



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORANDUM

COMMITTEE: Finance and Personnel Committee **LEGISLATION ITEM #:** 1024-19

AGENDA DATE: September 9, 2019

DEPARTMENT: City Attorney's Office on behalf of the Mayor's Office

Prepared By: City Attorney Scott R. Letteney

Reviewed By:

SUBJECT: Communication sponsored by Mayor Mason proposing modifications to the employee health insurance plan design.

EXECUTIVE SUMMARY: The City of Racine administration proposes a change to the health insurance plan offered to employees to be effective January 1, 2020.

BACKGROUND & ANALYSIS: The City of Racine is in severe fiscal constraints. With tax levies nearly flat, state aids flat, and net new construction the 2nd lowest in the State, the City struggles to fund even small cost increases. With healthcare being one of the largest cost increases the City faces each year, and the City having the largest unfunded post-employment healthcare liability in the State of Wisconsin, the City is forced to look at options for savings in the healthcare area.

Therefore, as part of the comprehensive effort to deal with these fiscal issues, the administration is proposing a high deductible health plan for the active employees and the pre Medicare retirees. By union contract and the employee handbook, retired employees have the same health insurance plan design as active employees.

As exists today, principally the City offers two health insurance plans. These are known as Plan 6A and Plan 7A, and referred to on the attached document entitled "Health Insurance for 2019" as Option 1 and Option 2, respectively.

29 Plan 6A/Option 1 provides for a \$400 individual deductible and an \$800 family deductible, with a \$3,000
30 individual maximum out-of-pocket and a \$6,000 family maximum out of pocket for in-network medical
31 expenses.

32 Plan 7A/Option 2 provides for a \$2,000 individual deductible and a \$4,000 family deductible, with a
33 \$3,000 individual maximum out-of-pocket and a \$6,000 family maximum out of pocket for in-network
34 medical expenses. For each of these plans, there are additional coinsurance amounts, as set forth on the
35 attached "Health Insurance for 2019."

36 For both Plan 6a/Option 1 and Plan 7A/Option 2, there is a separate \$3,450 individual maximum out-of-
37 pocket and \$7,700 family maximum out of pocket for prescription drug expenses.

38 The administration's proposal would eliminate Plan 7A/Option 2 and would amend Plan 6A/Option 1 to
39 a high deductible health insurance plan. This would provide for a \$3,000 individual deductible and a
40 \$6,000 family deductible, with a \$4,000 individual maximum out-of-pocket and \$8,000 family maximum
41 out of pocket for in-network medical expenses. Under this proposal, there would be no separate,
42 additional deductible or out-of-pocket limit for prescription drug expenses. For Plan 6A, as amended,
43 which would become the only available option, there are additional copay and coinsurance amounts as
44 set forth on the document entitled "January 1, 2020 Benefit Summary Proposal for Active Employees
45 and Pre Medicare Retirees."

46 As previously stated, retired employees have the same health insurance plan design as active
47 employees. This would not change under the administration proposal.

48 _____
49 **BUDGETARY IMPACT:** The plan design changes as presented would result in a potential savings for 2020
50 of approximately \$3,200,000.

51 _____
52 **OPTIONS/ALTERNATIVES:** Decline to make the proposed changes.

53 _____
54 **RECOMMENDED ACTION:** Approve the proposed modifications to the employee health insurance plan
55 design as presented.

56 _____
57 **ATTACHMENT(S):** "Health Insurance for 2019," "January 1, 2020 Benefit Summary Proposal for Active
58 Employees and Pre Medicare Retirees," and "City of Racine Proposed High Deductible Health Plan
59 Beginning 01/01/2020

HEALTH INSURANCE FOR 2019

CITY OF RACINE EMPLOYEES

The City of Racine is offering a choice of **two** Health Insurance plans for 2019. Both are administered by United Health Care. These plans are available to full-time employees and regular part-time employees who work over 30 hours per week year round.

