



LFUCG 2013 Health Plan Renewal

September 11, 2012



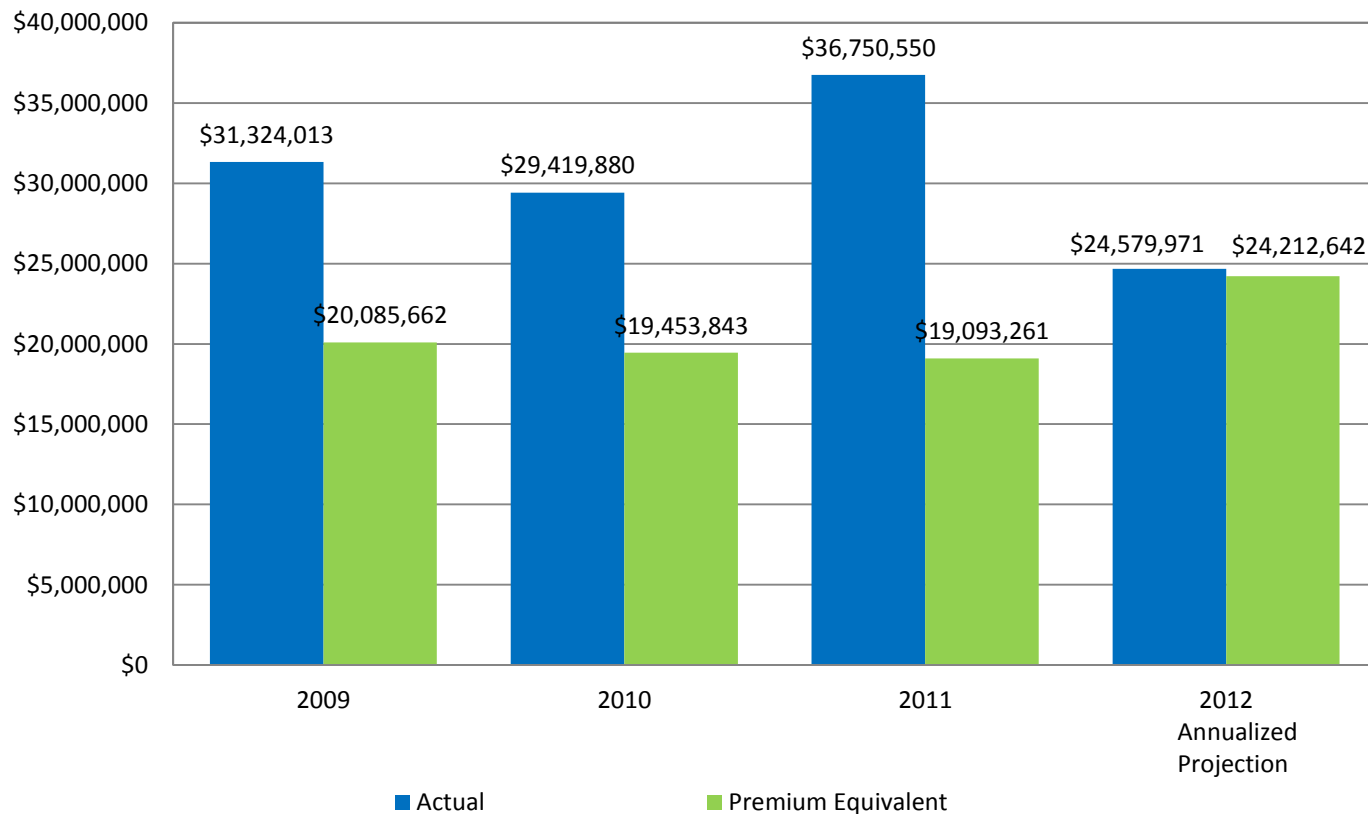
Establishing Premiums

For 2012, we transitioned to a true cost of services model incorporating all components of cost.

