

ACTION SHEET
CITY COUNCIL COMMITTEE MEETING OF 04/08/15
ITEM FROM FINANCE COMMITTEE MEETING OF 03/30/15

ISSUE:

18. Presentation and Approval of Health Plan Savings Options. (Sandra Perez)

FINANCE COMMITTEE ACTION: APPROVED AS DISCUSSION ITEM

Approved Health Plan Savings Option 2A noting \$860,000 savings Benefit Changes Premium Trend.

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

Approved Option 2A noting the \$860,000 savings from benefit changes to the spreadsheet regarding premiums. The premiums will be set to a fixed fund balance of \$5 million calculated every year through a five year period - FY 2019/20.

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR TRUJILLO	Excused		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

City of Santa Fe, New Mexico

memo

DATE: March 24, 2015

TO: Finance Committee

FROM: Sandra K. Perez, HR Director 

SUBJECT: HEALTH PLAN SAVINGS OPTION

Attached are the four (4) options related to savings from Benefit Changes to the Health Plan Design. I will present a verbal report on the meeting with the Group Insurance Advisory Committee, which will include their feedback related to the membership from the groups they represent. Each of the representatives indicated they would be in attendance at the meeting as well as some of the members from their respective groups.

Following your instructions the four options are as follows:

- Option 1: Leave NO co-pay untouched; maintain \$2 million fund balance FY 17/18
Run 5 year cost projections based on no change to premiums
Run 5 year cost projections based on premium trends increase
- Option 2: \$860,000 savings from Benefit Changes; maintain \$2 million fund balance FY 17/18
Run 5 year cost projections based on no change to premiums
Run 5 year cost projections based on premium trends increase
- Option 3: Maximum Benefit Changes to maintain co-pay design; \$2 million fund balance FY 17/18
Run 5 year cost projections based on no change to premiums
Run 5 year cost projections based on premium trends increase
- Option 4: Plan design change to deductible & co-insurances, \$2 million savings plus
\$2 million fund balance FY 17/18
Run 5 year cost projections based on no change to premiums
Run 5 year cost projections based on premium trends increase

I have also included four different "Information Sheets" that we will discuss with AON. These are 5 year projection information sheets based on different questions posed during our previous discussions, which includes the indexing scenario (sheet A) posed by Councilor Maestas.

We are looking forward to a fruitful discussion.

OPTIONS

**Option # 1 - Increase All Copays
Maintain \$2Million Fund Balance FY 17/18**

	<u>CURRENT</u>	<u>PROPOSED</u>		
	Premium Plan In-Network	Premium Plan In-Network		
Deductible <i>per Person / per Family</i>	None			
Out-of-Pocket Maximum <i>per Person / per Family</i>	N/A			
SERVICES				
Preventive Services	Plan pays 100%	No Change*		*required by Affordable Health Care Act
Primary Care Office Visits	\$10 copay	\$15 copay	=	\$255,000 (03/12/2015)
Specialist Care Office Visits	\$10 copay	\$30 copay		
Urgent Care	\$10 copay	\$30 copay		
Hospital Inpatient	\$250 copay	\$500 copay	=	\$45,000 (12/26/14)
Outpatient Surgery	\$75 copay	\$150 copay	=	\$30,000 (12/26/14)
Lab and X-ray	Plan pays 100%	Coinsurance 10%	=	\$105,000 (3/12/15)
MRI / PET / CAT Scans	Plan pays 100%	\$100 copay	=	\$15,000 (3/12/15)
Emergency Room	\$125 copay	\$150 copay	=	\$15,000 (12/26/14)
ALTERNATIVE MEDICINE				
Acupuncture	\$10 copay / 24 visit limit	\$30 copay + combined 24 visits	=	\$75,000
Chiropractic	\$10 copay / 24 visit limit	\$30 copay + combined 24 visits		
Naprapathy	\$10 copay / 24 visit limit	\$30 copay + combined 24 visits		
Medical Massage	\$10 copay / \$2400 per plan year	Eliminate	=	\$400,000 (12/26/14)
PHARMACY				
Retail (up to 31-day supply) Tier 1	\$10 copay	\$10 copay	=	\$100,000
Tier 2	\$15 copay	\$20 copay		
Tier 3	N/A	\$40 copay		
Home Delivery - Mail Order Tier 1	\$10 copay	\$10 copay	=	\$100,000 (12/26/14)
Tier 2	\$15 copay	\$20 copay		
Tier 3	N/A	\$40 copay		
MONTHLY PREMIUM COST - FAMILY (Employee Share)	\$399.2 /month	427.94 / month		7.2% premium increase across all coverage levels

Total: \$1,040,000

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 1
\$1,040,000 Benefit Changes
Premiums Flat

