CITY OF HENDERSON
SELF-FUNDED INSURANCE COMMITTEE

MINUTES
June 12, 2013

I. Call to order

Chairman Fred Horvath called the City of Henderson Insurance Committee meeting to order at 10:08 a.m., in the Westgate Conference Room, 1st Floor, City Hall, 240 Water Street, Henderson, Nevada.

II. Confirmation of Posting and Roll Call

Ms. Neilson, Employee Benefits Coordinator, confirmed the meeting had been posted in accordance with the Open Meeting Law by posting the agenda three working days prior to the meeting at City Hall, Multigenerational Center, Whitney Ranch Recreational Center, and Fire Station No. 86.

PRESENT:	Chairman Fred Horvath Norm Halliday (left at 2:10 p.m.) Priscilla Howell Connie Kershaw Kenneth Kerby Jayne Mazurkiewicz (arrived at 10:11 a.m.) Tim O'Neill Dan Pentkowski
ABSENT:	None
STAFF:	Dave Hintzman, Assistant City Attorney (arrived at 10:10 a.m.) Robert Osip, Risk Manager Alysa Neilson, Employee Benefits Coordinator April Parra, Minutes Clerk
ALSO PRESENT:	Shawn Adkins, Gallagher Benefit Services Bill Bixler, Loomis Tom Chiello, HPSA Pam Levy, Sierra Healthcare Amber Hubber, HPN

III. Acceptance of Agenda

(Motion) Mr. Halliday introduced a motion to accept the agenda as submitted. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

IV. Public Comment

Connie Kershaw, Finance, reminded those that have a flex spending account that they can receive their funds via direct deposit.

V. Unfinished Business

A. Prescription Drug Plan Options

Shawn Adkins, Gallagher Benefit Services, distributed the City of Henderson Summary of ESI Clinical Programs and gave an overview. Areas of discussion included: Select Home Delivery, Mandatory Generics, Personal Medication Coach, Screen Rx, Select Step Therapy, and Incentive Programs.

1. Select Home Delivery – Mandatory Home Delivery for Maintenance Drugs

Mr. Adkins gave a brief summary of this program and discussed the "opting out" option.

Responding to concerns regarding temperature-sensitive medications sitting in mailboxes, Chairman Horvath commented that people have the ability to "opt out" of the program if they choose.

Additional discussion took place regarding incentives and the current level of use by City of Henderson members.

2. Mandatory Generics – Require Members to Pay Cost Difference if Electing Certain Name Brand Drugs

Mr. Adkins reviewed the Mandatory Generic Drug program.

There were no questions from the Committee.

3. Personal Medication Coach – Program to Assist Members with Chronic Disease

Mr. Adkins reviewed the Personal Medication Coach program.

There were no questions from the Committee.

4. Screen Rx – Program to Identify and Assist Members with Prescription Drug Adherence Obstacles

Mr. Adkins reviewed the Screen Rx program.

Mr. Chiello commented that this program seems very intrusive.

5. Select Step Therapy – Program to Manage Drug Cost Within Specific Therapy Classes

Mr. Adkins reviewed the Select Step Therapy program.

There were no questions from the Committee.

6. Incentive Programs – Reduce Co-pays for Select Drug Classes

Mr. Adkins reviewed the Incentive Programs.

There were no questions from the Committee.

Chairman Horvath requested that Mr. Adkins report out next month on What changes would have to be made to co-pays to the prescription drug plan to recapture approximately $150,000.

It was the consensus of the Committee that this item be continued to the July meeting.

VI. New Business

A. Approval of Minutes for the meeting of May 13, 2013

(Motion) Mr. Pentkowski introduced a motion to approve the May 13, 2013, minutes as submitted. The vote favoring approval was unanimous. Chairman Horvath declared the motion carried.

B. Presentation of the Plan's Financial Status Report as of May 31, 2013

Ms. Kershaw distributed the financial reports and gave a brief summary. She noted that Delta Dental is saving the Plan approximately $50,000; however, the Plan is still on target for a $1 million loss.

C. Loomis Monthly Claims Report

Bill Bixler, Loomis, reviewed the Monthly Claims Report. He noted that claims in April and May were high and there are eight claims over $40,000 for the year.

There were no questions from the Committee.

Mr. Bixler also noted that the new website is up and running and phone apps will be available in July.

D. Sierra Healthcare Options Monthly Report – Hospital Length of Stay and Provider Network Update

Pam Levy, Sierra Healthcare Options, reviewed the monthly report and stated the average length of stay was 3.36 days.

There were no questions by the Committee.

E. Gallagher Benefit Services Status Report

Mr. Adkins, Gallagher Benefit Services (GBS), reviewed the GBS Estimated Accrual Plan Status Report. He noted that Medical is running at a slight deficit and Dental and Vision are running at a surplus.

Mr. Adkins noted that the issue of foster children will need to be revisited to discuss the impacts of the Patient Protection and Affordable Care Act (PPACA). He said he is currently waiting for additional guidance on this issue, which will probably be addressed in the next two to three months.

Note: A lunch break was taken from 11:21 a.m. to 11:50 a.m.

F. Presentation on the Impact of the Patient Protection and Affordable Care Act

Mr. Adkins distributed and reviewed the Healthcare Reform Impact Report. Areas of discussion included: The Timeline; Impact of Changes Made to Date; Impact of Future Changes; Evaluation of Part-Time, Hourly, and Seasonal Employees – Background; Evaluation of Part-Time, Hourly, and Seasonal Employees – Highlights; Evaluation of Part-Time, Hourly, and Seasonal Employees – Stratification; Evaluation of Part-Time, Hourly, and Seasonal Employees – Analysis; Evaluation of Part-Time, Hourly, and Seasonal Employees – Unknowns; Shared Responsibility; State Changes – Background; Shared Responsibility – Analysis; Shared Responsibility – Pay or Play; Workforce Planning

Considerations; Taxes and Assessments; Future Taxes and Assessments; Future Plan Design Changes; Unknowns; and Summary of the Total Costs of HCR.

