




Summary Healthcare Budget Projections, Assumptions, Rates & Fees

October 1, 2018

City of Joplin

Segal Consulting

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City of Joplin
Executive Summary

- The City has experienced an operating surplus in fiscal 2017 and year-to-date in fiscal 2018
- 2019 contribution rates will change as follows:
  - Medical & prescription drug contribution rates for 2019 do not change
  - Dental and vision premium rates and corresponding contribution rates do not change
  - Contributions for life insurance, which vary by age and salary, will increase 17%, consistent with the increase in the insured premium rate
- Assets are projected to remain above suggested reserve levels, under the assumptions noted throughout this report

City of Joplin
Budget Projections

PROJECTED INCOME AND EXPENSE, FISCAL YEARS ENDED DECEMBER 31

	Aggregate			PPPM		
12 Months Ending	**Dec-18**	**Dec-19**	**Dec-20**	**Dec-18**	**Dec-19**	**Dec-20**
Income						
City Contributions	$4,521,100	$4,526,900	$4,826,900	$767.33	$768.31	$819.23
Employee Contributions	1,166,100	1,166,100	1,237,600	197.91	197.91	210.05
Retiree/COBRA Contributions	107,700	107,700	114,500	18.28	18.28	19.43
Total Income	**$5,794,900**	**$5,800,700**	**$6,179,000**	**$983.52**	**$984.50**	**$1,048.71**
Expenses						
Medical	$2,709,600	$3,221,300	$3,446,800	$459.88	$546.72	$585.00
Prescription Drug	1,199,700	1,295,700	1,399,400	203.62	219.91	237.51
Dental Premium	318,900	318,900	328,400	54.12	54.12	55.74
Vision Premium	39,900	39,900	40,700	6.77	6.77	6.91
Life Insurance Premium	80,100	85,800	85,800	13.59	14.56	14.56
Stop-Loss Insurance Premium	505,000	565,600	633,400	85.71	95.99	107.50
Anthem ASO / EAP Fees	242,200	242,200	242,200	41.11	41.11	41.11
ACA Fees	2,900	3,000	0	0.49	0.51	0.00
Total Expenses	**$5,098,300**	**$5,772,400**	**$6,176,700**	**$865.29**	**$979.69**	**$1,048.33**
Operating Surplus (Deficit)	**$696,600**	**$28,300**	**$2,300**	**$118.23**	**$4.81**	**$0.38**
Enrollment	491	491	491	491	491	491
Beginning Fund Assets[1]	**$2,256,654**	**$2,953,254**	**$2,981,554**			
Ending Fund Assets[1]	**$2,953,254**	**$2,981,554**	**$2,983,854**			
Reserve Months	**6.1**	**5.8**	**5.5**			
Suggested Reserves						
Claims Fluctuation	$1,979,200	$2,286,900	$2,453,500			
Months	4.1	4.4	4.5			
Reserve (Shortfall)/Surplus	**$974,054**	**$694,654**	**$530,354**			

Self-funded cost projections are based on a weighted average of three-years of claims and enrollment data.

2018 projected medical costs have been adjusted with actual year-to-date experience.

[1] Fund assets are net of incurred but not reported claims.

The projections above are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Segal Consulting has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases. Segal Consulting's pricing guidance is not intended to provide legal advice. Issues involving the interpretation of laws/regulations should be referred to legal counsel for authoritative advice.

City of Joplin
Assumptions

Fiscal Year Ending December 31

ASSUMPTIONS FOR FISCAL YEAR ENDING DECEMBER 31

	2018	2019	2020
Trend on Expenses			
Medical	7.0%	7.0%	7.0%
Prescription Drug	8.0%	8.0%	8.0%
Dental Premium	6.9%	0.0%	3.0%
Vision Premium	0.0%	0.0%	2.0%
Life Insurance Premium	0.0%	17.3%	0.0%
Accidental Death and Dismemberment	0.0%	0.0%	0.0%
Stop-Loss Insurance Premium	0.0%	12.0%	12.0%
Anthem ASO Fees	0.0%	0.0%	0.0%
Enrollment			
Actives	483	483	483
Retirees	8	8	8

Notes:

The percentage changes for self-funded medical and prescription drug are based on trend factors.

The percentage changes shown for the remaining expenses, are based on actual premiums and fees if known or illustrative increases.