	A 2014-15	B 2015-16	C 2016-17	D 2017-18	E 2018-19	F 2019-20	G 5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$5,025,888	\$3,130,055	(\$179,672)	(\$5,056,181)	\$73,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$73,509,210
4 Employee Contribution	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$22,581,260
5 Total Contributions	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$96,090,470
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,508
8a Benefit Changes	\$0	(\$1,040,000)	(\$1,105,520)	(\$1,175,168)	(\$1,249,204)	(\$1,327,904)	(\$5,897,796)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,800	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$19,771,482	\$21,113,927	\$22,527,821	\$24,094,603	\$25,824,616	\$113,332,449
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	(\$553,388)	(\$1,895,833)	(\$3,309,727)	(\$4,876,509)	(\$6,606,522)	(\$17,241,979)
20 Ending Fund Balance Increase/Decrease in Cash from Prior Year	\$5,579,276	\$5,025,888	\$3,130,055	(\$179,672)	(\$5,056,181)	(\$11,662,703)	
21	(\$200,186)	(\$553,388)	(\$1,895,833)	(\$3,309,727)	(\$4,876,509)	(\$6,606,522)	
22 City Actual Contribution Increase	\$1,156,512	\$0	\$0	\$0	\$0	\$0	\$0
23 Employee Actual Contribution Increase	\$355,268	\$0	\$0	\$0	\$0	\$0	\$0
% expense increase/decrease from prior year	5.1%	1.8%	6.8%	6.7%	7.0%	7.2%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.
Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.
Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 1A
\$1,040,000 Benefit Changes
Premiums Trend >

	A	B	C	D	E	F	G
	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 Year Total</u>
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$6,409,591	\$7,298,383	\$8,247,463	\$9,249,667	\$90,313,532
2 City Contribution (Health Fund)	\$13,951,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$90,313,532
4 Employee Contribution	\$4,516,252	\$4,841,422	\$5,170,639	\$5,517,072	\$5,897,750	\$6,316,490	\$27,743,373
5 Total Contributions	\$19,218,094	\$20,601,797	\$22,002,719	\$23,476,901	\$25,096,807	\$26,878,681	\$118,056,905
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	7.2%	6.8%	6.7%	6.9%	7.1%	
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$1,040,000)	(\$1,105,520)	(\$1,175,168)	(\$1,249,204)	(\$1,327,904)	(\$5,897,796)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$19,771,482	\$21,113,927	\$22,527,821	\$24,094,603	\$25,824,616	\$113,332,449
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$830,315	\$888,792	\$949,080	\$1,002,204	\$1,054,065	\$4,724,456
20 Ending Fund Balance	\$5,579,276	\$6,409,591	\$7,298,383	\$8,247,463	\$9,249,667	\$10,303,732	
Increase/Decrease in Cash from							
21 Prior Year	(\$200,186)	\$830,315	\$888,792	\$949,080	\$1,002,204	\$1,054,065	
22 City Actual Contribution Increase	\$1,156,512	\$1,058,533	\$1,071,705	\$1,127,749	\$1,239,228	\$1,363,133	
Employee Actual Contribution	\$355,268	\$325,170	\$329,217	\$346,433	\$380,678	\$418,740	
% expense increase/decrease from							
24 prior year	5.1%	7.2%	6.8%	6.7%	6.9%	7.1%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.

Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.

Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

**Option # 2 - \$860,000 Benefit Changes
\$2,000,000 Fund Balance FY 17/18**

	<u>CURRENT</u>	<u>PROPOSED</u>	
	Premium Plan In-Network	Premium Plan In-Network	
Deductible <i>per Person / per Family</i>	None	None	
Out-of-Pocket Maximum <i>per Person / per Family</i>	N/A	N/A	
SERVICES			
Preventive Services	Plan pays 100%	No Change*	*required by Affordable Health Care Act
Primary Care Office Visits	\$10 copay	\$15 copay	
Specialist Care Office Visits	\$10 copay	\$30 copay	= \$255,000
Urgent Care	\$10 copay	\$30 copay	(03/12/2015)
Hospital Inpatient	\$250 copay	No Change	
Outpatient Surgery	\$75 copay	\$150 copay	= \$30,000
Lab and X-ray	Plan pays 100%	no change	(12/26/14)
MRI / PET / CAT Scans	Plan pays 100%	no change	
Emergency Room	\$125 copay	no change	
ALTERNATIVE MEDICINE			
Acupuncture	\$10 copay / 24 visit limit	\$30 copay + combined 24 visits	= \$75,000
Chiropractic	\$10 copay / 24 visit limit	\$30 copay + combined 24 visits	
Naprapathy	\$10 copay / 24 visit limit	\$30 copay + combined 24 visits	
Medical Massage	\$10 copay / \$2400 per plan year	Eliminate	= \$400,000
			(12/26/14)
PHARMACY			
Retail (up to 31-day supply) Tier 1	\$10 copay	\$10 copay	= \$100,000
Tier 2	\$15 copay	\$20 copay	
Tier 3	N/A	\$40 copay	
Home Delivery - Mail Order			
Tier 1	\$10 copay	\$10 copay	= \$100,000
Tier 2	\$15 copay	\$20 copay	
Tier 3	N/A	\$40 copay	
MONTHLY PREMIUM COST - FAMILY (Employee Share)	\$399.2 /month	427.94 / month	7.2% premium Increase across all coverage levels
		Total:	\$860,000