A lengthy discussion ensued regarding who will be impacted by the additional costs as well as various ways that the costs could be offset.

G. Discussion Regarding Combined Out-of-Pocket Maximum Accumulation

This item was continued to the next meeting.

H. Revision to the Plan Document to Allow Employees to Waive Coverage

This item was continued to the next meeting.

I. Lifesigns Contract for Primary Care Services

This item was continued to the next meeting.

J. Establishment of Funding Rates for Plan Years 2014 and 2015

This item was heard immediately following Item F.

Chairman Horvath distributed the report entitled "Needed Funding – Medical, Rx, and Dental (GBS Suggested Rates) for Plan Years 2013-2015, and Mr. Adkins gave a summary.

Chairman Horvath gave an update on discussions that have been taking place with the various unions and the City Council regarding the increase in rates.

Chairman Horvath distributed various rate-change options that would help meet the rising costs of the self-funded plan and suggested that it might be time to have more than one plan available for employees to choose from.

A discussion ensued regarding various options and ideas to make changes to the plan. Mr. Adkins said he will return next month with some suggestions to plan design/rate changes.

It was the consensus of the Committee that this item would be continued to the next meeting to allow members to review the information that was distributed regarding rates and return next month to discuss.

VII. Public Comment

There were no comments presented by the public.

VIII. Chairman/Committee Member/Committee Staff Comment

There were no comments presented.

IX. Set Next Meeting Date

The next meeting was set for July 10, 2013.

X. Adjournment

There being no further business to come before the Committee, Chairman Horvath adjourned the meeting at 2:37 p.m.

Respectfully submitted,

_____
April Parra, Minutes Clerk

2013 Plan Year - Paid Claims Analysis
City of Henderson
Claims Paid thru 6/30/2013

MONTH	YEAR	EES*	Med/Dent/Rx TOTAL AMOUNT PAID	Stop Loss Reimb.
Jan	2013	1,177	$726,298	-$78,782
Feb	2013	1,174	$916,801	$0
Mar	2013	1,171	$985,649	$0
Apr	2013	1,173	$1,270,304	$0
May	2013	1,152	$1,073,092	$0
June	2013	1,150	$976,190	$0

EES* number represents medical lives

GRAND TOTAL - 2013 YTD -	$5,948,334	-$78,782
2013 STOP LOSS REIMBURSEMENTS	-$78,782	
TOTAL NET - 2013 YTD	$5,869,552	
GRAND TOTAL YEAR 2012	$11,095,050	
2012 STOP LOSS REIMBURSEMENTS	-$194,153	
TOTAL NET - 2012	$10,900,897	

Paid Summary

4/1/13 - 6/30/13

MONTH	YEAR	CATEGORY	TOTAL AMOUNT PAID	Stop Loss Reimb.
APRIL	2013	DENTAL	$67,603	
APRIL	2013	MEDICAL	$894,106	
APRIL	2013	PRESCRIPTION	$308,523	
APRIL	**2013**		**$1,270,232**	**$0**
MAY	2013	DENTAL	$56,563	
MAY	2013	MEDICAL	$813,441	
MAY	2013	PRESCRIPTION	$203,088	
MAY	**2013**		**$1,073,092**	**$0**
JUNE	2013	DENTAL	$46,449	
JUNE	2013	MEDICAL	$725,562	
JUNE	2013	PRESCRIPTION	$204,179	
JUNE	**2013**		**$976,190**	**$0**
ROLLING THREE MONTHS			**$3,319,514**	**$0**

4/1/12 - 6/30/12

MONTH	YEAR	CATEGORY	TOTAL AMOUNT PAID	Stop Loss Reimb.
APRIL	2012	DENTAL	$98,818	
APRIL	2012	MEDICAL	$522,098	
APRIL	2012	PRESCRIPTION	$244,480	
APRIL	**2012**		**$865,396**	**-$23,304**
MAY	2012	DENTAL	$46,214	
MAY	2012	MEDICAL	$565,029	
MAY	2012	PRESCRIPTION	$101,034	
MAY	**2012**		**$712,277**	**$0**
JUNE	2012	DENTAL	$62,396	
JUNE	2012	MEDICAL	$463,378	
JUNE	2012	PRESCRIPTION	$201,027	
JUNE	**2012**		**$726,801**	**$0**
ROLLING THREE MONTHS			**$2,304,474**	**-$23,304**

City Of Henderson Claims Analysis
1/1/12 - 12/31/12
2012 Plan Year - Paid Claim Basis

Month	Year	Med Ees	Dent Ees	Medical	Dental	Rx	Totals	Stop Loss Reimb.	Adjusted Total	Avg Cost Med/Rx PEPM	Avg Cost Dent PEPM
Jan	2012	1,162	1,224	650,208	75,056	174,122	899,386	-$135,219	764,167	$593	$61
Feb	2012	1,158	1,220	555,734	76,977	208,047	840,758	-$38,593	802,165	$626	$63
Mar	2012	1,158	1,221	898,583	79,874	225,521	1,203,978	-$6,114	1,197,864	$965	$65
Apr	2012	1,170	1,049	522,098	98,818	244,480	865,396	-$23,304	842,093	$635	$94
May	2012	1,173	1,053	565,029	46,214	191,034	802,277	$0	802,277	$645	$44
June	2012	1,172	1,052	463,378	62,396	201,027	726,801	$0	726,801	$567	$59
July	2012	1,169	1,044	660,742	74,951	233,590	969,283	$0	969,283	$765	$72
Aug	2012	1,173	1,043	737,290	56,620	186,674	980,584	-$67,753	912,832	$730	$54
Sept	2012	1,175	1,044	755,993	51,869	190,366	998,228	-$2,759	995,469	$803	$50
Oct	2012	1,178	1,045	704,882	72,278	219,798	996,958	$26,608	1,023,566	$808	$69
Nov	2012	1,178	1,046	468,947	46,284	201,614	716,845	$49,463	766,308	$611	$44
Dec	2012	1,177	1,046	784,344	86,399	223,812	1,094,555	$3,518	1,098,073	$860	$83
Grand Totals 2012		14,043	13,087	7,767,229	827,737	2,500,084	11,095,050	-$194,153	10,900,897	$717	$63

