



HOLMES MURPHY®

THINKING AHEAD

CITY OF UNIVERSITY PARK COUNCIL MEETING

DECEMBER 2018

BUDGET VS. ACTUAL 2018 – CLAIMS THROUGH OCTOBER

YTD Aggregate Dollars	Budget 2018	Actual 2018	% Diff
Medical Claims		\$2,025,497	
Rx Claims		\$628,244	
Fixed Costs & HCR Fees		\$548,373	
Stop Loss Reimbursements		(\$317,681)	
Other Costs & Other Fixed Cost			
Total Medical & Rx & Other Costs	\$3,171,387	\$2,884,432	-9.0%
Employee Contributions	\$666,209	\$666,209	0.0%
Total Medical & Rx & Other Net Costs	\$2,505,178	\$2,218,223	-11.5%

Budget 2017	Actual 2017	% Diff
	\$2,277,922	
	\$559,231	
	\$495,466	
	(\$410,976)	
\$3,027,759	\$2,921,643	-3.5%
\$645,680	\$645,680	0.0%
\$2,382,079	\$2,275,964	-4.5%

- The plan is \$286,955 under budget for the plan year.
- Aggregate Medical and Rx claims are \$2,653,741 for the plan year which is a \$183,413 (6.5%) decrease, compared to this time last year.
- Total cost on a net PEPM basis is \$935.17 YTD which is a \$45.00 (4.6%) decrease, compared to this time last year.



CITY INCREASE – 4.7% INCREASE APPROVED BY COUNCIL

Contributions	2018	2019
City	4.5%	4.7%
Employee	0.0%	4.0%
Retiree	0.0%	0.0%

Annual Cost

Revenue

ER Contribution
EE Contribution
Total Premium
% Increase in ER Funding
% Increase in EE/Ret Funding

Cost

Gross Cost
Employee Contribution
Net Cost
Surplus/(Deficit)

2018 Plan Year Reforecast	2019 Plan Year		
	Before Chg	After Chg	Savings
\$3,011,000	\$3,011,000	\$3,152,697	
\$823,000	\$823,000	\$850,303	
\$3,834,000	\$3,834,000	\$4,003,000	
		4.7%	
		3.3%	
\$3,461,000	\$4,003,000	\$4,003,000	\$0
\$823,000	\$823,000	\$850,303	\$27,303
\$2,638,000	\$3,180,000	\$3,152,697	\$27,303
\$373,000	(\$169,000)	\$0	

- EMPLOYER COST INCREASE 4.7%.
- EMPLOYEE COST INCREASE 4.0%.
- RETIREES COST UNCHANGED.

Projected Beak-Even

2019 STOP LOSS MARKETING

- **CITY CURRENTLY HAS INDIVIDUAL AND AGGREGATE STOP LOSS**
 - Annual fixed cost for stop loss is \$538,067
 - City budgeted for a 20% increase to stop loss fees
- **STOP LOSS RFP SENT TO 15 VENDORS**
- **RECEIVED FIRM RESPONSES BACK FROM 2 VENDORS**
 - Other vendors were not competitive and declined to quote
 - Reasons for declinations include:
 - *Uncompetitive rates*
 - *Size of City*
 - *Ongoing large claimants*



2019 STOP LOSS MARKETING RESULTS

CIGNA QUOTE:

- Current contract terms (Includes both Individual and Aggregate Stop Loss)
- No individual claim lasers
- 16.82% over current fixed cost

COMPANION LIFE QUOTE:

- Current contract terms (Includes both Individual and Aggregate Stop Loss)
- 3 individual claim lasers (an additional \$463,000 in claims liability)
- 18.02% over current over current fixed cost



2019 STOP LOSS RECOMMENDATION

Carrier	Estimated Difference to Current Cost	Estimated Difference to Current %	Contract Terms (includes Med/RX)	ASL Coverage	ISL Deductible Level	Expected Claims	Maximum Plan Costs
Cigna – Current 2018			Paid	125% of Expected Claims	\$93,500	\$2,761,341	\$3,451,676
Cigna – Renewal 2019	\$90,500	16.82%	Paid	125% of Expected Claims	\$93,500	\$2,580,908	\$3,226,135

Change in expected claims is due to shift in enrollment to HSA plan; at time of renewal 190 in EPO and 48 in HSA plan

