Menasha

MEMORANDUM

Date: November 4, 2011

To: Personnel Committee
From: Pamela A. Captain, City Attorney/HR Director
PAC

RE: 2012 Network Health Plan Rates

The City of Menasha provides health insurance coverage for most of its employees through Network Health Plan. Under current union contracts there are four varieties of plans offered (access to various plans is dependent upon which union contract applies). Non-represented employees are offered three of the four varieties of plans offered to union represented employees.

Each year usually in September, in preparation for the following year's budget, the City's health insurance broker, The Horton Group, provides an estimate of the health insurance rates as a percentage increase or decrease. The estimate is preliminarily based on, among other things, a 12-month rolling average of the City's claims ratio (commonly referred to as experience). A claims ratio is expressed as a percentage of usage + administrative charge divided by premiums. For rate determination purposes, a claims ratio less than 85 is favorable and greater than 85 unfavorable.

For the 2012 budget, initial estimated rates indicated a moderate percentage increase. The final 2012 rate quote indicates a 12.83% increase. This year the City's claims ratio for rate determination purposes is 90%.

For your reference a comparison of the 2011 and proposed 2012 monthly health insurance rates for each plan is provided on ATTACHMENT 1.

It has been suggested that the City seek health insurance quotes from additional providers. That is not advisable this year given the City's experience rating. The quotes that the City has now are locked in until December 1st. If the City seeks alternate quotes the provider can change its pending quote. Our consultant has advised against seeking alternate quotes at this time.

ATTACHMENT 1

Monthly Premium Comparison	2011 HMO-1	2012 HMO-1	2011 HMO-4	2012 HMO-4	2011 POS-2	2012 POS-2	2011 Custom POS (Local 603 only)	2012 Custom POS (Local 603 only)
Single	523.58	590.77	476.99	538.22	557.99	629.61	599.28	682.19
EE/Child	964.97	1,088.80	879.10	991.95	1,028.39	1,160.39	1,104.49	1,257.30
EE/Spouse	1,099.52	1,240.62	1,001.68	1,130.26	1,171.79	1,322.19	1,258.50	1,432.61
Family	1,693.81	1,911.17	1,543.08	1,741.16	1,805.11	2,036.80	1,938.68	2,206.90

MEMORANDUM

Date: November 4, 2011

To: Personnel Committee
From: Pamela A. Captain, City Attorney/HR Director
PAC

RE: 2012 Budget and Health Insurance Rates

The Mayor prepared the 2012 budget keeping the City's contribution towards employee health insurance premiums at the 2011 level. However, there is a 12.83% increase in health insurance premium rates for 2012. If the same health insurance plan coverage is provided in 2012 as is provided in 2011, city employees will be paying not only a 12.83% increase in the "employee" portion of the health insurance rates, but also the 12.83% increase in the "City" portion of the health insurance rates (excluding police).

For your reference a comparison of the 2011 and proposed 2012 monthly and annual premium difference to employees for each plan is provided on ATTACHMENT 2.