City Of Henderson Claims Analysis
1/1/13 - 12/31/13
2013 Plan Year - Paid Claim Basis

Month	Year	Med Ees	Dent Ees	Medical	Dental	Rx	Totals	Stop Loss Reimb.	Adjusted Total	Avg Cost Med/Rx PEPM	Avg Cost Dent PEPM
Jan	2013	1,177	1,008	503,226	24,665	198,407	726,298	-$78,782	647,516	$529	$24
Feb	2013	1,174	1,007	710,929	42,897	162,975	916,801	$0	916,801	$744	$43
Mar	2013	1,171	1,003	718,222	75,144	192,283	985,649	$0	985,649	$778	$75
Apr	2013	1,173	1,004	894,106	67,603	308,523	1,270,232	$0	1,270,232	$1,025	$67
May	2013	1,152	984	813,441	56,563	203,088	1,073,092	$0	1,073,092	$882	$57
June	2013	1,150	979	725,561	46,449	204,179	976,189	$0	976,189	$808	$47
July	2013										
Aug	2013										
Sept	2013										
Oct	2013										
Nov	2013										
Dec	2013										
Grand Totals 2013		6,997	5,985	4,365,485	313,321	1,269,455	5,948,261	-$78,782	5,869,479	$794	$52

City of Henderson
Large Claim Summary - Claims over $40,000 - Medical Only
Paid: 1/1/2013 thru 6/30/2013

2013 TOTALS	Total Members	Total Paid	PMPY TOTAL
# of claimants > $40,000 - < $100,000	10	$636,362	$63,636
# of claimants > $100,000	3	$405,756	$135,252
GRAND TOTAL	13	$1,042,118	$80,163

DIAGNOSIS

Deficiency of humoral immunity
Secondary Malignant Neoplasm- respiratory, digestive and lungs
Diaphysitis - hypertrophy of bone
Unspecified immune deficiency
Osteoarthrosis - hip replacement
Malignant Neoplasm - breast
Drug Dependency
Depression
Disorders of meninges (nervous system)
Displacement of cervical intervertebral disc
Spinal Stenosis Lumbar region
Malignant Neoplasm Kidney
Cervical spondylosis with myelopathy, Anterior spinal artery compression syndrome

Total May Large claim costs - $606,548 — 8 total members
Total $ Paid Increase May to June - $435,570 — 13 total members

0$

SELF-FUNDED HEALTH INSURANCE FUND (FUND 6051)
AS OF JUNE 30, 2013

	Estimated Year Ended 12/31/12	% of Total Rev	YTD 2012 Jan-June	% of Total Rev	Estimated YTD 2013 Jan-June	% of Total Rev	Increase/(Decrease) 2012/2013	% Change 2012/2013
Working Capital Beginning of Year	$ 7,859,720		$ 7,859,720		$ 6,570,509		$ (1,289,211)	-16.40%
Revenue:								
Premiums - HPN	$ 538,326	4.44%	$ 262,156	4.32%	$ 305,176	4.62%	$ 43,020 (1)	16.41%
Premiums - Self Funded	10,512,572	86.71%	5,298,850	87.37%	5,776,673	87.41%	477,823 (2)	9.02%
Premiums - Retirees	885,705	7.31%	405,602	6.69%	476,309	7.21%	70,707 (3)	17.43%
Interest Income	178,801	1.47%	89,400	1.47%	49,646	0.75%	(39,754)	-44.47%
Misc-Performance Guarantee	9,014	0.07%	9,014	0.15%	950	0.01%	(8,064)	-
Total Revenue	$ 12,124,418	100.0%	$ 6,065,022	100.0%	$ 6,608,754	100.0%	$ 543,732	9.0%
Expenses:								
Administrative Costs:								
Salaries, wages & benefits	122,195	1.01%	58,205	0.96%	57,321	0.87%	(884)	-1.52%
Consulting	44,300	0.37%	27,400	0.45%	17,550	0.27%	(9,850) (4)	-35.95%
Claims Adjudication	674,214	5.56%	285,031	4.70%	271,946	4.11%	(13,085)	-4.59%
VSP Service Fee	22,767	0.19%	11,327	0.19%	12,285	0.19%	958 (5)	8.46%
Actuarial/Professional Costs	99,889	0.82%	52,817	0.87%	44,363	0.67%	(8,454) (6)	-16.01%
Miscellaneous Costs	22,901	0.19%	6,583	0.11%	8,205	0.12%	1,522 (7)	22.77%
Administrative fee-GF	21,620	0.18%	9,422	0.16%	12,196	0.18%	2,774	29.44%
Total Administrative Costs	1,007,886	8.31%	450,885	7.43%	423,866	6.41%	(27,019)	-5.99%
Fixed Premiums:								
Specific Stop-Loss Premium	655,591	5.41%	326,433	5.38%	376,537	5.70%	50,104 (8)	15.35%
Life Insurance	97,959	0.81%	48,957	0.81%	49,187	0.74%	230	0.47%
AD&D	23,609	0.19%	11,837	0.20%	11,807	0.18%	(30)	-0.25%
HPN Premiums	540,370	4.46%	259,777	4.28%	298,509	4.52%	38,732 (9)	14.91%
Long Term Disability	179,227	1.48%	89,891	1.48%	89,624	1.36%	(267)	-0.30%
Dental	128,344	1.06%	41,095	0.68%	105,889	1.60%	64,794 (10)	-
Total Fixed Premiums	1,625,100	13.40%	777,990	12.83%	931,553	14.10%	153,563	19.74%
Claims Paid:								
Medical-Net (1)	7,465,534	61.57%	3,335,368	54.99%	4,179,955	63.25%	844,587 (11)	25.32%
Prescriptions	2,303,763	19.00%	1,152,141	19.00%	1,179,011	17.84%	26,870	2.33%
Dental	841,817	6.94%	449,794	7.42%	312,682	4.73%	(137,112)	-30.48%
Vision	169,529	1.40%	104,271	1.72%	86,078	1.30%	(18,193)	-17.45%
Total Claims	10,780,643	88.9%	5,041,574	83.1%	5,757,726	87.1%	$ 716,152	14.2%
Total Expenses	$ 13,413,629	110.6%	$ 6,270,449	103.4%	$ 7,113,145	107.6%	$ 842,696	13.4%
Income (Loss)	(1,289,211)		(205,427)		(504,391)		(298,964)	145.53%
Working Capital Before Reserve	6,570,509		7,654,293		6,066,118		(1,588,175)	-20.75%
Less: Committee Reserve	(2,000,000)		(2,000,000)		(2,000,000)			
Working Capital End of Period	$4,570,509		$5,654,293		$4,066,118		(1,588,175)	-28.09%

