescription Drug	8%	8%	8%
Dental Premium	0%	5%	3%
Vision Premium	0%	0%	0%
Life Insurance Premium	17%	0%	0%
Accidental Death and Dismemberment	0%	0%	0%
Stop-Loss Insurance Premium	12%	10%	12%
Anthem ASO Fees	0%	0%	0%
Enrollment			
Actives	493	493	493
Retirees	9	9	9

Notes:

The percentage changes for self-funded medical and prescription drug are based on trend factors.

The percentage changes shown for the remaining expenses, are based on actual premiums and fees if known or illustrative increases if unknown.

Historical premiums and fees may be found on page 11 and 12 of this report.

City of Joplin

2020 Renewals

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

➤ Anthem BCBS Stop-Loss Fees

- Anthem initially proposed a 15.5% increase, but was negotiated down to a 10% increase on the stop-loss premium rate

➤ Cigna Dental Premium

- In accordance with the prior year agreement, the Cigna Dental premium increase 5% was capped, but based on the CIGNA rate development the rates would have increased by 26% if the 2nd year rate cap was not negotiated for 2020
- Dental contribution rates will increase consistent with the premium change

➤ EyeMed Vision Premium

- EyeMed vision premiums for both the Exam Only and Plan H plans will not change in 2020, and are guaranteed through December 31, 2023
- Vision contribution rates will not change

➤ More detailed information follows on the next page

City of Joplin

2020 Renewals

The results of our negotiations with the carriers is summarized below:

Carrier	Coverage Type	Proposed Renewal	Negotiated Renewal	Negotiated Reduction in Annual Cost	Guarantee Period
Anthem BCBS	Administrative Services	N/A - Under rate guarantee		N/A	1/1/19-12/31/20 (2 years)
Anthem BCBS	Stop Loss	\$69.03 PCPM Single \$148.51 PCPM Family (+15.5% composite)	\$65.73 PCPM Single \$141.40 PCPM Family (+10.0% composite)	\$31,000	1/1/20-12/31/20 (1 year)
CIGNA Dental	Dental	N/A – 5% Rate Cap Would have been +26%	\$30.00 PCPM – Single (+5.0%) \$79.99 PCPM – Family (+5.0%)	\$65,000	1/1/20-12/31/21 (2 years)
Symetra	Life and AD&D	N/A - Under rate guarantee		N/A	1/1/19-12/31/20 (2 years)
Guardian	Disability	N/A - Under rate guarantee		N/A	1/1/19-12/31/20 (2 years)
EyeMed	Vision	\$1.43 PCPM – EE Only \$2.72 PCPM – EE + Spouse \$2.87 PCPM – EE + Children \$4.22 PCPM – Family	\$1.43 PCPM – EE Only (0%) \$2.72 PCPM – EE + Spouse (0%) \$2.87 PCPM – EE + Children (0%) \$4.22 PCPM – Family (0%)	\$0	1/1/20-12/31/23 (4 years)
Total				\$96,000	

- Reductions in annual costs resulting from negotiation are estimated based on 502 enrollees for stop-loss coverage and 475 enrollees for dental coverage.

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%.
- **Dental** – The City and employee each pay a portion for both single and family coverage. For single coverage, the City's cost share is 70%. For family coverage, the City's cost share is 65%.
- **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

2019 Monthly Contribution Rates

Monthly Contributions Fiscal Year Ending December 31, 2019

City Contributions	Single	Family	Employee + Spouse	Employee + Child(ren)
Anthem BCBS PPO	\$472.32	\$991.88		
CIGNA Dental Insurance	\$20.00	\$49.40		
Employee Basic Life Insurance	Contributions vary by age and salary			
Employee Contributions	Single	Family	Employee + Spouse	Employee + Child(ren)
Anthem BCBS PPO	\$0.00	\$330.64		
CIGNA Dental Insurance	\$8.58	\$26.60		
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	\$481.76	\$1,348.96		
CIGNA Dental Insurance	\$29.14	\$77.52		
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

2020 Projected Monthly Contribution Rates

Projected Monthly Contributions Fiscal Year Ending December 31, 2020

City Contributions	Single	% Change	Family	% Change	Employee + Spouse	% Change	Employee + Child(ren)	% Change
Anthem BCBS PPO	\$498.88	5.6%	\$1,047.68	5.6%				
CIGNA Dental Insurance	\$21.00	5.0%	\$51.86	5.0%				
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	\$0.00	0.0%	\$349.24	5.6%				
CIGNA Dental Insurance	\$9.00	4.9%	\$27.94	5.0%				
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	Contributions vary by age							
Child(ren) Voluntary Life - \$10,000	\$0.70 per child							
COBRA/Retiree Contributions	Single	% Change	Family	% Change	Employee + Spouse	% Change	Employee + Child(ren)	% Change
Anthem BCBS PPO	\$508.86	5.6%	\$1,424.86	5.6%				
CIGNA Dental Insurance	\$30.60	5.0%	\$81.40	5.0%				
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