- **Fixed Costs**
 - Humana Administrative & Reinsurance Premiums
 - Consulting Fees
- **H S A Contributions**
- **Medical Costs**
 - Marathon Health Fees, Rent, Utilities
 - Incurred Medical Claims plus IBNR
- **Pharmacy Costs**
 - On-Site RX Claims
 - On-Site RX Admin Fees less Employee Co-Pays
 - Retail RX Claims

2012 Calendar Year Dashboard

Appropriate Management, Budget & Cost Controls



Projecting Calendar Year 2012

- On target to spend what was budgeted by Council in consideration of the benefit pools, supplement and employee contributions

2013 Renewal: Humana Rate Caps

Protection for LFUCG Employees

- During the 2011 RFP process for 2012, multiple year rate caps were negotiated
 - 3.5% Increase in Administration Costs
 - 19% Specific Reinsurance Cap with transition to \$300,000 deductible
 - 19% Aggregate Stop Loss Cap
 - \$350,000 in additional Performance Guarantees
TBD in 2013 (Provider discounts, customer service, etc.)

2013 Renewal: Humana Fixed Cost

- 3.5% Increase in Administration Costs (\$42,000 Annually)
- Aggregate Stop Loss Premium – Recommend dropping coverage saving \$53,000 (Needed the safety net in last year's transition)
- Specific Stop Loss Reinsurance Premium
 - Initial Renewal called for 80% increase, reduced to 63% (\$354,111 annually)
 - Alternative proposal: 19% increase for \$300,000 Spec Deductible (\$110,720 annually)
 - BIM conducted Financial Reinsurance RFP with all vendors declining to quote as not competitive with 2013 rate

2012 Reinsurance: Protecting Premiums Against Unlimited Liability

- Year to Date (August)
 - LFUCG paid \$368,853 in Specific Reinsurance Premium
 - LFUCG has been earned in excess of \$1 million for stop loss claims in excess of \$250,000 (5 members)
 - 8 additional members in excess of 50% of stop loss
 - Humana is operating at a net loss in 2012

2013 Renewal: Medical & RX Claims Projections

- Trend for this geographic region and market segment is 9-10%

(Simplified – in 2013 it will cost 9-10% more in Medical and RX claims cost to repeat 2012 utilization)
- Healthcare Reform Mandates = Approximately 1% additional claims cost

2012 Plans with Current Enrollment / Premiums

	Traditional Health Options						Health Savings Account Eligible			
	PPO A		PPO B		PPO C		H S A 1		H S A 2	
In Network Plan Design										
LFUCG Wellness Center	\$0 Co-Pay		\$0 Co-Pay		\$0 Co-Pay		\$0 Co-Pay		\$0 Co-Pay	
OV Co-Pay (PCP/Specialist)	\$15/\$25		\$20/\$40		\$30/\$60		Deductible, 100%		Deductible; 80/20%	
Urgent Treatment Center	\$25		\$60		\$100		Deductible, 100%		Deductible; 80/20%	
Emergency Room	\$75		Deductible, 80/20%		Deductible, 80/20%		Deductible, 100%		Deductible, 80/20%	
Inpatient	\$500 Co-Pay		Deductible, 80/20%		Deductible, 80/20%		Deductible, 100%		Deductible; 80/20%	
Outpatient	100%		Deductible, 80/20%		Deductible, 80/20%		Deductible, 100%		Deductible; 80/20%	
Other Outpatient Services (Clinic, Office Setting)	100%		Deductible, 80/20%		Deductible, 80/20%		Deductible, 100%		Deductible, 80/20%	
Deductible (Single, Family Max.)	\$0		\$500/1,000		\$2,500/\$5,000		\$2,500/\$5,000		\$2,500/\$5,000	
Coinsurance	100%		80/20%		80/20%		100%		80/20%	
Max Out Pocket (MOP)(Ded, Co-pays not incl)	N/A		\$2,000/\$4,000		\$2,500/\$5,000		N/A		\$2,500/\$5,000	
Pharmacy	\$10/30/60		\$10/30/60		\$10/30/60		Deductible, \$10/30/60		Deductible, \$10/30/60	
On-Site Pharmacy	\$3/15/30		\$3/15/30		\$3/15/30		Deductible, \$3/15/30		Deductible, \$3/15/30	
Annual LFUCG HSA Contribution	n/a		n/a		n/a		\$500/\$1,000		\$500/\$1,000	
Gross Premiums										
Employee	629	\$633.27	89	\$555.38	385	\$423.97	288	\$422.95	40	\$365.82
Employee/Spouse	220	\$1,139.90	20	\$999.69	54	\$763.16	59	\$769.66	14	\$666.83
Employee/Child(ren)	60	\$1,095.57	18	\$960.82	68	\$733.49	57	\$742.97	6	\$644.14
Family	223	\$1,329.88	35	\$1,166.31	137	\$890.36	285	\$884.05	17	\$764.09
Total Enrollment	1132		162		644		689		77	
Percent of Total Enrollment	42%		6%		24%		25%		3%	
Estimated Monthly Premium	\$1,011,405		\$127,538		\$376,296		\$461,525		\$40,823	
Combined Annual Premium	\$24,211,051.80									
PEPM	\$750.03									