(1) Medical Claims-Net	7,465,534	3,335,368	4,179,955	844,587
Stop loss claims payments received	343,133	193,033	81,634	(111,399)
Medical Claims-Gross	7,808,667	3,528,401	4,261,589	733,188
(2) Prescription Claims-Net	2,303,763	1,152,141	1,179,011	26,870
Prescription Rebates	206,875	102,642	90,456	(12,186)
Stop loss claims payments received	8,205	8,205	-	(8,205)
Prescription Claims-Gross	2,518,843	1,262,988	1,269,467	6,479

Comments:

1. Rate and subscriber increase in 2013
2. Rate increase in 2013 and VESP agreements
3. Increase due to the number of retirees. (VESP)
4. 2012 includes Retiree Pricing Model of $10,500
5. 2012 includes GASB 45 Actuarial Study
6. Dues and Membership for IFEBP increased by $350 and $218 fee for Web Benefit Ins Page, Postage increase of $830, Training & Tuition increased by $840
7. FY12 based on salaries at .04% and FY13 based on FTE's .05%
8. Rate increase in 2013
9. Combination of rate increase in 2013 and 9 employees switching to HPN
10. Delta Dental started in April '12
11. Increase in medical claims of 25.32% or 845K

2013 Monthly Average Length of Stay

City of Henderson	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Yr. avg.	
avg length of stay	3.08	3.73	4.88	2.11	3.36	2.15							3.37	
avg daily census	1.29	2.00	2.68	0.63	1.52	0.93							0.75	Yr. total
Direct														0
Elective	3	6	9	4	10	8								40
ER	10	9	8	5	4	5								41
Observation														0
Obstetrical														0
Pediatric														0
total # admit	13	15	17	9	14	13								81
total # beddays	40	56	83	19	47	28								273

Length of Stay Summary

as of 06/30/2013	2008	2009	2010	2011	2012	2013
City of Henderson						
avg length of stay	**2.46**	**3.38**	**3.29**	**2.57**	**3.45**	**3.37**
total # admit	147	136	120	118	149	81
total # beddays	361	489	395	303	513	273

2013 Inpatient Utilization

GROUP NAME: ***City of Henderson***

Facility	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD TOT	YTD AVG
Boulder City Hospital														
Centennial Hills	1												1	1
Desert Springs	1		1										2	1
Healthsouth														
Kindred														
Las Vegas Recovery		1											1	1
Montevista					3								3	3
Mountain View Hospital				1									1	1
North Vista Hospital			1										1	1
Out of Area/Other	1		5		3	2							11	3
Rancho Rehab														
Southern Hills						1							1	1
Spring Mtn Treatment	1	2											3	2
Spring Valley Hospital	1	1	1	2									5	1
St. Rose Delima	1	2	2		1								6	2
St. Rose San Martin	2	2		1		2							7	2
St. Rose Siena	4	5	5	4	7	8							33	6
Summerlin			1	1									2	1
Sunrise		1	1										2	1
UCLA														
UMC	1	1											2	1
Valley														
Monthly Total	13	15	17	9	14	13	0	0	0	0	0	0	81	14

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- **blood pressure control**
- **cholesterol/ lipid management**
- **smoking cessation**
- **pre-diabetes/diabetes**
- **sick visits, immunizations, sports physicals**

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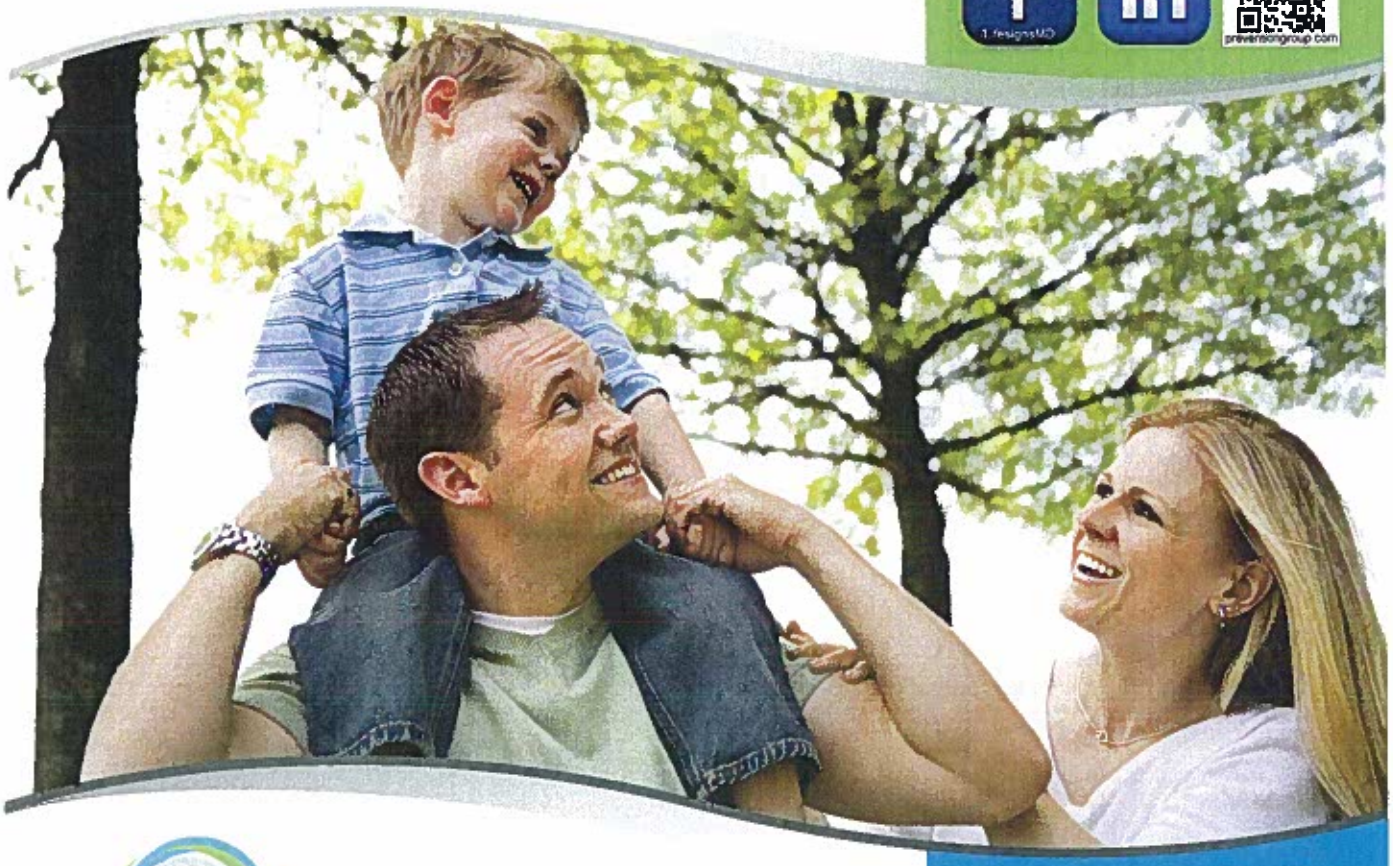