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 2
\$860,000 Benefit Changes
Premiums Flat

	A	B	C	D	E	F	G
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$4,845,888	\$2,758,715	(\$754,407)	(\$5,847,125)	\$73,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$73,509,210
4 Employee Contribution	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$22,581,260
5 Total Contributions	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$96,090,470
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$860,000)	(\$914,180)	(\$971,773)	(\$1,032,995)	(\$1,098,074)	(\$4,877,022)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
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13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
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17 Total Expenses	\$19,418,280	\$19,951,482	\$21,305,267	\$22,731,216	\$24,310,812	\$26,054,446	\$114,363,223
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	(\$733,388)	(\$2,087,173)	(\$3,513,122)	(\$5,092,718)	(\$6,836,352)	(\$18,262,753)
20 Ending Fund Balance	\$5,579,276	\$4,845,888	\$2,758,715	(\$754,407)	(\$5,847,125)	(\$12,683,477)	
Increase/Decrease in Cash from							
21 Prior Year	(\$200,186)	(\$733,388)	(\$2,087,173)	(\$3,513,122)	(\$5,092,718)	(\$6,836,352)	
22 City Actual Contribution Increase	\$1,156,512	\$0	\$0	\$0	\$0	\$0	\$0
23 Employee Actual Contribution Increase	\$355,268	\$0	\$0	\$0	\$0	\$0	\$0
% expense increase/decrease from							
24 prior year	5.1%	2.7%	6.8%	6.7%	6.9%	7.2%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.

Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.

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Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 2A
\$860,000 Benefit Changes
Premiums Trend >

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Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$6,229,591	\$6,927,043	\$7,672,728	\$8,458,723	\$90,313,532
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2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$90,313,532
4 Employee Contribution	\$4,516,252	\$4,841,422	\$5,170,639	\$5,517,072	\$5,897,750	\$6,316,490	\$27,743,373
5 Total Contributions	\$19,218,094	\$20,601,797	\$22,002,719	\$23,476,901	\$25,096,807	\$26,878,681	\$118,056,905
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	7.2%	6.8%	6.7%	6.9%	7.1%	
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$860,000)	(\$914,180)	(\$971,773)	(\$1,032,995)	(\$1,098,074)	(\$4,877,022)
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18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$650,315	\$697,452	\$745,685	\$785,995	\$824,235	\$3,703,682
20 Ending Fund Balance	\$5,579,276	\$6,229,591	\$6,927,043	\$7,672,728	\$8,458,723	\$9,282,958	
Increase/Decrease in Cash from							
21 Prior Year	(\$200,186)	\$650,315	\$697,452	\$745,685	\$785,995	\$824,235	
22 City Actual Contribution Increase	\$1,156,512	\$1,058,533	\$1,071,705	\$1,127,749	\$1,239,228	\$1,363,133	
Employee Actual Contribution	\$355,268	\$325,170	\$329,217	\$346,433	\$380,678	\$418,740	
23 Increase							
% expense increase/decrease from							
24 prior year	5.1%	7.2%	6.8%	6.7%	6.9%	7.1%	

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Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

**Option # 3 - \$1,667,000 Benefit Changes
\$2,000,000 Fund Balance FY 17/18**

	<u>CURRENT</u>	<u>PROPOSED</u>		
	Premium Plan In-Network	Premium Plan In-Network		
SERVICES				
Deductible <i>per Person / per Family</i>	None	None		
Out-of-Pocket Maximum <i>per Person / per Family</i>	N/A			
Preventive Services	Plan pays 100%	No Change*		
Primary Care Office Visits	\$10 copay	\$30 copay	=	*required by Affordable Health Care Act \$480,000
Specialist Care Office Visits	\$10 copay	\$50 copay		
Urgent Care	\$10 copay	\$50 copay		(03/12/2015)
Hospital Inpatient	\$250 copay	\$1,000 copay	=	\$151,000 (12/26/14)
Outpatient Surgery	\$75 copay	\$250 copay	=	\$76,000 (12/26/14)
Lab and X-ray	Plan pays 100%	Coinsurance 20%	=	\$210,000 (3/12/15)
MRI / PET / CAT Scans	Plan pays 100%	\$250 copay	=	\$45,000 (3/12/15)
Emergency Room	\$125 copay	\$200 copay	=	\$45,000 (12/26/14)
ALTERNATIVE MEDICINE				
Acupuncture	\$10 copay / 24 visit limit	\$50 copay + combined 24 visits	=	\$160,000
Chiropractic	\$10 copay / 24 visit limit	\$50 copay + combined 24 visits		
Naprapathy	\$10 copay / 24 visit limit	\$50 copay + combined 24 visits		
Medical Massage	\$10 copay / \$2400 per plan year	Eliminate		\$400,000 (12/26/14)
PHARMACY				
Retail (up to 31-day supply) Tier 1	\$10 copay	\$10 copay	=	\$100,000
Tier 2	\$15 copay	\$20 copay		
Tier 3	N/A	\$40 copay		
Home Delivery - Mail Order				
Tier 1	\$10 copay	\$10 copay	=	(12/26/14)
Tier 2	\$15 copay	\$20 copay		
Tier 3	N/A	\$40 copay		
MONTHLY PREMIUM COST - FAMILY (Employee Share)	\$399.2 /month	427.94 / month		7.2% premium increase across all coverage levels
Total:				\$1,667,000