Historical premiums and fees may be found on page 11 and 12 of this report.

City of Joplin
2019 Renewals

The budget projections and monthly contribution rates reflect the following renewal rates:

- Anthem BCBS ASO and Stop-Loss Fees
  - Following negotiations, the Anthem BCBS Administrative Fee for 2019 and 2020 will remain equal to the current rate of $41.10 per contract per month
  - Anthem has proposed a 12% increase on the stop-loss premium rate
- Symetra Life and AD&D
  - Life insurance rates will increase 17% per thousand
  - AD&D rates will not change
- More detailed information follows on the next page

City of Joplin
2019 Renewals

The results of our negotiations with the carriers is summarized below:

Carrier	Coverage Type	Proposed Renewal	Negotiated Renewal	Reduction in Annual Cost	Guarantee	Status
Anthem BCBS	Administrative Services	$28.28 PCPM plus 1.5% of medical network savings	$41.10 PCPM	($23,000)	Two Years	Final
Anthem BCBS	Stop Loss	$98.97 PCPM (+15.5%)	$95.99 PCPM (+12%)	($17,600)	One Year	Final
CIGNA Dental	Dental	N/A - Under rate guarantee		N/A	2nd year cap of 5%	Final
Symetra	Life and AD&D	$0.138/$1,000 Life (+40%) $0.02/$1,000 AD&D	$0.115/$1,000 Life (+17%) $0.02/$1,000 AD&D	($7,700)	Two Years	Final
Guardian	Disability	$0.300/$100 (+3.4%)	$0.290/$100 (0%)	($1,200)	Two Years	Final
Total				**($49,500)**		

Notes:

- All reductions in annual costs resulting from negotiation are estimated based on 491 enrollees
- Anthem originally proposed the BCBS Administrative Fee be converted to a split-fee contract in 2019; Following negotiations, we secured a rate hold for 2019 and 2020 under the fixed per contract per month structure
- CIGNA Dental plan is under a rate guarantee; however CIGNA informed us that if the guarantee had not been in place, their underwriting calculations would have called for a 5% increase (which equates to $16,000 annually). CIGNA has agreed to cap the 2020 premium rate increase at 5%
- Symetra Life and AD&D rates are guaranteed for the next two-year period Jan. 1, 2019 to Jan. 1, 2021
- Guardian Disability contract is guaranteed for the next two-year period Jan. 1, 2019 to Jan. 1, 2021

City of Joplin
City Contribution Structure

- **Medical & Prescription Drug** – The City pays 100% of the medical and prescription drug costs for single coverage; whereas, the City's cost share for family coverage is 75% with the employee covering the other 25%.
- **Dental** – The City and employee each pay a portion for both single and family coverage. For single coverage, the City's cost share is 70%. For family coverage, the City's cost share is 65%.
- **Life** – The City also provides 1.5 times the annual salary in life insurance benefits at no cost to the employee. Employees can purchase additional life insurance coverage as a voluntary benefit at full cost.
- **Vision** – Vision coverage is offered on a voluntary basis, and 100% is paid by employees.

City of Joplin
2018 Monthly Contribution Rates

Monthly Contributions
Fiscal Year Ending December 31, 2018

City Contributions	Single	Family	Employee + Spouse	Employee + Child(ren)
Anthem BCBS PPO	$472.32	$991.88		
CIGNA Dental Insurance	$20.00	$49.40		
Employee Basic Life Insurance	Contributions vary by age and salary			
Employee Contributions	**Single**	**Family**	**Employee + Spouse**	**Employee + Child(ren)**
Anthem BCBS PPO	$0.00	$330.64		
CIGNA Dental Insurance	$8.58	$26.60		
EyeMed Vision - Exam Only	$1.44	$4.22	$2.72	$2.88
EyeMed Vision - Plan H	$5.34	$15.66	$10.12	$10.66
Employee Supplemental Life - $50,000	Contributions vary by age			
Spouse Voluntary Life - $25,000		Contributions vary by age		
Child(ren) Voluntary Life - $10,000		$0.70 per child		
COBRA/Retiree Contributions	**Single**	**Family**	**Employee + Spouse**	**Employee + Child(ren)**
Anthem BCBS PPO	$481.76	$1,348.96		
CIGNA Dental Insurance	$29.14	$77.52		
EyeMed Vision - Exam Only	$1.48	$4.30	$2.78	$2.94
EyeMed Vision - Plan H	$5.44	$15.98	$10.32	$10.88