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Our mission: preserving health.

City of Henderson
Contribution Analysis - Model B v2 (allocated by tier selection - uniformly) - shared deficit
For Plan Years 2013 through 2015

Total Funding Rate - PY 2013	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$458.64	$630.00	$41.28	$571,576
Employee + Spouse	152	$914.24	$847.04	$82.28	$27,506
Employee + Child(ren)	123	$805.76	$847.04	$78.52	$176,825
Employee + Family	576	$1,261.37	$847.04	$122.66	($2,016,023)
Total Annual Funding	**1,075**	**$12,808,289**	**$10,343,412**	**$1,224,761**	**($1,240,116)**

Impact Analysis	PY 2013
Total Needed Funding	($12,808,289)
Estimated HPN Deficit	($45,427)
City Funding	$10,343,412
Employee Funding	$1,224,761
Reserve Impact - PY 2013	($1,285,543)

Total Funding Rate - PY 2014	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$502.64	$906.00	$66.21	$1,262,204
Employee + Spouse	152	$1,003.64	$906.00	$131.98	$62,636
Employee + Child(ren)	123	$884.35	$906.00	$125.95	$217,858
Employee + Family	576	$1,385.36	$906.00	$196.75	($1,953,400)
Total Annual Funding	**1,075**	**$14,062,645**	**$11,687,400**	**$1,964,542**	**($410,702)**
Difference	**1,075**	**$1,254,355**	**$1,343,988**	**$739,781**	**$829,414**

Impact Analysis	PY 2014
Total Needed Funding	($14,062,645)
Estimated HPN Deficit	($15,000)
City Funding	$11,687,400
Employee Funding	$1,964,542
Reserve Impact - PY 2014	($425,702)

Total Funding Rate - PY 2015	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$538.76	$941.00	$81.82	$1,301,153
Employee + Spouse	152	$1,078.04	$941.00	$163.09	$47,515
Employee + Child(ren)	123	$949.64	$941.00	$155.64	$216,972
Employee + Family	576	$1,488.92	$941.00	$243.13	($2,106,708)
Total Per Unit Cost	**1,075**	**$15,107,616**	**$12,138,900**	**$2,427,648**	**($541,068)**
Difference	**1,075**	**$1,044,971**	**$451,500**	**$463,105**	**($130,366)**

Impact Analysis	PY 2015
Total Needed Funding	($15,107,616)
Estimated HPN Deficit	($20,000)
City Funding	$12,138,900
Employee Funding	$2,427,648
Reserve Impact - PY 2015	($561,068)

(Less IBNR) →

Unencumbered Reserve Analysis	Ending 2015
12/31/2012 Reserve Balance	$4,570,509
2013 Surplus/(Deficit)	($1,285,543)
2014 Surplus/(Deficit)	($425,702)
2015 Surplus/(Deficit)	($561,068)
Estimated 12/31/2015 Reserve Balance	$2,298,196

City of Henderson
Needed Funding - Medical, Rx, and Dental (GBS Suggested Rates)
For Plan Years 2013 through 2015

Medical & Rx - Self Funded Plan Only [1]	PY 2013	PY 2014	PY 2015
Estimated Enrollment	**1,175**	**1,175**	**1,175**
Projected Net Medical & Rx Paid Claims [2]	$11,235,323	$12,134,149	$13,104,880
Projected Fixed Fees			
Vendor Management	$524,075	$539,797	$555,991
Individual Stop Loss	$765,823	$918,988	$1,102,785
Preliminary Medical Forecast before PPACA	**$12,525,221**	**$13,592,933**	**$14,763,657**
PPACA			
Clinical Fee - PCORI [3]	$3,173	$6,345	$6,821
Transitional Reinsurance Fee [4]	$0	$199,868	$133,245
Needed Plan Changes [5]	$0	$60,671	$65,524
Preliminary Medical Forecast after PPACA	**$12,528,393**	**$13,859,817**	**$14,969,247**
Preliminary Medical Forecast after PPACA - PEPY	**$10,662.46**	**$11,795.59**	**$12,739.78**
Preliminary Medical Forecast Percentage Increase	**N/A**	**10.6%**	**8.0%**