OPTION 1 is a lower deductible plan with a higher premium. **OPTION 2** is a higher deductible plan with a lower premium. If you would like to change plans for 2019, you **WILL** need to fill out an enrollment form. If you would like to stay in the plan you are currently in, you don't have to do anything.

Employees who previously waived Health Insurance may enroll in one of the offered options effective January 1, 2019 by completing an enrollment form.

IMPORTANT: Changes to the Health Insurance plan may only be made during OPEN ENROLLMENT unless you have a major life status change such as marriage, divorce, or a new baby. Open Enrollment is the ONLY time in which you may change from one plan option to the other.

Enrollment forms must be returned to Human Resources, City Hall Room 204 no later than November 30, 2018

	OPTION 1	OPTION 2
Employee Premium Share	10% per month	5% per month
Single Plan	\$74.50 per month	\$35.59 per month
Family Plan	\$196.69 per month	\$93.95 per month
In-Network:		
Individual Deductible	\$400	\$2,000
Family Deductible	\$800	\$4,000
Coinsurance	80% after deductible met	100% after deductible met
Individual Out-of-Pocket Maximum	\$3,000	\$3,000
Family Out-of-Pocket Maximum	\$6,000	\$6,000
Out of Network:		
Individual Deductible	\$800	\$4,000
Family Deductible	\$1,600	\$8,000
Coinsurance	60% after deductible met	80% after deductible met
Individual Out-of-Pocket Maximum	\$4,000	\$8,000
Family Out-of-Pocket Maximum	\$8,000	\$16,000
Prescription Drug:		
Individual Out-of-Pocket Maximum	\$3,450	\$3,450
Family Out-of-Pocket Maximum	\$7,700	\$7,700

If you are interested in learning more about the Health Insurance Plans, please contact Christina Paul at Christina.paul@cityofracine.org or at 636-9474.

City of Racine

January 1, 2020 Benefit Summary

Proposal for Active Employees and Pre Medicare Retirees

	HDHP Plan	
Network	In-Network	Out-of-Network
Deductible	Embedded	
Individual	\$3,000	\$6,000
Family	\$6,000	\$12,000
Out of Pocket Maximum		
Individual	\$4,000	\$8,000
Family	\$8,000	\$16,000
Coinsurance	100%	80%
Hospitalization	100% after deductible	80% after deductible
Emergency Room	\$200 copay after deductible (waived if admitted)	
Urgent Care	\$75 copay after deductible	80% after deductible
Telemedicine Benefit	\$49 copay until deductible is met	N/A
City Wellness Clinic	\$4 Copay	
Office Visit Primary Care	\$30 copay after deductible	80% after deductible
Office Visit Specialist	\$60 copay after deductible	80% after deductible
Preventive	100% no deductible	80% after deductible
Prescription Drugs		
Tier 1	\$10 copay after deductible	
Tier 2	\$35 copay after deductible	
Tier 3	\$50 copay after deductible	
Tier 4 (Specialty Medications)	\$150 copay after deductible	

**City of Racine
Proposed High Deductible Health Plan
Beginning 01/01/2020**

Includes all actives and pre medicare retirees

*The estimated savings amount includes both City and Water/Wastewater
Estimated savings amounts obtained from Horton*

Plan Design and Estimated Savings

<u>Plan Design</u>	<u>Savings Estimated</u>
Change Deductible to \$3,000/60000 (Embedded)	\$ 3,200,000.00
Co Insurance 100%	-
Change out of Pocket Max to \$4,000/\$8000	-
Co pays until you hit the out of pocket max:	-
Office Visit: /\$30 PCP/\$60 Specialist	-
Urgent Care: \$75	-
ER: \$200	-
Prescription Drugs: \$10/\$35/\$50/\$150 (specialty)	-
<i>Plan Design Potential Savings</i>	<u>\$ 3,200,000.00</u>