City of Joplin
2019 Projected Monthly Contribution Rates

Projected Monthly Contributions
Fiscal Year Ending December 31, 2019

City Contributions	Single	% Change	Family	% Change	Employee + Spouse	% Change	Employee + Child(ren)	% Change
Anthem BCBS PPO	$472.32	0.0%	$991.88	0.0%				
CIGNA Dental Insurance	$20.00	0.0%	$49.40	0.0%				
Employee Basic Life Insurance	Contributions vary by age and salary							
Employee Contributions	**Single**	**% Change**	**Family**	**% Change**	**Employee + Spouse**	**% Change**	**Employee + Child(ren)**	**% Change**
Anthem BCBS PPO	$0.00	0.0%	$330.64	0.0%				
CIGNA Dental Insurance	$8.58	0.0%	$26.60	0.0%				
EyeMed Vision - Exam Only	$1.44	0.0%	$4.22	0.0%	$2.72	0.0%	$2.88	0.0%
EyeMed Vision - Plan H	$5.34	0.0%	$15.66	0.0%	$10.12	0.0%	$10.66	0.0%
Employee Supplemental Life - $50,000	Contributions vary by age							
Spouse Voluntary Life - $25,000	Contributions vary by age							
Child(ren) Voluntary Life - $10,000	$0.70 per child							
COBRA/Retiree Contributions	**Single**	**% Change**	**Family**	**% Change**	**Employee + Spouse**	**% Change**	**Employee + Child(ren)**	**% Change**
Anthem BCBS PPO	$481.76	0.0%	$1,348.96	0.0%				
CIGNA Dental Insurance	$29.14	0.0%	$77.52	0.0%				
EyeMed Vision - Exam Only	$1.48	0.0%	$4.30	0.0%	$2.78	0.0%	$2.94	0.0%
EyeMed Vision - Plan H	$5.44	0.0%	$15.98	0.0%	$10.32	0.0%	$10.88	0.0%

City of Joplin

Historical Insurance Premium Rates & Vendor Fees

Anthem Specific Stop-Loss	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	Next Renewal
Single						$36.91	$40.24	$45.07	
Family						$118.15	$128.82	$144.28	
Composite		$79.57	$59.94	$69.11	$75.14				1/1/2020
Specific Deductible		$100,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	

Anthem BCBS Medical and Drug ASO / EAP	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	Next Renewal
Per Employee Per Month	$40.61	$42.64	$43.49	$43.49	$39.90	$41.10	$41.10	$41.10	1/1/2021

Delta Dental	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018		Next Renewal
Single	$28.77	$28.77	$29.51	$29.95					Terminated
Family	$76.54	$76.54	$78.50	$79.68					
CIGNA Dental									
Single					$26.74	$26.74	$28.57	$28.57	1/1/2020
Family					$71.05	$71.05	$75.99	$75.99	

Humana Vision Exam Plus (Basic)	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	Next Renewal
Single	$1.57	$1.66	$1.66	$1.77					Terminated
EE + 1	$3.15	$3.34	$3.34	$3.55					
EE + Children	$2.99	$3.17	$3.18	$3.37					
Family	$4.70	$4.98	$4.98	$5.30					
EyeMed Vision Exam Only									
Single					$1.43	$1.43	$1.43	$1.43	1/1/2020
EE + 1					$2.72	$2.72	$2.72	$2.72	
EE + Children					$2.87	$2.87	$2.87	$2.87	
Family					$4.22	$4.22	$4.22	$4.22	

Humana Vision Care Plan (Extended)	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	Next Renewal
Single	$4.80	$5.09	$5.10	$5.42					Terminated
EE + 1	$11.22	$11.89	$11.90	$12.65					
EE + Children	$10.58	$11.21	$11.22	$11.93					
Family	$17.52	$18.57	$18.58	$19.76					
EyeMed Vision Plan H									
Single					$5.33	$5.33	$5.33	$5.33	1/1/2020
EE + 1					$10.12	$10.12	$10.12	$10.12	
EE + Children					$10.65	$10.65	$10.65	$10.65	
Family					$15.65	$15.65	$15.65	$15.65	