Dental - Self Funded Plan Only	PY 2013	PY 2014	PY 2015
Estimated Enrollment	**1,035**	**1,035**	**1,035**
Projected Dental Paid Claims [2]	$716,633	$745,298	$775,110
Projected Vendor Management Fees	$25,025	$25,776	$26,549
Preliminary Dental Forecast	**$741,658**	**$771,074**	**$801,659**
Preliminary Dental Forecast - PEPY	**$716.58**	**$745.00**	**$774.55**
Preliminary Dental Forecast Percentage Increase	**N/A**	**3.8%**	**4.0%**

Funding Rates - Medical	Counts	Rates
Employee Only	224	$398.40
Employee + Spouse	152	$816.72
Employee + Child(ren)	123	$717.12
Employee + Family	576	$1,135.44
Total Per Unit Cost	1,075	$10,667.19

Funding Rates - Dental	Counts	Rates
Employee Only	224	$28.88
Employee + Spouse	152	$59.20
Employee + Child(ren)	123	$51.98
Employee + Family	576	$82.31
Total Per Unit Cost	1,075	$773.26

[1] This exhibit assumes that the cost of expanded eligiblity will be cost neutral on a per employee basis

[2] Estimated Medical & Rx trend at 8% - Estimated Dental trend at 4%

[3] PCORI Fee: 2013 $1.00 PMPY, 2014 $2.00 PMPY, 2015 (est) $2.15 PMPY

[4] Transitional Reinsurance Fee: 2013 $0 PMPY, 2014 $63.00 PMPY, 2015 $42.00 PMPY

[5] Cost associated with having all cost sharing on essential benefits accumulate towards the max OOP (co-payments)

City of Henderson
Global Budget - Total Benefits
For Plan Years 2013 through 2015

Total Funding Rate - PY 2013	Counts	Medical/Rx [1]	Dental [2]	Vision	LTD	Life/AD&D	EAP	Total
Employee Only	224	$398.40	$28.88	$6.62	$13.57	$8.67	$2.50	$458.64
Employee + Spouse	152	$816.72	$59.20	$13.58	$13.57	$8.67	$2.50	$914.24
Employee + Child(ren)	123	$717.12	$51.98	$11.92	$13.57	$8.67	$2.50	$805.76
Employee + Family	576	$1,135.44	$82.31	$18.88	$13.57	$8.67	$2.50	$1,261.37
Total Per Unit Cost	**1,075**	**$11,467,227**	**$831,259**	**$190,657**	**$175,053**	**$111,843**	**$32,250**	**$12,808,289**

Total Funding Rate - PY 2014	Counts	Medical/Rx [1]	Dental [2]	Vision	LTD [3]	Life/AD&D [3]	EAP	Total
Employee Only	224	$440.54	$29.98	$6.62	$14.00	$9.00	$2.50	$502.64
Employee + Spouse	152	$903.11	$61.45	$13.58	$14.00	$9.00	$2.50	$1,003.64
Employee + Child(ren)	123	$792.98	$53.95	$11.92	$14.00	$9.00	$2.50	$884.35
Employee + Family	576	$1,255.55	$85.43	$18.88	$14.00	$9.00	$2.50	$1,385.36
Total Per Unit Cost	**1,075**	**$12,680,244**	**$862,793**	**$190,657**	**$180,600**	**$116,100**	**$32,250**	**$14,062,645**

Total Funding Rate - PY 2015	Counts	Medical/Rx [1]	Dental [2]	Vision	LTD [3]	Life/AD&D [3]	EAP	Total
Employee Only	224	$475.80	$31.17	$6.62	$14.00	$8.67	$2.50	$538.76
Employee + Spouse	152	$975.40	$63.89	$13.58	$14.00	$8.67	$2.50	$1,078.04
Employee + Child(ren)	123	$856.46	$56.09	$11.92	$14.00	$8.67	$2.50	$949.64
Employee + Family	576	$1,356.05	$88.82	$18.88	$14.00	$8.67	$2.50	$1,488.92
Total Per Unit Cost	**1,075**	**$13,695,233**	**$897,033**	**$190,657**	**$180,600**	**$111,843**	**$32,250**	**$15,107,616**

[1] This represents the GBS estimated rate for the self-funded plan

[2] This represents the GBS estimated rate for the self-funded plan (Delta Dental is assumed to be the same rate)

[3] GBS estimated a 3.5% increase for Life and Disability for 2014/2015

City of Henderson
Contribution Analysis - Model A (+$25 per employee across the board)
For Plan Years 2013 through 2015

Total Funding Rate - PY 2013	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$458.64	$630.00	$41.28	$571,576
Employee + Spouse	152	$914.24	$847.04	$82.28	$27,506
Employee + Child(ren)	123	$805.76	$847.04	$78.52	$176,825
Employee + Family	576	$1,261.37	$847.04	$122.66	($2,016,023)
Total Annual Funding	**1,075**	**$12,808,289**	**$10,343,412**	**$1,224,761**	**($1,240,116)**

Impact Analysis	PY 2013
Total Needed Funding	($12,808,289)
Estimated HPN Deficit	($45,427)
City Funding	$10,343,412
Employee Funding	$1,224,761
Reserve Impact - PY 2013	($1,285,543)

Total Funding Rate - PY 2014	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$502.64	$875.00	$66.28	$1,179,064
Employee + Spouse	152	$1,003.64	$875.00	$107.28	($38,961)
Employee + Child(ren)	123	$884.35	$875.00	$103.52	$138,995
Employee + Family	576	$1,385.36	$875.00	$147.66	($2,506,982)
Total Annual Funding	**1,075**	**$14,062,645**	**$11,287,500**	**$1,547,261**	**($1,227,884)**
Difference	**1,075**	**$1,254,355**	**$944,088**	**$322,500**	**$12,232**

Impact Analysis	PY 2014
Total Needed Funding	($14,062,645)
Estimated HPN Deficit	($45,427)
City Funding	$11,287,500
Employee Funding	$1,547,261
Reserve Impact - PY 2014	($1,273,311)