Enrollment as of October 2011	**Employees**	2012 Proposed Monthly Prem	2012 Proposed Annual Premium	EE Annual Prem (Diff between 2011 benefit and 2012 prem)	2011 Employee Annual Premium	Difference/ Increase in Annual Prem	2012 Monthly Premium	2011 Monthly Premium
1035&B	Single-U	590.77	7,089.24	1,434.60	628.32	806.28	119.55	52.36
prem contr:	E/Child-U	1,088.80	13,065.60	2,643.96	1,158.00	1,485.96	220.33	96.50
10%	E/Spouse-U	1,240.62	14,887.44	3,012.60	1,319.40	1,693.20	251.05	109.95
cap $175 in 11	Family-U	1,911.17	22,934.04	4,559.88	1,951.56	2,608.32	379.99	162.63
603	Single-U	590.77	7,089.24	1,183.20	376.92	425.40	35.45	31.41
prem contr:	E/Child-U	1,088.80	13,065.60	2,180.76	694.80	783.96	65.33	57.90
6%	E/Spouse-U	1,240.62	14,887.44	2,484.84	791.64	893.28	74.44	65.97
cap $95	Family-U	1,911.17	22,934.04	3,659.28	1,050.96	1,050.96	87.58	87.58
Non&Lib	Single-N	590.77	7,089.24	*1,434.60*	565.44	*869.16*	119.55	47.12
prem contr:	E/Child-N	1,088.80	13,065.60	*2,643.96*	1,042.20	*1,601.76*	220.33	86.85
9% in 2011	E/Spouse-N	1,240.62	14,887.44	*3,012.60*	1,187.52	*1,825.08*	251.05	98.96
	Family-N	1,911.17	22,934.04	*4,559.88*	1,829.28	*2,730.60*	379.99	152.44
HMO-4		Proposed Monthly Prem	Proposed Annual Premium	EE Annual Prem (Diff between 2011 benefit and 2012 prem)	2011 Employee Annual Premium	Difference/Increase in Annual Prem	2012 Monthly Premium	2011 Monthly Premium
Non&Lib	Single-N	538.22	6,458.64	906.48	171.72	734.76	75.54	14.31
prem contr:	E/Child-N	991.95	11,903.40	1,670.64	316.44	1,354.20	139.22	26.37
3% in 2011	E/Spouse-N	1,130.26	13,563.12	1,903.56	360.60	1,542.96	158.63	30.05
	Family-N	1,741.16	20,893.92	2,932.44	555.48	2,376.96	244.37	46.29
POS-2		Proposed Monthly Prem	Proposed Annual Premium	EE Annual Prem (Diff between 2011 benefit and 2012 prem)	2011 Employee Annual Premium	Difference/Increase in Annual Prem	2012 Monthly Premium	2011 Monthly Premium
Non&Lib	Single-U	629.61	7,555.32	1,662.96	803.52	859.44	138.58	66.96
prem contr:	E/Child-U	1,160.39	13,924.68	3,064.92	1,480.92	1,584.00	255.41	123.41
12% in 2011	E/Spouse-N	1,322.19	15,866.28	3,492.12	1,687.32	1,804.80	291.01	140.61
	Family-N	2,036.80	24,441.60	5,379.60	2,599.32	2,780.28	448.30	216.61
				53,822.88				
	Total Insured							

ATTACHMENT 2

Menasha

MEMORANDUM

Date: November 4, 2011

To: Personnel Committee
From: Pamela A. Captain, City Attorney/HR Director
PAC

RE: 2012 Health Insurance Plan Design

In order to meet the Mayor's objective – to keep the City's contribution towards employee health insurance at 2011 numbers – either employees will be required to pay substantially higher premiums, including the 12.83% increase in the "City" and "employee" portions of the health insurance premiums or there will need to be significant changes made to the health insurance plan design in order to reduce the impact to employees.

Toward this end, an alternate health insurance plan design has been investigated and quoted through Network Health Plan. It is referred to as a Consumer Driven HMO Plan, more commonly known as a high-deductible health insurance plan. The plan includes a $1,500 deductible for a single plan and a $3,000 deductible for a family (E/Child or E/Spouse) plan. For your reference a Network Health Plan summary of the health care coverage is provided as ATTACHMENT 3. A comparison summary of the City's current health plans including the high-deductible plan is provided as ATTACHMENT 4.

This high deductible plan results in an obvious rate decrease with the "City's" contribution to health insurance premiums (overall) at or below its 2011 contribution amount. For your reference a spreadsheet is provided as ATTACHMENT 5 which shows the proposed/quoted monthly premium and difference between the 2011 benefit the City pays for each plan.

The premium quoted is based on the employer NOT contributing to the deductible. Therefore, the deductible amount would be paid by the employee. The last three columns of ATTACHMENT 5 show the impact of the deductible on employees in comparison to the 2011 monthly premium contributions employees pay.

If the City changes to this plan design it is recommended that for 2012 the City pay the premium and the employee pay the deductible. It is anticipated that the City will save money in premium contributions even if it pays the high deductible health insurance premium. It is recommended that for 2012 any savings that is attributable to this change in plan design be utilized towards the establishment of a wellness program. Further development of a wellness program will be brought before this committee in the event that is the direction that the City decides to move. The amount of savings is undetermined since it will depend on which type of coverage an employee chooses and what happens with the police union contract.

ATTACHMENT 3

CONSUMER DRIVEN HMO PLAN
SUMMARY OF MEMBER RESPONSIBILITY TABLE

This Summary reflects your member copayments and other out-of-pocket expenses.

Out-of-pocket expenses incurred to satisfy deductible, apply toward the out-of-pocket limit when the services are provided by a Network Health Plan participating provider.

The following will not apply toward the out-of-pocket limit: non-covered services and denied benefits when prior authorization is not obtained.