Anthem Specific Stop-Loss	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Single						\$40.24	\$45.07	\$65.73	
Family						\$128.82	\$144.28	\$141.40	
Composite Specific Deductible		\$59.94	\$69.11	\$75.14	\$81.90	\$150,000	\$150,000	\$150,000	1/1/2021
		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	
Anthem BCBS Medical and Drug ASO / EAP	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Per Employee Per Month	\$42.64	\$43.49	\$43.49	\$39.90	\$41.10	\$41.10	\$41.10	\$41.10	1/1/2021
Delta Dental	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Single	\$28.77	\$29.51	\$29.95						Terminated
Family	\$76.54	\$78.50	\$79.68						
CIGNA Dental									
Single				\$26.74	\$26.74	\$28.57	\$28.57	\$30.00	1/1/2021
Family				\$71.05	\$71.05	\$75.99	\$75.99	\$79.79	
Humana Vision Exam Plus (Basic)	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Single	\$1.66	\$1.66	\$1.77						Terminated
EE + 1	\$3.17	\$3.18	\$3.37						
EE + Children	\$3.34	\$3.34	\$3.55						
Family	\$4.98	\$4.98	\$5.30						
EyeMed Vision Exam Only									
Single				\$1.43	\$1.43	\$1.43	\$1.43	\$1.43	1/1/2024
EE + 1				\$2.72	\$2.72	\$2.72	\$2.72	\$2.72	
EE + Children				\$2.87	\$2.87	\$2.87	\$2.87	\$2.87	
Family				\$4.22	\$4.22	\$4.22	\$4.22	\$4.22	
Humana Vision Care Plan (Extended)	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Single	\$5.09	\$5.10	\$5.42						Terminated
EE + 1	\$11.89	\$11.90	\$12.65						
EE + Children	\$11.21	\$11.22	\$11.93						
Family	\$18.57	\$18.58	\$19.76						
EyeMed Vision Plan H									
Single				\$5.33	\$5.33	\$5.33	\$5.33	\$5.33	1/1/2024
EE + 1				\$10.12	\$10.12	\$10.12	\$10.12	\$10.12	
EE + Children				\$10.65	\$10.65	\$10.65	\$10.65	\$10.65	
Family				\$15.65	\$15.65	\$15.65	\$15.65	\$15.65	

City of Joplin

Historical Insurance Premium Rates & Vendor Fees *continued*

Hartford Basic Life and AD&D	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Life Premium Per \$1,000 of Coverage	\$0.110	\$0.121	\$0.121						Terminated
AD& D Premium Per \$1,000 of Coverage	\$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	\$0.115	\$0.115	1/1/2021
AD& D Premium Per \$1,000 of Coverage				\$0.020	\$0.020	\$0.020	\$0.020	\$0.020	1/1/2021
Hartford Voluntary Supplemental Life	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	Next Renewal
Premium Per \$1,000 of Coverage - By Age									Terminated
Under 35	\$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	\$1.93	\$1.93	\$1.93						
75+	\$3.34	\$3.34	\$3.34						
Child Rate	\$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	\$0.05	\$0.05	1/1/2021
25 - 29				\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	
30 - 34				\$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				\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	
75 +				\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	
Child Rate				\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	