Total Funding Rate - PY 2015	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$538.76	$900.00	$91.28	$1,216,374
Employee + Spouse	152	$1,078.04	$900.00	$132.28	($83,466)
Employee + Child(ren)	123	$949.64	$900.00	$128.52	$116,427
Employee + Family	576	$1,488.92	$900.00	$172.66	($2,877,189)
Total Per Unit Cost	**1,075**	**$15,107,616**	**$11,610,000**	**$1,869,761**	**($1,627,855)**
Difference	**1,075**	**$1,044,971**	**$322,500**	**$322,500**	**($399,971)**

Impact Analysis	PY 2015
Total Needed Funding	($15,107,616)
Estimated HPN Deficit	($45,427)
City Funding	$11,610,000
Employee Funding	$1,869,761
Reserve Impact - PY 2015	($1,673,282)

(Less IBNR) →

Unencumbered Reserve Analysis	Ending 2015
12/31/2012 Reserve Balance	$4,570,509
2013 Surplus/(Deficit)	($1,285,543)
2014 Surplus/(Deficit)	($1,273,311)
2015 Surplus/(Deficit)	($1,673,282)
Estimated 12/31/2015 Reserve Balance	$338,373

City of Henderson
Contribution Analysis - Model B (allocated by tier selection - uniformly)
For Plan Years 2013 through 2015

Total Funding Rate - PY 2013	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$458.64	$630.00	$41.28	$571,576
Employee + Spouse	152	$914.24	$847.04	$82.28	$27,506
Employee + Child(ren)	123	$805.76	$847.04	$78.52	$176,825
Employee + Family	576	$1,261.37	$847.04	$122.66	($2,016,023)
Total Annual Funding	**1,075**	**$12,808,289**	**$10,343,412**	**$1,224,761**	**($1,240,116)**

Impact Analysis	PY 2013
Total Needed Funding	($12,808,289)
Estimated HPN Deficit	($45,427)
City Funding	$10,343,412
Employee Funding	$1,224,761
Reserve Impact - PY 2013	($1,285,543)

Total Funding Rate - PY 2014	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$502.64	$875.00	$52.53	$1,142,104
Employee + Spouse	152	$1,003.64	$875.00	$104.70	($43,667)
Employee + Child(ren)	123	$884.35	$875.00	$99.91	$133,667
Employee + Family	576	$1,385.36	$875.00	$156.08	($2,448,783)
Total Annual Funding	**1,075**	**$14,062,645**	**$11,287,500**	**$1,558,466**	**($1,216,679)**
Difference	**1,075**	**$1,254,355**	**$944,088**	**$333,705**	**$23,437**

Impact Analysis	PY 2014
Total Needed Funding	($14,062,645)
Estimated HPN Deficit	($45,427)
City Funding	$11,287,500
Employee Funding	$1,558,466
Reserve Impact - PY 2014	($1,262,106)

Total Funding Rate - PY 2015	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$538.76	$900.00	$63.78	$1,142,454
Employee + Spouse	152	$1,078.04	$900.00	$127.12	($92,878)
Employee + Child(ren)	123	$949.64	$900.00	$121.30	$105,770
Employee + Family	576	$1,488.92	$900.00	$189.50	($2,760,791)
Total Per Unit Cost	**1,075**	**$15,107,616**	**$11,610,000**	**$1,892,170**	**($1,605,445)**
Difference	**1,075**	**$1,044,971**	**$322,500**	**$333,705**	**($388,766)**

Impact Analysis	PY 2015
Total Needed Funding	($15,107,616)
Estimated HPN Deficit	($45,427)
City Funding	$11,610,000
Employee Funding	$1,892,170
Reserve Impact - PY 2015	($1,650,872)

(Less IBNR) →

Unencumbered Reserve Analysis	Ending 2015
12/31/2012 Reserve Balance	$4,570,509
2013 Surplus/(Deficit)	($1,285,543)
2014 Surplus/(Deficit)	($1,262,106)
2015 Surplus/(Deficit)	($1,650,872)
Estimated 12/31/2015 Reserve Balance	$371,988

City of Henderson
Contribution Analysis - Model C (allocated to dependents)
For Plan Years 2013 through 2015

Total Funding Rate - PY 2013	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$458.64	$630.00	$41.28	$571,576
Employee + Spouse	152	$914.24	$847.04	$82.28	$27,506
Employee + Child(ren)	123	$805.76	$847.04	$78.52	$176,825
Employee + Family	576	$1,261.37	$847.04	$122.66	($2,016,023)
Total Annual Funding	**1,075**	**$12,808,289**	**$10,343,412**	**$1,224,761**	**($1,240,116)**

Impact Analysis	PY 2013
Total Needed Funding	($12,808,289)
Estimated HPN Deficit	($45,427)
City Funding	$10,343,412
Employee Funding	$1,224,761
Reserve Impact - PY 2013	($1,285,543)

Total Funding Rate - PY 2014	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$502.64	$875.00	$41.28	$1,111,864
Employee + Spouse	152	$1,003.64	$875.00	$106.92	($39,617)
Employee + Child(ren)	123	$884.35	$875.00	$102.04	$136,810
Employee + Family	576	$1,385.36	$875.00	$159.39	($2,425,905)
Total Annual Funding	**1,075**	**$14,062,645**	**$11,287,500**	**$1,558,297**	**($1,216,847)**
Difference	**1,075**	**$1,254,355**	**$944,088**	**$333,537**	**$23,269**

Impact Analysis	PY 2014
Total Needed Funding	($14,062,645)
Estimated HPN Deficit	($45,427)
City Funding	$11,287,500
Employee Funding	$1,558,297
Reserve Impact - PY 2014	($1,262,274)