IN NETWORK:	
Annual Deductible:	**$1,500 per Member and $3,000 per Family each Benefit year**
Member's Coinsurance:	**0% of Eligible Expenses, unless otherwise specified**
Out-of-Pocket Limit:	**$1,500 per Member and $.3,000 per Family each Benefit year**

This is a summary of your health care coverage.

All benefits are subject to the terms, limitations and exclusions of the Certificate of Coverage. Please refer to your Certificate of Coverage, Preventive Coverage or Preventive Services Guide, and any applicable Riders for detailed benefits information, eligible services and coverage guidelines. Network Health Plan's coverage includes benefits for all State of Wisconsin and Federal mandated benefits.

Please contact Network Health Plan's Customer Service Department at 1-800-826-0940 for assistance in understanding your health care benefits.

Services	Benefits	Member Responsibility
Preventive Health	Please refer to your Member Handbook for a copy of the Preventive Coverage or Preventive Services Guide document, as applicable.	No Charge
Physician and Practitioner Services	Primary Care Practitioner Home & Office Visits	Deductible
	Specialist Home & Office Visits	Deductible
	Routine Vision Exam	Deductible
	Primary Care Practitioner Inpatient Visits	Deductible
	Specialist Inpatient Visits	Deductible
	Allergy desensitization shots, Radiation, Chemotherapy, Dialysis, Surgery & Anesthesiology services and other outpatient services or procedures performed in the Practitioners office not otherwise listed on this table.	Deductible
	Accidental Dental Services	Deductible
	Maternity Care	No Charge
	Chiropractic Office Visits & Manipulations	Deductible
Infusion Services	Medications administered in the Practitioners office, Outpatient facility, Dialysis facility or in the home	Please refer to your Prescription Drug Rider
Diagnostic Services	X-Ray, Lab, Pathology Practitioners office or outpatient	Deductible
	Diagnostic Mammography Services Practitioners office or outpatient	Deductible
	PET Scans, MRIs, MRA's, CT Scans	Deductible
	Stress Tests	Deductible
	Ultrasounds/ Echocardiograms	Deductible
Hospital Services	Inpatient Hospital	Deductible
	Outpatient Services or Procedures Including Cardiac Rehabilitation	Deductible
	Ambulatory Surgical Center	Deductible
Rehabilitation Services	Therapy – Physical/Occupational/Speech	Deductible
Home Health Care		Deductible
Hospice Care		Deductible
Durable Medical Equipment		Deductible
Medical Supplies	Including insulin pump supplies	Deductible

Services	Benefits	Member Responsibility
Behavioral Health Mental Health and Chemical Dependency Services	Inpatient Limited to 10 days per Benefit year Transitional Limited to 20 days per Benefit year Outpatient Limited to 20 visits per Benefit year	Deductible Deductible Deductible
Ambulance Services	Land and Air	Deductible
Emergency/Urgent Care	Emergency Room Services Urgent Care	Deductible Deductible
Health Education Programs	Please refer to Certificate of Coverage for list of benefits & limitations	No Charge
Diabetic Supplies	Please refer to the Prescription Summary of Member Responsibility Table	
Prescription Drugs:	Please see the Prescription Summary of Member Responsibility Table for prescription drug information, including medications administered in the Office or Outpatient setting.	

Proposed 2012		Consumer Driven HMO Plan	HMO-1	HMO-4	POS-2	
Health Insurance					In-Plan	Out-of-Plan
Comparison Chart	Co-Pays		as listed below	as listed below	as listed below	
	Annual Deductibles	1500/individual 3000/family	n/a	$250 individual/ $500 family	$250 individual/ $500 family	$500 individual/ $1000 family
	Co-Insurance		n/a	20% of eligible expenses, unless otherwise specified	10% of eligible expenses, unless otherwise specified	30% of eligible expenses, unless otherwise specified
	Annual Out-of-Pocket Limit		n/a	$2000 individual/ $4000 family	$500 individual/ $1000 family	$1500 individual/ $3000 family
						Coverage for Out-of-Network services which require Prior Authorization as listed in the Point of Service Plan Rider will have a 50% benefit reduction up to a max of $500/occurrence if the services are not Prior Authorized.

This comparison chart is not a guarantee of coverage, please refer to the Certificate of Coverage, and Riders for detailed benefit information restrictions, limitations and exclusions that apply to that coverage.