2012 Enrollment / Claims by Plan thru July

	% of Claims	% of Enrollment	PEPM
PPO A	72%	42%	\$1,071.07
PPO B	3%	6%	\$287.09
PPO C	14%	24%	\$368.82
H S A 1	11%	25%	\$269.82
H S A 2	< 1%	3%	\$34.43

2013 Plans with Projected Premiums

	<i>Traditional Plans</i>		<i>Health Savings Account Eligible</i>	
	PPO 1	PPO 2	HSA 1	HSA 2
In Network Plan Design				
LFUCG Wellness Center	\$0 Co-Pay	\$0 Co-Pay	\$0 Co-Pay	\$0 Co-Pay
OV Co-Pay (PCP/Specialist)	\$15/\$30	\$30/\$60	Deductible, 100%	Deductible; 80/20%
Urgent Treatment Center	\$60	\$100	Deductible, 100%	Deductible; 80/20%
Emergency Room	Deductible, 80/20%	Deductible, 80/20%	Deductible, 100%	Deductible, 80/20%
Inpatient	Deductible, 80/20%	Deductible, 80/20%	Deductible, 100%	Deductible; 80/20%
Outpatient	Deductible, 80/20%	Deductible, 80/20%	Deductible, 100%	Deductible; 80/20%
Other Outpatient Services (Clinic, Office Setting)	Deductible, 80/20%	Deductible, 80/20%	Deductible, 100%	Deductible, 80/20%
Deductible (Single, Family Max.)	\$500/\$1,000	\$2,000/4,000	\$2,500/5,000	\$2,500/5,000
Coinsurance	80/20%	80/20%	100%	80/20%
Max Out Pocket (MOP)(includes deductible)	\$1,500/3,000	\$4,000/8,000	\$2,500/5,000	\$5,000/\$10,000
Pharmacy	\$10/30/60	\$10/30/60	Deductible, 100%	Deductible, 80/20%
On-Site Pharmacy	\$3/15/30	\$3/15/30	Deductible, 100%	Deductible, 80/20%
Annual LFUCG HSA Contribution	n/a	n/a	\$500/\$1,000	\$500/\$1,000
Gross Premiums				
Employee	\$644.25	\$476.75	\$450.98	\$386.55
Employee/Spouse	\$1,172.54	\$867.69	\$820.78	\$703.52
Employee/Child(ren)	\$1,095.23	\$810.48	\$766.67	\$657.14
Family	\$1,365.81	\$1,010.71	\$956.08	\$819.49