City of Santa Fe
Health Insurance Fund - Five Year Projection Option 3
\$1,667,000 Benefit Changes
Premiums Flat

	A 2014-15	B 2015-16	C 2016-17	D 2017-18	E 2018-19	F 2019-20	G 5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$5,652,888	\$4,423,556	\$1,822,319	(\$2,301,066)	\$73,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$73,509,210
4 Employee Contribution	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$22,581,260
5 Total Contributions	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$96,090,470
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$1,667,000)	(\$1,772,021)	(\$1,883,658)	(\$2,002,328)	(\$2,128,475)	(\$9,453,482)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$19,144,482	\$20,447,426	\$21,819,331	\$23,341,479	\$25,024,045	\$109,776,763
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$73,612	(\$1,229,332)	(\$2,601,237)	(\$4,123,385)	(\$5,805,951)	(\$13,686,293)
20 Ending Fund Balance	\$5,579,276	\$5,652,888	\$4,423,556	\$1,822,319	(\$2,301,066)	(\$8,107,017)	
Increase/Decrease in Cash from							
21 Prior Year	(\$200,186)	\$73,612	(\$1,229,332)	(\$2,601,237)	(\$4,123,385)	(\$5,805,951)	
22 City Actual Contribution Increase	\$1,156,512	\$0	\$0	\$0	\$0	\$0	\$0
Employee Actual Contribution	\$355,268	\$0	\$0	\$0	\$0	\$0	\$0
23 Increase							
% expense increase/decrease from							
24 prior year	5.1%	-1.4%	6.8%	6.7%	7.0%	7.2%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.
Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.
Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 3A
\$1,667,000 Benefit Changes
Premiums Trend >

	A	B	C	D	E	F	G
	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 Year Total</u>
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$7,036,591	\$8,591,884	\$10,249,454	\$12,004,782	\$90,313,532
2 City Contribution (Health Fund)	\$13,951,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$90,313,532
4 Employee Contribution	\$4,516,252	\$4,841,422	\$5,170,639	\$5,517,072	\$5,897,750	\$6,316,490	\$27,743,373
5 Total Contributions	\$19,218,094	\$20,601,797	\$22,002,719	\$23,476,901	\$25,096,807	\$26,878,681	\$118,056,905
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	7.2%	6.8%	6.7%	6.9%	7.1%	
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$1,667,000)	(\$1,772,021)	(\$1,883,658)	(\$2,002,328)	(\$2,128,475)	(\$9,453,482)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$19,144,482	\$20,447,426	\$21,819,331	\$23,341,479	\$25,024,045	\$109,776,763
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$1,457,315	\$1,555,293	\$1,657,570	\$1,755,328	\$1,854,636	\$8,280,142
20 Ending Fund Balance Increase/Decrease in Cash from	\$5,579,276	\$7,036,591	\$8,591,884	\$10,249,454	\$12,004,782	\$13,859,418	
21 Prior Year	(\$200,186)	\$1,457,315	\$1,555,293	\$1,657,570	\$1,755,328	\$1,854,636	
22 City Actual Contribution Increase	\$1,156,512	\$1,058,533	\$1,071,705	\$1,127,749	\$1,239,228	\$1,363,133	
23 Employee Actual Contribution Increase	\$355,268	\$325,170	\$329,217	\$346,433	\$380,678	\$418,740	
% expense increase/decrease from							
24 prior year	5.1%	7.2%	6.8%	6.7%	6.9%	7.1%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.

Assumed annual increases - ISL 1.2%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.

Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

\$2 Million Savings

Benefit	In-network	Out network
Member Coinsurance	20%	50%
Ind Deductible	\$ 1,000	\$ 2,000
Family Deductible	\$ 2,000	\$ 4,000
Ind OOP Maximum	\$ 3,000	\$ 6,000
Family OOP Maximum	\$ 6,000	\$ 12,000
Inpatient Hospital	Ded + coins	Ded + coins
Skilled Nursing Facility	Ded + coins	Ded + coins
Emergency Room	Ded + coins	Ded + coins
Urgent Care	Ded + coins	Ded + coins
Outpatient Surgery	Ded + coins	Ded + coins
Advanced Radiology	Ded + coins	Ded + coins
Basic Radiology	Ded + coins	Ded + coins
Other Outpatient Facility	Ded + coins	Ded + coins
PCP Office Visit	Ded + coins	Ded + coins
PCP Inpatient Visit	Ded + coins	Ded + coins
Preventive Care/Well Baby	Covered 100%	Ded + coins
All Other PCP Services	Ded + coins	Ded + coins
Specialist Office Visit	Ded + coins	Ded + coins
Specialist Inpatient Visit	Ded + coins	Ded + coins
Specialist ER Visit	Ded + coins	Ded + coins
Psychiatry	Ded + coins	Ded + coins
Office Surgery (Prof)	Ded + coins	Ded + coins
Outpatient Surgery (Prof)	Ded + coins	Ded + coins
Inpatient Surgery (Prof)	Ded + coins	Ded + coins
Anesthesia	Ded + coins	Ded + coins
Physical Medicine/Rehab	Ded + coins	Ded + coins
Specialist Radiology	Ded + coins	Ded + coins
Specialist Lab/Pathology	Ded + coins	Ded + coins
All Other Specialist Services	Ded + coins	Ded + coins
Chiropractic	Ded + coins	Ded + coins
Home Health	Ded + coins	Ded + coins
Ambulance	Ded + coins	Ded + coins
DME/Prosthetics/Appliances	Ded + coins	Ded + coins
Retail Generic	\$10	
Retail Brand Formulary	\$20	
Retail Non-Formulary	\$40	
Retail Specialty	\$40	
Mail Generic (90-day)	\$10	
Mail Brand Formulary (90-day)	\$20	
Mail Non-Formulary (90-day)	\$40	
Mail Specialty (90-day)	\$40	

NOTE: It's not possible to achieve \$2 million in savings on a copay type plan

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 4
\$2,000,000 Benefit Changes
Premiums Flat

	A	B	C	D	E	F	G
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$5,985,888	\$5,110,535	\$2,885,578	(\$837,821)	\$73,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$73,509,210
4 Employee Contribution	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$22,581,260
5 Total Contributions	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$96,090,470
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$2,000,000)	(\$2,126,000)	(\$2,259,938)	(\$2,402,314)	(\$2,553,660)	(\$11,341,912)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$18,811,482	\$20,093,447	\$21,443,051	\$22,941,493	\$24,598,860	\$107,888,333
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$406,612	(\$875,353)	(\$2,224,957)	(\$3,723,399)	(\$5,380,766)	(\$11,797,863)
20 Ending Fund Balance Increase/Decrease in Cash from	\$5,579,276	\$5,985,888	\$5,110,535	\$2,885,578	(\$837,821)	(\$6,218,587)	
21 Prior Year	(\$200,186)	\$406,612	(\$875,353)	(\$2,224,957)	(\$3,723,399)	(\$5,380,766)	

22 City Actual Contribution Increase	\$1,156,512	\$0	\$0	\$0	\$0	\$0	\$0
Employee Actual Contribution Increase	\$355,268	\$0	\$0	\$0	\$0	\$0	\$0

% expense increase/decrease from prior year: 5.1%, -3.1%, 6.8%, 6.7%, 7.0%, 7.2%

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%. Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration. Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection OPTION 4A
\$2,000,000 Benefit Changes
 Premiums Trend >

	A 2014-15	B 2015-16	C 2016-17	D 2017-18	E 2018-19	F 2019-20	G 5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$7,369,591	\$9,278,863	\$11,312,713	\$13,468,027	\$90,313,532
2 City Contribution (Health Fund)	\$13,951,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$15,760,375	\$16,832,080	\$17,959,829	\$19,199,058	\$20,562,191	\$90,313,532
4 Employee Contribution	\$4,516,252	\$4,841,422	\$5,170,639	\$5,517,072	\$5,897,750	\$6,316,490	\$27,743,373
5 Total Contributions	\$19,218,094	\$20,601,797	\$22,002,719	\$23,476,901	\$25,096,807	\$26,878,681	\$118,056,905
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	7.2%	6.8%	6.7%	6.9%	7.1%	
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$2,000,000)	(\$2,126,000)	(\$2,259,938)	(\$2,402,314)	(\$2,553,660)	(\$11,341,912)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,800	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$18,811,482	\$20,093,447	\$21,443,051	\$22,941,493	\$24,598,860	\$107,888,333
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$1,790,315	\$1,909,272	\$2,033,850	\$2,155,314	\$2,279,821	\$10,168,572
20 Ending Fund Balance	\$5,579,276	\$7,369,591	\$9,278,863	\$11,312,713	\$13,468,027	\$15,747,848	
Increase/Decrease in Cash from							
21 Prior Year	(\$200,186)	\$1,790,315	\$1,909,272	\$2,033,850	\$2,155,314	\$2,279,821	
22 City Actual Contribution Increase	\$1,156,512	\$1,058,533	\$1,071,705	\$1,127,749	\$1,239,228	\$1,363,133	
Employee Actual Contribution	\$355,268	\$325,170	\$329,217	\$346,433	\$380,678	\$418,740	
% expense increase/decrease from							
24 prior year	5.1%	7.2%	6.8%	6.7%	6.9%	7.1%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.

Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.

Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

INFORMATION SHEETS

City of Santa Fe

Health Insurance Fund - Five Year Projection Information Sheet A

No Decrease in Fund Balance over Five Years

No Benefit Changes

	A	B	C	D	E	F	G
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,416,499	\$5,365,595	\$5,449,209	\$5,591,765	\$5,635,987	\$91,209,210
2 City Contribution (Health Fund)	\$13,951,842	\$15,881,842	\$17,061,842	\$18,241,842	\$19,421,842	\$20,601,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$15,881,842	\$17,061,842	\$18,241,842	\$19,421,842	\$20,601,842	\$91,209,210
4 Employee Contribution	\$4,516,252	\$4,878,736	\$5,241,219	\$5,603,703	\$5,966,187	\$6,328,670	\$28,018,515
5 Total Contributions	\$19,218,094	\$20,760,578	\$22,303,061	\$23,845,545	\$25,388,029	\$26,930,512	\$119,227,725
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	8.0%	7.4%	6.9%	6.5%	6.1%	6.1%
Expenses							
8 Medical Claims	\$15,308,912	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Pharmacy Claims	\$2,184,287	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,581,057	\$20,811,482	\$22,219,447	\$23,702,989	\$25,343,807	\$27,152,520	\$119,230,245
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$362,963)	(\$50,904)	\$83,614	\$142,556	\$44,222	(\$222,008)	(\$2,520)
20 Ending Fund Balance Increase/Decrease in Cash from	\$5,416,499	\$5,365,595	\$5,449,209	\$5,591,765	\$5,635,987	\$5,413,979	
21 Prior Year	(\$362,963)	(\$50,904)	\$83,614	\$142,556	\$44,222	(\$222,008)	
22 City Actual Contribution Increase	\$1,156,512	\$1,180,000	\$1,180,000	\$1,180,000	\$1,180,000	\$1,180,000	\$1,180,000
Employee Actual Contribution Increase	\$355,268	\$362,484	\$362,484	\$362,484	\$362,484	\$362,484	\$362,484
23 % expense increase/decrease from prior year	6.0%	6.3%	6.8%	6.7%	6.9%	7.1%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.

Assumed annual increases - ISI 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.

Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection Information Sheet B
\$2 Million Fund Balance at end of Five Years
No Benefit Changes

	A	B	C	D	E	F	G
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$5,293,078	\$4,906,104	\$4,342,777	\$3,445,822	\$88,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$15,701,842	\$16,701,842	\$17,701,842	\$18,701,842	\$19,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$15,701,842	\$16,701,842	\$17,701,842	\$18,701,842	\$19,701,842	\$88,509,210
4 Employee Contributions	\$4,516,252	\$4,823,442	\$5,130,631	\$5,437,821	\$5,745,010	\$6,052,200	\$27,189,104
5 Total Contributions	\$19,218,094	\$20,525,284	\$21,832,473	\$23,139,663	\$24,446,852	\$25,754,042	\$115,698,313
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	6.8%	6.4%	6.0%	5.6%	5.3%	
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Pharmacy Claims	\$2,263,604	\$2,481,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$20,811,482	\$22,219,447	\$23,702,989	\$25,343,807	\$27,152,520	\$119,230,245
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	(\$286,198)	(\$386,974)	(\$563,326)	(\$896,955)	(\$1,398,478)	(\$3,531,932)
20 Ending Fund Balance Increase/Decrease in Cash from	\$5,579,276	\$5,293,078	\$4,906,104	\$4,342,777	\$3,445,822	\$2,047,344	
21 Prior Year	(\$200,186)	(\$286,198)	(\$386,974)	(\$563,326)	(\$896,955)	(\$1,398,478)	
22 City Actual Contribution Increase	\$1,156,512	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
23 Employee Actual Contribution Increase	\$355,268	\$307,190	\$307,190	\$307,190	\$307,190	\$307,190	\$307,190
% expense increase/decrease from prior year	5.1%	7.2%	6.8%	6.7%	6.9%	7.1%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.

Assumed annual increases - ISL 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.

Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection Information Sheet C
\$1,750,000 Benefits Changes
Premiums Flat

	A	B	C	D	E	F	G
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$5,735,888	\$4,594,785	\$2,087,336	(\$1,936,352)	\$73,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$73,509,210
4 Employee Contribution	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$22,581,260
5 Total Contributions	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$96,090,470
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$1,750,000)	(\$1,860,250)	(\$1,977,446)	(\$2,102,025)	(\$2,234,453)	(\$9,924,174)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$19,061,482	\$20,359,197	\$21,725,543	\$23,241,782	\$24,918,067	\$109,306,071
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$156,612	(\$1,141,103)	(\$2,507,449)	(\$4,023,688)	(\$5,699,973)	(\$13,215,601)
20 Ending Fund Balance	\$5,579,276	\$5,735,888	\$4,594,785	\$2,087,336	(\$1,936,352)	(\$7,636,325)	
Increase/Decrease in Cash from							
21 Prior Year	(\$200,186)	\$156,612	(\$1,141,103)	(\$2,507,449)	(\$4,023,688)	(\$5,699,973)	
22 City Actual Contribution Increase	\$1,156,512	\$0	\$0	\$0	\$0	\$0	\$0
Employee Actual Contribution	\$355,268	\$0	\$0	\$0	\$0	\$0	\$0
23 Increase							
% expense increase/decrease from							
24 prior year	5.1%	-1.8%	6.8%	6.7%	7.0%	7.2%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.
 Assumed annual increases - ISI 12%, ASL 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.
 Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