		Consumer Driven HMO Plan	HMO-1	HMO-4	POS-2	
Services					In-Plan	Out-of-Plan
Wellness/ Preventive Health	• Well Child Care Exams	No Cost	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Annual Physical Exams	No Cost	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Immunizations	No Cost	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Routine Mammography Services	No Cost	No Charge	No Charge	No Charge	Deductible/Co-ins

		This comparison chart is not a guarantee of coverage, please refer to the Certificate of Coverage, and Riders for detailed benefit information restrictions, limitations and exclusions that apply to that coverage.				
		Consumer Driven HMO Plan	HMO-1	HMO-4	POS-2	
Services					In-Plan	Out-of-Plan
Physician and Practitioner Services	**Primary Care Practitioner**					
	• Office and Home visits	Deductible	$10 Co-pay per visit	$20 Co-pay per visit	$15 Co-pay per visit	Deductible/Co-ins
	• Inpatient visits	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	Specialty Physician	Deductible				
	• Office and Home visits	Deductible	$10 Co-pay per visit	$20 Co-pay per visit	$15 Co-pay per visit	Deductible/Co-ins
	• Routine Eye Exams *(limited to one per 12-month period)*	Deductible	$10 Co-pay per visit	$20 Co-pay per visit	$15 Co-pay per visit	Deductible/Co-ins
	• Chiropractic office visits and manipulations	Deductible	$10 Co-pay per visit	$20 Co-pay per visit	$15 Co-pay per visit	Deductible/Co-ins
	• Allergy Immunizations	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Accidental Dental Services	Deductible	No Charge	No Charge	No Charge	No Charge
	• Radiation/Chemotherapy Services	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Dialysis Services	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Surgery & Anesthesiology Services	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Maternity Care	No Charge	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Inpatient visits	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Injectables administered in a Physician's office	*Refer to Prescription drug benefit levels*	*Refer to Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*
Diagnostic Services	• X-Ray, Lab, Pathology *(practitioner's office or outpatient)*	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Diagnostic Mammography Services	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• PET Scans, MRI's, MRA's, CT Scans *(no coverage if not prior authorized)*	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Stress Tests	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Ultrasounds/Echocardiograms	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
Hospital Services	• Inpatient Hospital *(no coverage if not prior authorized)*	Deductible	No Charge	Deductible/Co-ins	Deductible/Co-ins	Deductible/Co-ins

		This comparison chart is not a guarantee of coverage, please refer to the Certificate of Coverage, and Riders for detailed benefit information restrictions, limitations and exclusions that apply to that coverage.				
		Consumer Driven HMO Plan	HMO-1	HMO-4	POS-2	
Services					In-Plan	Out-of-Plan
Hospital Services (cont'd)	• Outpatient Services or Procedures *(including cardiac rehabilitation)*	Deductible	No Charge	Deductible/Co-ins	Deductible/Co-ins	Deductible/Co-ins
	• Ambulatory Surgical Center *(such as a colonoscopy)*	Deductible	No Charge	Deductible/Co-ins	Deductible/Co-ins	Deductible/Co-ins
Rehabilitation Services	• Therapy – Physical/Occupational/Speech	Deductible	$10 Co-pay per visit	$20 Co-pay per visit	$15 Co-pay per visit	Deductible/Co-ins
Ambulance Services	• Land and Air	Deductible	No Charge	No Charge	No Charge	No Charge
Home Health Care	• Limited to 40 visits per 12-month period *(no coverage if not prior authorized)*	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
Hospice Care	*No Coverage if not prior authorized*	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
Durable Medical Equipment	*(Prior authorization required for Durable Medical Equipment/Orthotics over $500 and prothetics over $1,000. No coverage if not prior authorized.)*	Deductible	No Charge	Deductible/Co-ins	Deductible/Co-ins	Deductible/Co-ins
Diabetic Supplies	*(Refer to your Prescription Summary of Member Responsibility Table)*	*Refer to your Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*	*Refer to your Prescription drug benefit levels*
Medical Supplies	Including insulin pump supplies	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
Health Educational Programs	*Refer to the Certificate of Coverage for a list of benefits and limitations.*	No Charge	No Charge	No Charge	No Charge	Not covered
Behavioral Health	Mental Health and Chemical Dependency Services • Inpatient – Limited to 10 days per calendar year *(no coverage if not prior authorized)*	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins

		This comparison chart is not a guarantee of coverage, please refer to the Certificate of Coverage, and Riders for detailed benefit information restrictions, limitations and exclusions that apply to that coverage.				
		Consumer Driven HMO Plan	**HMO-1**	**HMO-4**	**POS-2**	
Services					In-Plan	Out-of-Plan
	• Transitional – Limited to 20 days per calendar year	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
	• Outpatient – Limited to 20 visits per calendar year	Deductible	No Charge	No Charge	No Charge	Deductible/Co-ins
Emergency/Urgent Care *(Emergency room or hospital based urgent care facility)*	• Emergency Room Services *(co-pay waived if admitted inpatient within 24 hours)*	Deductible	$50 Co-pay per visit	$50 Co-pay per visit	$50 co-pay per visit	$50 co-pay per visit
	• Urgent Care	Deductible	$10 Co-pay per visit	$20 Co-pay per visit	$15 Co-pay per visit	Deductible/Co-ins
Maximum Policy Benefit			$5,000,000 per Member per Lifetime	$5,000,000 per Member per Lifetime	$5,000,000 per Member per Lifetime	
Prescription		Retail Pharmacy: $10/25/50/50/80 co-pay Mail Order Pharmacy: $25/60/150 co-pay	Retail Pharmacy: $10/25/50/50/80 co-pay Mail Order Pharmacy: $25/60/150 co-pay	Retail Pharmacy: $10/25/50/50/80 co-pay Mail Order Pharmacy: $25/60/150 co-pay	Retail Pharmacy: $10/25/50/50/80 co-pay Mail Order Pharmacy: $25/60/150 co-pay	

ATTACHMENT 5

Enrollment as of October 2011	Employees	HMO-1 2011 Monthly Benefit	2012 Proposed Monthly Premium	Difference (Savings)	Proposed Deductible/ Annual Premium	2012 Monthly "Premium"	2011 Monthly Premium
1035&B	Single-U	471.22	464.94	-678.24	1500	125	52.36
	E/Child-U	868.47	856.88	-278.16	1500/3000	250	96.50
	E/Spouse-U	989.57	976.36	-1,268.16	1500/3000	250	109.95
	Family-U	1,531.18	1,504.09	-6,826.68	1500/3000	250	162.63
603	Single-U	492.17	464.94	-1,960.56	1500	27.90	31.41
	E/Child-U	907.07	856.88	-1,204.56	1500/3000	51.41	57.90
	E/Spouse-U	1,033.55	976.36	-2,058.84	1500/3000	58.58	65.97
	Family-U	1,606.23	1,504.09	-11,031.12	1500/3000	87.58	87.58
					mo/cap of $95 incl dental & vision		
Non&Lib	Single-N	476.46	464.94	-829.44	1500	125	47.12
	E/Child-N	878.12	856.88	-509.76	1500/3000	250	86.85
	E/Spouse-N	1,000.56	976.36	-1,452.00	1500/3000	250	98.96
	Family-N	1,541.37	1,504.09	-5,368.32	1500/3000	250	152.44
HMO-4		HMO-4 2011 Monthly Benefit	Proposed Monthly Benefit	Difference (Savings)	Proposed Deductible	2012 Monthly "Premium"	2011 Monthly Premium
	Single-N	462.68	464.94	54.24	1500	125	14.31
	E/Child-N	852.73	856.88	49.80	1500/3000	250	26.37
	E/Spouse-N	971.63	976.36	283.80	1500/3000	250	30.05
	Family-N	1,496.79	1,504.09	525.60	1500/3000	250	46.29
POS-2		POS-2 2011 Monthly Benefit	Proposed Monthly Benefit	Difference (Savings)	Proposed Deductible	2012 Monthly "Premium"	2011 Monthly Premium
	Single-U	491.03	464.94	-313.08	1500	125	66.96
	E/Child-U	904.98	856.88	-577.20	1500/3000	250	123.41
	E/Spouse-N	1,031.18	976.36	-1,315.68	1500/3000	250	140.61
	Family-N	1,588.50	1,504.09	-1,012.92	1500/3000	250	216.61

Retirees	HMO-1 2011 Monthly Premium	Proposed Monthly Premium	Proposed Individual Savings	Proposed Deductible
Single	523.58	464.94	-703.68	1500
E/Child	964.97	856.88	-1,297.08	1500/3000
E/Spouse	1,099.52	976.36	-1,477.92	1500/3000
Family	1,693.81	1,504.09	-2,276.64	1500/3000

	HMO-4 2011 Monthly Premium	Proposed Monthly Premium	Proposed Individual Savings	Proposed Deductible
Single	476.99	464.94	-144.60	1500
E/Child	879.10	856.88	-266.64	1500/3000
E/Spouse	1,001.68	976.36	-303.84	1500/3000
Family	1,543.08	1,504.09	-467.88	1500/3000