Appendix: 2018 Financial Statement

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
Beginning Balance	\$2,541,194 ¹	\$2,594,740	\$2,712,483	\$2,660,366	\$2,760,061	\$2,838,780	\$2,904,760	\$3,047,185	\$3,084,925	\$3,095,214	\$3,166,598	\$3,198,863	\$2,541,194
Income													
City Contributions	\$377,637	\$379,438	\$381,401	\$360,344	\$377,622	\$379,780	\$377,635	\$383,900	\$377,361	\$376,294	\$373,620	\$197,479	\$4,342,511
Employee Contributions ²	105,576	107,195	106,863	102,096	106,090	104,608	108,141	116,932	104,324	103,401	111,219	63,580	1,240,025
Interest Income	1,212	0	0	0	0	0	917	0	0	(180)	0	1,121	3,070
Total	\$484,425	\$486,633	\$488,264	\$462,440	\$483,712	\$484,388	\$486,693	\$500,832	\$481,685	\$479,515	\$484,839	\$262,180	\$5,585,606
Expense													
Medical ³	\$229,116	\$165,723	\$324,615	\$167,142	\$203,763	\$197,919	\$134,361	\$242,153	\$291,086	\$208,942	\$221,127	\$253,288	\$2,639,235
Stop Loss Reimbursements	0	0	0	0	0	0	0	0	0	0	(89)	0	(89)
Prescription Drug ³	94,938	97,713	112,579	92,522	98,504	119,719	103,006	118,049	76,289	95,501	127,392	92,269	1,228,481
Dental Premium	26,023	26,416	26,750	26,654	26,426	26,549	27,148	26,692	26,854	26,749	26,198	26,160	318,619
Vision Premium	3,242	3,295	3,318	3,372	3,307	3,295	3,375	3,329	3,322	3,323	3,268	3,232	39,678
Life Premium	6,749	6,642	6,662	6,695	6,637	6,625	6,697	6,653	6,797	6,700	6,591	6,639	80,087
Stop-Loss Premium	42,259	42,169	42,311	42,257	42,306	42,386	42,362	41,983	42,692	42,611	42,314	42,217	507,867
Medical Administration	21,354	21,260	21,308	21,260	21,217	21,304	21,563	21,347	21,347	21,260	21,130	21,217	255,567
Special Events & Promotions	5	5	5	10	0	10	0	53	176	910	10	2,086	3,270
ACA Fees	0	0	0	0	0	0	2,923	0	0	0	0	0	2,923
Administration ⁴	7,193	5,667	2,833	2,833	2,833	601	2,833	2,833	2,833	2,135	4,633	2,833	40,060
Total	\$430,879	\$368,890	\$540,381	\$362,745	\$404,993	\$418,408	\$344,268	\$463,092	\$471,396	\$408,131	\$452,574	\$449,941	\$5,115,698
Operating Surplus/(Deficit)	\$53,546	\$117,743	(\$52,117)	\$99,695	\$78,719	\$65,980	\$142,425	\$37,740	\$10,289	\$71,384	\$32,265	(\$187,761)	\$469,908
Ending Balance	\$2,594,740	\$2,712,483	\$2,660,366	\$2,760,061	\$2,838,780	\$2,904,760	\$3,047,185	\$3,084,925	\$3,095,214	\$3,166,598	\$3,198,863	\$3,011,102	\$3,011,102
Active/COBRA Lives	487	483	487	482	483	484	486	488	485	485	482	477	484
Retiree Lives	8	8	8	8	8	7	8	8	8	8	8	9	8
Total	495	491	495	490	491	491	494	496	493	493	490	486	492

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: 2019 YTD Financial Statement

	January	February	March	April	May	June	July	Year to Date
Beginning Balance	\$3,011,102	\$3,362,359	\$3,400,940	\$3,442,118	\$3,508,677	\$3,469,833	\$3,370,206	\$3,011,102
Income								
City Contributions	\$562,163	\$378,894	\$376,061	\$377,190	\$375,302	\$373,905	\$376,338	\$2,819,853
Employee Contributions ¹	144,154	103,552	104,566	102,980	107,276	102,709	104,345	769,582
Interest Income ²	0	0	0	0	0	0	0	0
Total	\$706,317	\$482,446	\$480,627	\$480,170	\$482,578	\$476,614	\$480,683	\$3,589,435
Expense								
Medical ³	\$222,179	\$156,865	\$178,676	\$212,747	\$274,648	\$370,653	\$407,060	\$1,822,828
Stop Loss Reimbursements	0	0	0	0	0	0	0	0
Prescription Drug ³	95,693	108,127	152,215	92,350	137,233	100,390	109,573	795,581
Dental Premium	26,161	25,885	26,228	26,342	26,066	26,244	26,104	183,030
Vision Premium	3,455	3,399	3,486	3,428	3,375	3,388	3,469	24,000
Life Premium	7,641	7,577	7,665	7,661	7,640	7,571	7,571	53,326
Stop-Loss Premium	0	94,711	47,518	46,381	47,500	46,345	47,202	329,657
Medical Administration	0	44,384	20,739	21,780	21,996	21,650	21,996	152,545
Special Events & Promotions	(2,986)	0	5	5	47	0	5	(2,924)
ACA Fees	0	0	0	0	0	0	0	0
Administration ⁴	2,917	2,917	2,917	2,917	2,917	0	5,565	20,150
Total	\$355,060	\$443,865	\$439,449	\$413,611	\$521,422	\$576,241	\$628,545	\$3,378,193
Operating Surplus/(Deficit)	\$351,257	\$38,581	\$41,178	\$66,559	(\$38,844)	(\$99,627)	(\$147,862)	\$211,242
Ending Balance	\$3,362,359	\$3,400,940	\$3,442,118	\$3,508,677	\$3,469,833	\$3,370,206	\$3,222,344	\$3,222,344
Active/COBRA Lives	492	487	495	495	495	495	495	493
Retiree Lives	9	8	8	8	8	10	9	9
Total	501	495	503	503	503	505	504	502

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.