2013 Benefit Pool & LFUCG Supplement by Division

LFUCG Benefit Pool	Non-Bargaining	Fire	Corrections	Police-Fire Majors	Retirees
Employee	\$355.74	\$430.74	\$430.74	\$530.74	\$355.74
Employee/Spouse	\$355.74	\$430.74	\$430.74	\$530.74	\$355.74
Employee/Child(ren)	\$355.74	\$430.74	\$430.74	\$530.74	\$355.74
Family	\$355.74	\$430.74	\$430.74	\$530.74	\$355.74
LFUCG Supplement (health only enrollees)					
Employee	\$75.00	\$0.00	\$0.00	\$0.00	\$75.00
Employee/Spouse	\$100.00	\$100.00	\$100.00	\$100.00	\$75.00
Employee/Child(ren)	\$100.00	\$100.00	\$100.00	\$100.00	\$75.00
Family	\$200.00	\$200.00	\$200.00	\$200.00	\$75.00

2013 Health Premium Credit for Non-Tobacco Use

- Single / Employee + Child(ren): \$25 Monthly
- Employee/Spouse / Family: \$50 Monthly

2013 Non-Tobacco Users: Impact to Payroll Deductions (26 pay periods)

	Impact to Payroll Deduction			
Currently Enrolled in A	PPO 1	PPO 2	H S A 1	H S A 2
Employee	-\$6.47	-\$83.78	-\$95.67	-\$125.41
Employee/Spouse	-\$8.01	-\$148.71	-\$170.36	-\$224.48
Employee/Child(ren)	-\$11.70	-\$143.12	-\$163.34	-\$213.89
Family	-\$6.49	-\$170.39	-\$195.60	-\$258.64

	Impact to Payroll Deduction			
Currently Enrolled in B	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$29.48	-\$47.83	-\$59.72	-\$89.46
Employee/Spouse	\$56.70	-\$84.00	-\$105.65	-\$159.77
Employee/Child(ren)	\$50.50	-\$80.93	-\$101.15	-\$151.70
Family	\$69.00	-\$94.89	-\$120.10	-\$183.15

	Impact to Payroll Deduction			
Currently Enrolled in C		PPO 2	H S A 1	H S A 2
Employee		\$12.82	\$0.93	-\$28.81
Employee/Spouse		\$25.17	\$3.52	-\$50.60
Employee/Child(ren)		\$24.00	\$3.78	-\$46.77
Family		\$32.47	\$7.26	-\$55.78

	Impact to Payroll Deduction			
Currently Enrolled in H S A 1			H S A 1	H S A 2
Employee			\$1.40	-\$28.34
Employee/Spouse			\$0.52	-\$53.60
Employee/Child(ren)			-\$0.60	-\$51.15
Family			\$10.17	-\$52.87

	Impact to Payroll Deduction			
Currently Enrolled in H S A 2				H S A 2
Employee				-\$1.97
Employee/Spouse				-\$6.15
Employee/Child(ren)				-\$5.54
Family				\$2.49

2013 Tobacco Users: Impact to Payroll Deductions (26 pay periods)

	Impact to Payroll Deduction			
Currently Enrolled in A	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$5.07	-\$72.24	-\$84.14	-\$113.87
Employee/Spouse	\$15.06	-\$125.64	-\$147.29	-\$201.41
Employee/Child(ren)	-\$0.16	-\$131.58	-\$151.80	-\$202.35
Family	\$16.58	-\$147.31	-\$172.52	-\$235.56

	Impact to Payroll Deduction			
Currently Enrolled in B	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$41.02	-\$36.29	-\$48.19	-\$77.92
Employee/Spouse	\$79.77	-\$60.93	-\$82.58	-\$136.70
Employee/Child(ren)	\$62.04	-\$69.39	-\$89.61	-\$140.16
Family	\$92.08	-\$71.81	-\$97.03	-\$160.07

	Impact to Payroll Deduction			
Currently Enrolled in C		PPO 2	H S A 1	H S A 2
Employee		\$24.36	\$12.46	-\$17.27
Employee/Spouse		\$48.24	\$26.59	-\$27.53
Employee/Child(ren)		\$35.54	\$15.32	-\$35.24
Family		\$55.55	\$30.33	-\$32.71

	Impact to Payroll Deduction			
Currently Enrolled in H S A 1			H S A 1	H S A 2
Employee			\$12.93	-\$16.80
Employee/Spouse			\$23.59	-\$30.53
Employee/Child(ren)			\$10.94	-\$39.62
Family			\$33.24	-\$29.80