City of Joplin

Historical Insurance Premium Rates & Vendor Fees *continued*

Hartford Basic Life and AD&D	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	Next Renewal
Life Premium Per $1,000 of Coverage	$0.110	$0.110	$0.121	$0.121					Terminated
AD& D Premium Per $1,000 of Coverage	N/A	$0.015	$0.015	$0.015					Terminated
Symetra Basic Life and AD&D									
Life Premium Per $1,000 of Coverage					$0.098	$0.098	$0.098	$0.115	1/1/2021
AD& D Premium Per $1,000 of Coverage					$0.020	$0.020	$0.020	$0.020	1/1/2021

Hartford Voluntary Supplemental Life	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	Next Renewal
Premium Per $1,000 of Coverage - By Age									Terminated
Under 35	$0.05	$0.05	$0.05	$0.05					
35 - 39	$0.08	$0.08	$0.08	$0.08					
40 - 44	$0.12	$0.12	$0.12	$0.12					
45 - 49	$0.19	$0.19	$0.19	$0.19					
50 - 54	$0.33	$0.33	$0.33	$0.33					
55 - 59	$0.53	$0.53	$0.53	$0.53					
60 - 64	$0.71	$0.71	$0.71	$0.71					
65 - 69	$1.11	$1.11	$1.11	$1.11					
70 - 74	$1.93	$1.93	$1.93	$1.93					
75+	$3.34	$3.34	$3.34	$3.34					
Child Rate	$0.07	$0.07	$0.07	$0.07					
Symetra Supplemental Life									
Premium Per $1,000 of Coverage - By Age									
Under 25					$0.05	$0.05	$0.05	$0.05	1/1/2021
25 - 29					$0.05	$0.05	$0.05	$0.05	
30 - 34					$0.05	$0.05	$0.05	$0.05	
35 - 39					$0.08	$0.08	$0.08	$0.08	
40 - 44					$0.12	$0.12	$0.12	$0.12	
45 - 49					$0.19	$0.19	$0.19	$0.19	
50 - 54					$0.33	$0.33	$0.33	$0.33	
55 - 59					$0.53	$0.53	$0.53	$0.53	
60 - 64					$0.71	$0.71	$0.71	$0.71	
65 - 69					$1.11	$1.11	$1.11	$1.11	
70 - 74					$1.67	$1.67	$1.67	$1.67	
75 +					$2.90	$2.90	$2.90	$2.90	
Child Rate					$0.07	$0.07	$0.07	$0.07	

Appendix: 2017 Financial Statement

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
Beginning Balance	$2,076,389 [1]	$2,112,430	$2,180,225	$2,172,415	$2,187,934	$2,337,557	$2,591,421	$2,559,166	$2,428,020	$2,467,392	$2,523,441	$2,511,993	$2,076,389
Income													
City Contributions	$382,789	$388,721	$393,140	$383,559	$388,025	$390,655	$381,738	$380,168	$375,250	$376,864	$370,493	$374,443	$4,585,845
Employee Contributions[2]	105,030	105,769	113,827	110,416	108,762	112,229	111,995	108,500	109,059	97,209	116,076	102,271	1,301,141
Interest Income	1,205	0	0	0	0	1,167	0	0	0	(1,562)	0	0	810
Total	$489,024	$494,490	$506,967	$493,975	$496,787	$504,051	$493,733	$488,668	$484,309	$472,510	$486,569	$476,713	$5,887,796
Expense													
Medical[3]	$247,651	$232,680	$291,957	$285,661	$160,360	$46,856	$344,740	$407,096	$242,595	$247,378	$323,586	$251,179	$3,081,739
Stop Loss Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
Prescription Drug[3]	91,332	91,422	111,429	89,338	86,075	102,744	81,966	79,863	101,210	79,267	75,990	99,446	1,090,082
Dental Premium	25,355	25,116	25,577	25,613	25,355	25,906	25,195	25,124	25,053	24,884	24,760	24,565	302,503
Vision Premium	3,240	3,276	3,299	3,324	3,326	3,398	3,320	3,346	3,317	3,285	3,252	3,237	39,620
Life Premium	6,446	6,417	6,425	6,396	6,322	6,495	6,459	6,455	6,384	6,301	6,335	6,365	76,800
Stop-Loss Premium	41,314	40,419	41,054	40,936	40,323	40,434	40,427	40,471	39,430	39,718	38,905	39,378	482,809
Medical Administration	20,799	21,125	21,290	21,249	20,838	20,961	21,043	21,002	20,386	20,345	20,345	20,509	249,892
Special Events & Promotions	108	2,832	1,708	5	5	5	5	5	837	840	210	0	6,560
ACA Fees	13,905	0	0	0	0	0	0	0	2,893	303	0	0	17,101
Administration[4]	2,833	3,408	12,038	5,934	4,560	3,388	2,833	36,452	2,833	(5,860)	4,633	2,833	75,885
Total	$452,983	$426,695	$514,777	$478,456	$347,164	$250,187	$525,988	$619,814	$444,938	$416,461	$498,016	$447,512	$5,422,991
Operating Surplus/(Deficit)	$36,041	$67,795	($7,810)	$15,519	$149,623	$253,864	($32,255)	($131,146)	$39,371	$56,049	($11,447)	$29,201	$464,805
Ending Balance	$2,112,430	$2,180,225	$2,172,415	$2,187,934	$2,337,557	$2,591,421	$2,559,166	$2,428,020	$2,467,391	$2,523,441	$2,511,993	$2,541,194	$2,541,194
Active/COBRA Lives	504	506	506	501	501	504	497	494	494	490	485	484	497
Retiree Lives	6	8	8	8	10	10	10	10	10	10	10	9	9
Total	510	514	514	509	511	514	507	504	504	500	495	493	506