City of Santa Fe
Health Insurance Fund - Five Year Projection Information Sheet D
\$2 Million Fund Balance at end of Five Years
\$3,450,000 Benefit Changes, Premiums Flat

	A	B	C	D	E	F	G
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Contributions							
1 Beginning Cash	\$5,779,462	\$5,579,276	\$7,435,888	\$8,101,885	\$7,515,383	\$5,533,662	\$73,509,210
2 City Contribution (Health Fund)	\$13,951,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$0
2a City Cont. (Workers Comp)	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
3 Total City Contribution	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$14,701,842	\$73,509,210
4 Employee Contributions	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$4,516,252	\$22,581,260
5 Total Contributions	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$19,218,094	\$96,090,470
6 Employee % of Premium	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
7 Total Funding % Increase	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses							
8 Medical Claims	\$15,066,818	\$16,196,829	\$17,217,229	\$18,301,914	\$19,454,935	\$20,680,596	\$91,851,503
8a Benefit Changes	\$0	(\$3,450,000)	(\$3,667,350)	(\$3,898,393)	(\$4,143,992)	(\$4,405,063)	(\$19,564,798)
9 Pharmacy Claims	\$2,263,604	\$2,431,111	\$2,717,982	\$3,038,704	\$3,397,271	\$3,798,149	\$15,383,217
10 Individual Stop Loss	\$844,125	\$945,420	\$1,058,870	\$1,185,934	\$1,328,246	\$1,487,636	\$6,006,106
11 Aggregate Stop Loss	\$66,053	\$68,035	\$70,076	\$72,178	\$74,343	\$76,573	\$361,205
12 UHC Administration	\$572,217	\$589,384	\$607,066	\$625,278	\$644,036	\$663,357	\$3,129,121
13 ACA Reinsurance Fee	\$168,000	\$139,200	\$105,600	\$35,200	\$0	\$0	\$280,000
14 PCORI Fee	\$3,200	\$6,400	\$6,656	\$6,922	\$7,199	\$7,487	\$34,664
15 Life Ins Premium	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$406,270	\$2,031,350
16 Vision Premium	\$27,993	\$28,833	\$29,698	\$30,589	\$31,507	\$32,452	\$153,079
17 Total Expenses	\$19,418,280	\$17,361,482	\$18,552,097	\$19,804,596	\$21,199,815	\$22,747,457	\$99,665,447
18 Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Contributions - Expenses	(\$200,186)	\$1,856,612	\$665,997	(\$586,502)	(\$1,981,721)	(\$3,529,363)	(\$3,574,977)
20 Ending Fund Balance Increase/Decrease in Cash from Prior Year	\$5,579,276	\$7,435,888	\$8,101,885	\$7,515,383	\$5,533,662	\$2,004,299	
21 Prior Year	(\$200,186)	\$1,856,612	\$665,997	(\$586,502)	(\$1,981,721)	(\$3,529,363)	
22 City Actual Contribution Increase	\$1,156,512	\$0	\$0	\$0	\$0	\$0	\$0
23 Employee Actual Contribution Increase	\$355,268	\$0	\$0	\$0	\$0	\$0	\$0
% expense increase/decrease from prior year	5.1%	-10.6%	6.9%	6.8%	7.0%	7.3%	

Beginning with 2012-13, City's portion of Life Ins Prem assumed to be 60%, Vision 100%.
Assumed annual increases - ISL 12%, ASI 3%, Admin 3%, Life 0% and Vision 3%. Assumes no plan migration.
Medical and Pharmacy costs annually increase per AON's Health Care Trend Rate Estimates:

Medical	7.5%	5.8%	6.3%	6.3%	6.3%	6.3%
Pharmacy	7.4%	11.3%	11.8%	11.8%	11.8%	11.8%

Contribution increases in lines 22 and 23 are included in lines 2-4. Assumes 1,251 employees enrolled.

FINANCE COMMITTEE 3/30/15 HEALTH PLAN SAVINGS OPTION

VERBAL REPORT – STATEMENT

Good Evening, Mr. Chairman and members of the Committee. For the record, I am Sandra Perez, HR Director *In Transitu*. I am here tonight to present to you four options for Benefit Changes within our Health Plan Design, in particular the Medical plan.

Following your instructions, and with the assistance of AON, Vicki Gage our Operations Manager & Benefits Manager and I put together the four options found in your packets. There are also four additional 5-year projections “information sheets” attached for general discussion with AON. These contain information addressing additional comments or questions posed by the Committee.

We met with the Group Insurance Advisory Committee to present these options and I have for you tonight the results of their opinions and preferences related to the groups they represent on the committee.

Mr. Chairman, for ease of the presentation, with your permission I would like to outline the four different savings options in your packet – and then I would like to go through the committee’s feedback, comments and final results. Afterwards, myself, Vicki and Todd Burley of AON would stand for questions. Additionally, members of the Group Insurance Advisory Committee are also here should you have questions for them.