	Impact to Payroll Deduction			
Currently Enrolled in H S A 2				H S A 2
Employee				\$9.57
Employee/Spouse				\$16.93
Employee/Child(ren)				\$6.00
Family				\$25.57

2013 Non-Tobacco Per Pay Cost (26) with Benefit Pool & LFUCG Supplement

Non-Bargaining Employees (\$355.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$87.00	\$9.70	\$0.00	\$0.00
Employee/Spouse	\$307.75	\$167.05	\$145.40	\$91.28
Employee/Child(ren)	\$283.61	\$152.19	\$131.97	\$81.42
Family	\$350.80	\$186.91	\$161.70	\$98.65

Firefighters, Lieutenants & Captains (\$430.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$87.00	\$9.70	\$0.00	\$0.00
Employee/Spouse	\$273.14	\$132.44	\$110.79	\$56.67
Employee/Child(ren)	\$249.00	\$117.57	\$97.35	\$46.80
Family	\$316.19	\$152.29	\$127.08	\$64.04

Corrections (\$430.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$87.00	\$9.70	\$0.00	\$0.00
Employee/Spouse	\$273.14	\$132.44	\$110.79	\$56.67
Employee/Child(ren)	\$249.00	\$117.57	\$97.35	\$46.80
Family	\$316.19	\$152.29	\$127.08	\$64.04

Police & Fire Majors (\$530.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$40.85	\$0.00	\$0.00	\$0.00
Employee/Spouse	\$226.98	\$86.28	\$64.63	\$10.51
Employee/Child(ren)	\$202.84	\$71.42	\$51.20	\$0.65
Family	\$270.03	\$106.14	\$80.93	\$17.88

Retirees (\$355.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$87.00	\$9.70	\$0.00	\$0.00
Employee/Spouse	\$319.29	\$178.59	\$156.94	\$102.82
Employee/Child(ren)	\$295.15	\$163.73	\$143.51	\$92.95
Family	\$408.49	\$244.60	\$219.39	\$156.35

2013 Tobacco Per Pay Cost (26) with Benefit Pool & LFUCG Supplement

Non-Bargaining Employees (\$355.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$98.54	\$21.24	\$9.34	\$0.00
Employee/Spouse	\$330.83	\$190.13	\$168.48	\$114.36
Employee/Child(ren)	\$295.15	\$163.73	\$143.51	\$92.95
Family	\$373.88	\$209.99	\$184.77	\$121.73

Firefighters, Lieutenants & Captains (\$430.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$98.54	\$21.24	\$9.34	\$0.00
Employee/Spouse	\$296.22	\$155.52	\$133.86	\$79.74
Employee/Child(ren)	\$260.53	\$129.11	\$108.89	\$58.34
Family	\$339.26	\$175.37	\$150.16	\$87.12

Corrections (\$430.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$98.54	\$21.24	\$9.34	\$0.00
Employee/Spouse	\$296.22	\$155.52	\$133.86	\$79.74
Employee/Child(ren)	\$260.53	\$129.11	\$108.89	\$58.34
Family	\$339.26	\$175.37	\$150.16	\$87.12

Police & Fire Majors (\$530.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$52.39	\$0.00	\$0.00	\$0.00
Employee/Spouse	\$250.06	\$109.36	\$87.71	\$33.59
Employee/Child(ren)	\$214.38	\$82.96	\$62.74	\$12.18
Family	\$293.11	\$129.22	\$104.00	\$40.96

Retirees (\$355.74)

Monthly Employee Cost	PPO 1	PPO 2	H S A 1	H S A 2
Employee	\$98.54	\$21.24	\$9.34	\$0.00
Employee/Spouse	\$342.37	\$201.67	\$180.02	\$125.90
Employee/Child(ren)	\$306.69	\$175.26	\$155.04	\$104.49
Family	\$431.57	\$267.68	\$242.46	\$179.42