



City of Lake Geneva, 626 Geneva St, Lake Geneva, Wisconsin- 262.248.3673- www.cityoflakegeneva.com

SPECIAL PERSONNEL COMMITTEE
WEDNESDAY, SEPTEMBER 23, 2020 – 4:30 PM
CITY HALL, COUNCIL CHAMBERS

Members: Chairperson Rich Hedlund, John Halverson, Ken Howell, Cindy Flower, and Shari Straube

THE CITY OF LAKE GENEVA IS HOLDING ALL MEETINGS VIRTUALLY AS WELL AS IN PERSON TO HELP PROTECT OUR COMMUNITY FROM THE CORONAVIRUS (COVID-19) PANDEMIC. IN-PERSON ATTENDANCE WILL BE LIMITED TO NO MORE THAN THIRTEEN PEOPLE, ON A FIRST COME FIRST SERVED BASIS.

You can provide public comment on agenda items by appearing in person or by emailing your comments to the Clerk at cityclerk@cityoflakegeneva.com or you may deliver your written comments to the City of Lake Geneva City Hall, 626 Geneva Street, Lake Geneva, WI 53147. All written comments must be provided to the Clerk by 3:00 P.M. on the date of the meeting. All written comments will be read aloud during the agenda item when public comments are allowed during the meeting.

AGENDA

1. Meeting called to order by Chairperson Hedlund
2. Roll Call
3. Comments from the public limited to 5 minutes, limited to items on this agenda
4. Discussion/Possible Recommendation regarding Wisconsin Employee Trust Fund Health Insurance Plan
5. Future Agenda Items
6. Adjourn

*This is a meeting of the Personnel Committee.
No official Council action will be taken; however, a quorum of the Council may be present.*

cc: Aldermen, Mayor, Administrator, Attorney, Media

City of Lake Geneva

ETF Evaluation/2021 Pre Renewal Discussion

September 23, 2020

Presented By | Matt Chadwick, Vice-President

AGENDA

- Where We Are Today
- WPS/Difference Card Pre Renewal Thoughts
- ETF Results and Discussion

WHERE WE ARE TODAY

On 1/1/20, the City of Lake Geneva moved away from United Health Care and to WPS. UHC proposed a 17% increase, while WPS was able to offer the same plan for a 1.6% increase.

The HRA plan, administered by The Difference Card, projected claim increase by 2%.

Employees had employee contributions increase by 3.5% for the 2020 plan year. While having improvement to the plan designs.

- Lower PCP Copay
- Lower ER Copay
- Lower UC Copay

WPS PRE-RENEWAL

- Prior to moving to WPS, C&B negotiated a Not To Exceed deal for the City. Due to the size of the City (<100), WPS was the only carrier to offer a guarantee.
- Due to COVID, claims for all companies are significantly down compared to budget.
- WPS will release the renewal in Late October.

<u>Loss Ratio</u>	<u>Maximum Rate Increase 01/2021</u>
Less than 85%	6%
85.1% to 90%	8%
90.1% to 95%	12%
95.1% or higher	No Guarantee



Medical Loss Ratio is Paid
Claims/Paid Premium

DIFFERENCE CARD EXPERIENCE

Estimated Aggregate Deductible	Year to Date Actual Reimbursements	Total Term Forecasted Reimbursements	Savings Based on Reimbursements
\$179,580.00	\$85,913.09	\$135,723.68	\$840,865.72

Reimbursement Type	Transactions	Total Reimbursed	Cost Ratio
Unknown	2	\$0.00	0.0%
Chiropractors	48	\$799.00	0.9%
Hospital/Facility Co-Pay	7	\$740.00	0.9%
Office Visit Co-Pay	200	\$1,920.00	2.2%
In Network Deductible	99	\$52,251.41	60.8%
In Network Coinsurance	133	\$26,013.21	30.3%
Prescription - Manual Submission	60	\$589.21	0.7%
Prescription - Point of Service	355	\$3,600.26	4.2%

Through August, the HRA plan is running under budget by \$43,857. As COVID continues to delay care, the HRA savings will be kept by the City, and provide positive experience for the renewal process.

Of the \$86k reimbursed in 2020, \$15k was from claims incurred in 2019.

ETF ANALYSIS

The ETF operates very differently than traditional group insurance. Historically, the ETF increased rates underneath national averages. This year was different. The ETF is passing along more of an increase to the local employers than to state employees. For 2021, rates are increasing 8% for employees and 30% for retirees. The biggest changes the ETF would bring are the following:

The Potential Positives:

- Employees can choose from multiple insurance carriers and networks.
- The City would be grouped in the rest of the ETF for renewal purposes.
- Reduction of the Surcharge will lead to lower premium rates in the future.

The Potential Negatives:

- Employee contributions could increase drastically for members who want to doctor outside of the Mercy Network
- Rules from the ETF would have to open enrollment to all employees working over 20 hours per week.
- The Police would have to begin to pay premiums

ETF ESTIMATED COST- FIRST YEAR

Tier	Health Plan Name	Local Traditional		Year 1			
		Premium		Rates with Surcharge			
		Individual	Family	Single	Employee Contribution	Family	Employee Contribution
1	MercyCare Health Plan	\$717.00	\$1,755.52	\$1,067.00	\$57.49	\$2,455.52	\$118.29
1	WEA Trust-East	\$877.34	\$2,156.36	\$1,227.34	\$217.83	\$2,856.36	\$519.13
2	Quartz Community	\$894.12	\$2,198.32	\$1,244.12	\$234.61	\$2,898.32	\$561.09
3	Local IYC Access Plan	\$1,125.94	\$2,777.86	\$1,475.94	\$466.43	\$3,477.86	\$1,140.63
NQ	Dean Health Insurance	\$744.14	\$1,823.36	\$1,094.14	\$84.63	\$2,523.36	\$186.13
Average of Tier 1 Cost		\$797.17	\$1,955.94	\$1,147.17		\$2,655.94	
88% of Avg Cost- Tier 1		\$701.51	\$1,721.23	\$1,009.51		\$2,337.23	