(DESCRIBE THE OPTIONS NOW)

Each option for benefit changes is coupled with two different five-year projection sheets. The first projection sheet shows the projections for the fund balance related to keeping the premiums flat (meaning neither the city or employees will contribute any additional money above the premium rates we are currently making) and the second projection sheet reflects the fund balance related to premium increases based on projected national trends.

Option #1 – Leave no co-pay unchanged, aim for a \$2 million fund balance in 17/18. Savings \$1,040,000. (speak to 5 year projections attached)

Option #2 – Save \$860,000 and aim for a \$2 million fund balance in 17/18. (speak to 5 year projections attached)

Option #3 – Push co-pays to maximum level possible without moving to a deductible/co-insurance model, aim for a \$2 million fund balance in 17/18. Savings \$1,667,000. (speak to 5 year projections attached)

Option #4 – Move to a deductible/co-insurance model, aim for a \$2 million fund balance in 17/18. Savings \$2 million. (speak to 5 year projections attached)

COMMITTEE PREFERENCES:

Member	Opt 1	Opt 2	Opt 3	Opt 4	Comments
Hutton (Fire)	No	No	No	No	There are some things to consider – but as presented no option in full is acceptable
Martinez (Police)	No	No	No	No	Consider breaking premium into tiers based on Income Brackets much like the SoNM
Romero (AFSCME)	No	No	No	No	
Schiavo (Non-Union)	Yes	Yes	Neutral	No	Due to subsidization by some members (low claims vs. high claims) health ins. should work more like car ins.
Garcia (Finance)	No	Yes	No	No	Premium tiers considered – only if pay increases are across the board
Gage (HR)	No	Yes 2A	No	No	
Total	1	3	1 neutral	0	

COMMITTEE DISCUSSION:

Hutton (Fire):

Fire membership has a feel of what's going on. There is a waste in expenditures happening in the city. Also the "richness" in the Health plan is being abused and it needs to stop. For example, changing the massage benefit to medically necessary – it would not save the \$400,000 but would save money. They are willing to talk about some changes, however, it is their Union's position that the financial woes of the city will not be falling out of the wallets of the employee's in order to make up for the decisions leading to short fallings.

Martinez (Police):

Agreed with the Fire union feelings, adding that more education of employees surrounding the areas being abused (e.g. massage) is necessary. Would like to post-poner the idea of changes till after the decision on a new carrier is made to see what they can offer – particularly in area of Wellness. Also each union should commit to having their own Wellness Coordinator to assist Sue Perry with the program.

Romero (AFSCME):

Agreed with Fire and Police. There has not been much messaging amongst his members.

Schiavo (Non-Union):

Good to have discussion around good healthy behavior. Maybe discount premiums for good behavior. ER still being used as primary care physician. In area of alternative

medicine echoes union identification of areas being abused, some of the areas of practice are beyond physical therapy and appear questionable.

Garcia (Finance):

Increasing co-pays is hitting the critical areas of employees' pocketbooks. Maximizing co-pays puts burden on the backs of those who need benefit most. A plan to increase salaries in addition to co-pays will help offset thereby not placing families in a situation where they can't afford the co-pay. This is an employees plan, our employees are an asset – having a better plan increases our assets. Employees have invested in this plan and we shouldn't penalize our asset. In the area of massage and other alternative medicine or specialty areas we should consider going back to a referral style plan vs. self refer. Give the plan 1 year to have an impact from the newly selected carrier, where we establish a partnership with the provider to create an advisory relationship with tools.

Gage (HR):

Has been intimately involved in the plan since 2000, and she as an employee also benefits from the plan. Agrees that the plan is an asset. She also knows it is wrong to say that "the city" pays the rest of the amount of a claim after a co-pay is made, its "the plan" that pays the rest. Both the employees and the city contribute to "the plan". This is the employees best asset and health plans are supposed to be there for the most catastrophic of events. Believes that staying self-funded is a good idea, should continue to invest in being self-funded and plan accordingly for the very long term. Managed right the plan creates a cash balance; much like a mutual fund it will have its highs and its lows – vs. fully insured where we pay a flat fee to a carrier period, regardless of claim activity.

Waiting won't help – education & wellness is good but there is no quantifiable data to know the impact of wellness and even if there was it would only save us 10s of thousands of dollars, it is not going to save us millions. Small changes to the plan plus steady premiums will keep this fund in tact.

Alternative medicine providers – some have taken unfair advantage of our plan and unfair advantage of our employees.

In closing, Mr. Chairman, and in particular Councilor Trujillo, I have not put out an employee survey on this information. Given the fact that the four options vary greatly, and you as a committee had yet to have a chance to review the information, particularly with the new 5-year projections for each option, I felt that an employee survey at this time would not only cause undue chaos and/or concern, it simply would not be fair to the employees or the Governing Body. After our discussion tonight, and your determinations regarding the options presented to you, I suggest that we discuss the notion of an employee survey again.

With that Mr. Chairman, I along with Vicki and Todd stand for questions.