[1] *Adjusted based on reconciliation to audited statements.*

[2] *Employee contributions include Retiree and COBRA contributions.*

[3] *Based on financial statements received from City of Joplin personnel. Reported medical and prescription drug payments are combined on the financial statements received from the City.*

[4] *Administration expense includes "Equipment Operating" line item from financial statements.*

Appendix: 2018 YTD Financial Statement

	January	February	March	April	May	June	July	Year to Date
Beginning Balance	$2,541,194	$2,594,740	$2,712,483	$2,660,366	$2,760,061	$2,838,780	$2,904,760	$2,541,194
Income								
City Contributions	$377,637	$379,438	$381,401	$360,344	$377,622	$379,780	$377,635	$2,633,857
Employee Contributions[1]	105,576	107,195	106,863	102,096	106,090	104,608	108,141	740,569
Interest Income[2]	1,212	0	0	0	0	0	917	2,129
Total	$484,425	$486,633	$488,264	$462,440	$483,712	$484,388	$486,693	$3,376,555
Expense								
Medical[3]	$229,116	$165,723	$324,615	$167,142	$203,763	$197,919	$134,361	$1,422,639
Stop Loss Reimbursements	0	0	0	0	0	0	0	0
Prescription Drug[3]	94,938	97,713	112,579	92,522	98,504	119,719	103,006	718,981
Dental Premium	26,023	26,416	26,750	26,654	26,426	26,549	27,148	185,966
Vision Premium	3,242	3,295	3,318	3,372	3,307	3,295	3,375	23,204
Life Premium	6,749	6,642	6,662	6,695	6,637	6,625	6,697	46,707
Stop-Loss Premium	42,259	42,169	42,311	42,257	42,306	42,386	42,362	296,050
Medical Administration	21,354	21,260	21,308	21,260	21,217	21,304	21,563	149,266
Special Events & Promotions	5	5	5	10	0	10	0	35
ACA Fees	0	0	0	0	0	0	2,923	2,923
Administration[4]	7,193	5,667	2,833	2,833	2,833	601	2,833	24,793
Total	$430,879	$368,890	$540,381	$362,745	$404,993	$418,408	$344,268	$2,870,564
Operating Surplus/(Deficit)	$53,546	$117,743	($52,117)	$99,695	$78,719	$65,980	$142,425	$505,991
Ending Balance	$2,594,740	$2,712,483	$2,660,366	$2,760,061	$2,838,780	$2,904,760	$3,047,185	$3,047,185
Active/COBRA Lives	487	483	487	482	483	484	488	485
Retiree Lives	8	8	8	8	8	7	8	8
Total	495	491	495	490	491	491	496	493

[1] *Employee contributions include Retiree and COBRA contributions.*

[2] *Interest income includes "Other Income" line item from financial statements.*

[3] *Based on financial statements received from City of Joplin personnel. Reported medical and prescription drug payments are combined on the financial statements received from the City.*

[4] *Administration expense includes "Equipment Operating" and "Building Improvements" line items from financial statements.*