NQ- Dean is not considered a “qualified plan” for 2021 due to the relative lack of providers in Walworth County

ETF requires a first-year surcharge (\$350 for individual coverage and \$700 for family coverage in 2021)

Surcharge is based on risk and experience being “higher than the average” of the ETF program

Under the ETF, employers are able to contribute no more than 88% of the average Tier 1 cost. Monthly employee contributions will range from \$57.49-\$466.43 for individual coverage and \$118.29-\$1,140.63 for family coverage

ETF ESTIMATED COSTS- YEARS 2 & 3

		Year 2				Year 3			
		Premium			Rates with Surcharge				
Tier	Health Plan Name	Individual	Employee Contribution	Family	Employee Contribution	Single	Employee Contribution	Family	Employee Contribution
1	MercyCare Health Plan	\$927.85	\$37.26	\$2,193.30	\$78.01	\$790.49	\$17.08	\$1,935.46	\$37.81
1	WEA Trust-East	\$1,096.21	\$205.62	\$2,614.18	\$498.89	\$967.27	\$193.85	\$2,377.39	\$479.73
2	Quartz Community	\$1,113.83	\$223.24	\$2,658.24	\$542.95	\$985.77	\$212.35	\$2,423.65	\$525.99
3	Local IYC Access Plan	\$1,357.24	\$466.65	\$3,266.75	\$1,151.46	\$1,241.35	\$467.93	\$3,062.59	\$1,164.94
NQ	Dean Health Insurance	\$956.35	\$65.76	\$2,264.53	\$149.24	\$820.41	\$47.00	\$2,010.25	\$112.60
Average of Tier 1 Cost		\$1,012.03		\$2,403.74		\$878.88		\$2,156.42	
88% of Avg Cost- Tier 1		\$890.59		\$2,115.29		\$773.41		\$1,897.65	

Assumptions:

- 5% increase to base rates for year 2 and 3
- Surcharges reduce by 50% in year 2 and will not be charged in year 3 (actual surcharge amounts will be determined in 2021)

PREMIUM COMPARISON

	Single	EE Spouse	EE Child	Family
Current	\$60.90	\$130.94	\$124.85	\$207.07
ETF				
Mercy	\$57.49			\$118.29
WEA Trust	\$217.83			\$519.13
Quartz	\$234.61			\$561.09
Local Access	\$466.43			\$1,140.63
Dean	\$84.63			\$186.13

One of the biggest disruptions is the cost of insurance that employees will pay to access care. Employees can have a similar/lower premium by accessing Dean or Mercy. However, 90+% of care was done through Aurora.

In order to maintain Aurora, employees would be forced to pay between \$1,883 to \$3,744 per year more.

Additionally, the ETF has two tiers, so members on EE/Spouse or EE/Child will pay family rates.

EXPANDING ELIGIBILITY

Based on 2019 hours, 15 firefighters would become eligible for coverage with an additional 3 that worked between over 17 hours per week. Additionally, there are up to 7 individuals on the WRS who would become eligible for coverage. Conservatively estimating a pool of 25 potential enrollees, the City's exposure could look as follows:

Percent Taking Coverage	Added Employees	Assumed Total Members	Average Net Cost PEPY (ETF)	Added Cost for City
30%	8	20	\$22,664	\$181,312
50%	13	33	\$22,664	\$294,632
80%	20	50	\$22,644	\$453,280
100%	25	63	\$22,644	\$566,600

*Assumes same Single/Family mix as current enrollees.

*Net ETF Cost in 2021 is \$1,010/mo for singles and \$2,337/mo for families.

C&B conservatively estimates between \$300K-\$400K in additional expense to the City by moving to the ETF. Maximum additional exposure is \$566k

ETF AND THE POLICE

105% Calculation Method: All employees of participating local employers are subject to the 88% maximum contribution method except those listed below. For these, the 105% calculation method applies; a tier structure that aligns with the 105% formula may be used. • Represented employees who are subject to a collective bargaining agreement that was in place before June 28, 2011. • Non-represented managerial law enforcement or managerial fire-fighting employees initially hired by a local employer before July 1, 2011. These employees are paid at the same percentage as represented law enforcement or fire-fighting personnel hired before July 1, 2011. • Represented law enforcement or fire-fighting employees initially hired before July 1, 2011, and who, on or after July 1, 2011, became a non-represented law enforcement or fire-fighting managerial employee. • These employees are paid at the same percentage as represented law enforcement or fire-fighting personnel hired before July 1, 2011. In these cases, the 105% of the low-cost qualified health plan contribution method still applies.

Although the ETF allows for some municipalities to pay up to 105% vs the 88%, the 105% provision is only in affect for bargained employees whose current agreement has been in place since June 28, 2011.

The City of Lake Geneva's current Police Contract started in 2019, which would make that group ineligible for the 105% method, and subject to paying premiums.

SUMMARY

For years the City has explored the possibility of moving to the ETF as the vehicle of providing health insurance to employees. While the ETF does provide more purchasing power to it's members, the city would experience disruption in some key areas to achieve that power.

1. Employees wishing to continue care at Aurora would see significant increases to premium rates.
2. Police would be required to pay for coverage in the same way as all other employees
3. The city would have to extend coverage to all employees working over 20 hours per week (Est. \$300k) in increased cost.
4. The state is passing more cost share onto municipal members than for state employees (2.7% vs 8%)

QUESTIONS?