

**CITY OF RACINE  
HEALTHCARE MANAGEMENT PROGRAM  
STRATEGIC IMPLEMENTATION PLAN**

The following three-year Strategic Implementation Plan describes the process to be followed in implementing plan design and cost management changes as recommended by Marsh McLellan in their 2004 study.

The plan provides for a phase-in approach thereby minimizing the economic impact of plan changes and assuring equity between represented and non-represented employees.

The plan provides for a three-year timeframe. In Year One, a combination of discretionary and negotiable initiatives are undertaken.

In Years Two and Three, based on contract settlements and arbitration rulings, adjustments are made to the contribution levels required of non-represented employees to assure equity with represented employees. For example, if collective bargaining or arbitration in a given year results in a 10% premium contribution by represented employees, then this same premium contribution level will be required of non-represented employees. Conversely, if collective bargaining or arbitration in a given year results in a 0% contribution, then non-represented employees would not pay a premium for the following year. This process of achieving equity based on contract settlements and arbitration rulings is called a “true up”. This “True up” would be applied to all employee contributions, such as co-pays, etc. Here is a chronological listing of plan design changes, cost control measures and incentives.

**Phase 1 (2005)**

- Implementation of a City-wide Wellness Program – All employees
- Elimination of the \$200 Flexible Benefit – Non-represented employees
- Increase deductible for individuals from \$200 to \$300 and for families from \$500 to \$600 – Non-represented employees
- Expansion of the maximum 125 Flexible Spending Account level to \$5,000 - All employees
- Implementation of a 5% premium contribution - Non-represented employees
- Implementation of a 5% premium contribution by retirees – All retirees
- Implementation of the Non-participation Incentive whereby employees who opt out of the City Health Plan will receive a \$50 per month incentive – Non-represented employees
- Implementation of the Utilization Incentive whereby individuals covered by the City Health Plan who participate in the City Wellness Program, complete all required age appropriate and gender specific testing and examinations as outlined in their health plan, and whose health claims are less than a defined amount based on their level of coverage, would be eligible for a \$500 rebate at the end of the year – Non-represented employees
- Elimination of City reimbursement of Medicare “B” premiums – Non-represented retirees

**Phase 2 (2006)**

- “True Up” based on contract settlements and arbitration rulings in 2005
- Increase Out-of-Network deductible for individuals from \$300 to \$600 and for families from \$600 to \$1,200 - Non-represented employees
- Increase Out-of-Network out-of-pocket maximum for individuals from \$2,000 to \$4,000 and for families from \$4,000 to \$8,000 - Non-represented employees
- Implementation of co-payment of \$10 for routine or primary physician office visits and \$25 for specialist office visits - Non-represented employees
- Implementation of \$100 for Emergency Room visits - Non-represented employees
- Creation of a three-tiered drug program based on 20% for generic drugs, 30% for brand drugs when no generic drug is available and 50% for brand drugs when a generic drug is available - Non-represented employees

### **Phase 3 (2007)**

- “True Up” based on contract settlements and arbitration rulings in 2006
- Implementation of a spousal carve-out program - Non-represented employees

### **Phase 4 (2008)**

- “True Up” based on contract settlements and arbitration rulings in 2007

### **COMPARISON TABLE**

<b><u>Benefit</u></b>	<b><u>Prior Plan</u></b>	<b><u>Proposed Plan</u></b>
<b>Employee Premium for Single Coverage</b>	None	\$21-\$26 per month Municipal Average = \$43
<b>Employee Premium for Family Coverage</b>	None	\$42-\$53 per month Municipal Average = \$225
<b>Office Visit Co-Pay</b>	None	\$10
<b>Specialist Co-Pay</b>	None	\$25
<b>ER Co-Pay</b>	None	\$100
<b>Non-participation Incentive</b>	None	\$50 per month to employee
<b>Utilization Incentive</b>	None	\$500 annual rebate to employee
<b>Elimination of Flex Benefit Contribution</b>	\$200 per year to employee	None
<b>Drug Program</b>	Two-tiered at flat 20%	Three-tiered at 20%-30%-50%
<b>In-Network Deductible</b>	\$200/\$500	\$300/\$600
<b>Out-of-Network Deductible</b>	\$200/\$500	\$600/\$1,200
<b>Out-of-Network Out-of-Pocket Maximum</b>	\$2,000/\$4,000	\$4,000/\$8,000
<b>Increase of 125 maximum contribution</b>	\$3,000	\$5,000
<b>Spousal Carve-out</b>	None	Cost varies based on cost of spousal plan. Regional Average is \$58/mo for individual and \$176/mo for family coverage.
<b>Wellness Program</b>	None	New Program by the City of Racine’s Health Department at no cost to employee
<b>Medicare B Reimbursement</b>	Non-represented retirees age 65 or older \$66.60/mo. in 2004	Eliminated