Total Funding Rate - PY 2015	Counts	Total Rate	City	Employee	Subsidization
Employee Only	224	$538.76	$900.00	$41.28	$1,081,974
Employee + Spouse	152	$1,078.04	$900.00	$131.56	($84,780)
Employee + Child(ren)	123	$949.64	$900.00	$125.56	$112,058
Employee + Family	576	$1,488.92	$900.00	$196.13	($2,714,964)
Total Per Unit Cost	**1,075**	**$15,107,616**	**$11,610,000**	**$1,891,903**	**($1,605,712)**
Difference	**1,075**	**$1,044,971**	**$322,500**	**$333,606**	**($388,865)**

Impact Analysis	PY 2015
Total Needed Funding	($15,107,616)
Estimated HPN Deficit	($45,427)
City Funding	$11,610,000
Employee Funding	$1,891,903
Reserve Impact - PY 2015	($1,651,139)

(Less IBNR) →

Unencumbered Reserve Analysis	Ending 2015
12/31/2012 Reserve Balance	$4,570,509
2013 Surplus/(Deficit)	($1,285,543)
2014 Surplus/(Deficit)	($1,262,274)
2015 Surplus/(Deficit)	($1,651,139)
Estimated 12/31/2015 Reserve Balance	$371,553

City of Henderson

Working Draft - Plan Modifications

July 10, 2013

Gallagher Benefit Services, Inc.

thinking ahead

www.gallagherbenefits.com

1. Current Plan Design

Medical Benefits:	In-Network	Out-of-Network	Out-of-Area
Deductible	$300	$300	
Coinsurance	90%	70%	90%
Maximum OOP (per family)	$1,500 (x2)	$2,000 (x2)	
Inpatient	90% after $100 copay	70% after $500 copay	90% after $500 copay
Outpatient	90%	70%	90%
Primary Care Office Visit	$15 copay	70%	90%
Specialist Office Visit	$25 copay	70%	90%
Urgent care Facility	$25 copay	70%	90%
Emergency Room - Emergent	90% after $75 copay		
Emergency Room - Non-emergent	Ded + 90% after $100 copay	Not Covered	Ded + 90% after $125 copay
Pharmacy Benefits:			
Generic (mail order)	$5 copay ($10)	Not Covered	Not Covered
Preferred Brand (mail order)	$20 copay ($50)	Not Covered	Not Covered
Non-Preferred Brand (mail order)	$40 copay ($100)	Not Covered	Not Covered
Specialty Drug (mail order)	$100 copay ($250)	Not Covered	Not Covered

- No plan design changes have been made to date
- Estimated Savings of GBS Coalition: $97,500 (approved for 1/1/2014)
- (TBD) Estimated Savings of Hospital Coalition: $800,000

2. Plan Changes – Network Only

Proposed Plan Design Effective 1/1/2014	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	In-Network (Sierra)	Out-of-Network	In-Network (CIGNA)	Out-of-Network
Deductible	$300	$300	$300	$300
Coinsurance	90%	70%	90%	70%
Maximum OOP (per family)	$1,500 (x2)	$2,000 (x2)	$1,500 (x2)	$2,000 (x2)
Inpatient	90% after $100 copay	70% after $500 copay	90% after $100 copay	70% after $500 copay
Outpatient	90%	70%	90%	70%
Primary Care Office Visit	$15 copay	70%	$15 copay	70%
Specialist Office Visit	$25 copay	70%	$25 copay	70%
Urgent care Facility	$25 copay	70%	$25 copay	70%
Emergency Room - Emergent	90% after $75 copay		90% after $75 copay	
Emergency Room - Non-emergent	$100 copay	Not Covered	$100 copay	Not Covered
Pharmacy Benefits:				
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	$20 copay ($50)	Not Covered	$20 copay ($50)	Not Covered
Non-Preferred Brand (mail order)	$40 copay ($100)	Not Covered	$40 copay ($100)	Not Covered
Specialty Drug (mail order)	$100 copay ($250)	Not Covered	$100 copay ($250)	Not Covered

- Designed to make the self-funded plan to be more network efficient
  - Members keep the current plan design
  - Only members residing outside of the Sierra service area would be impacted
    - Primarily retirees and students (84 total members)
- Estimated Savings: $60,000 (could be higher)

3a. Plan Changes – $150,000 in Rx Savings

Rx Changes to Save $150,000	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	In-Network (Sierra)	Out-of-Network	In-Network (CIGNA)	Out-of-Network
Deductible	$300	$300	$300	$300
Coinsurance	90%	70%	90%	70%
Maximum OOP (per family)	$1,500 (x2)	$2,000 (x2)	$1,500 (x2)	$2,000 (x2)
Inpatient	90% after $100 copay	70% after $500 copay	90% after $100 copay	70% after $500 copay
Outpatient	90%	70%	90%	70%
Primary Care Office Visit	$15 copay	70%	$15 copay	70%
Specialist Office Visit	$25 copay	70%	$25 copay	70%
Urgent care Facility	$25 copay	70%	$25 copay	70%
Emergency Room - Emergent	90% after $75 copay		90% after $75 copay	
Emergency Room - Non-emergent	$100 copay	Not Covered	$100 copay	Not Covered
Pharmacy Benefits:				
Deductible	$100 (Preferred & Non-Preferred Only)		$100 (Preferred & Non-Preferred Only)	
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	20% - $60 max ($60)	Not Covered	20% - $60 max ($60)	Not Covered
Non-Preferred Brand (mail order)	30% - $120 max ($120)	Not Covered	30% - $120 max ($120)	Not Covered
Specialty Drug (mail order)	30% - $150 max ($250)	Not Covered	30% - $150 max ($250)	Not Covered

- Designed to make the Rx plan more consumeristic and drive higher generic utilization
  - Would still retain the new out of area plan
- Estimated Plan Design Savings: $150,000
- Estimated Net Savings (w/ GBS Coalition): $247,500

3b. Plan Changes – $150,000 in Savings

Medical Changes to Save $150,000	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	**In-Network (Sierra)**	**Out-of-Network**	**In-Network (CIGNA)**	**Out-of-Network**
Deductible	$300 x2	$1,000 x2	$300	$1,000
Coinsurance	90%	70%	90%	70%
Maximum OOP (per family)	$2,000 (x2)	$4,000 (x2)	$2,000 (x2)	$4,000 (x2)
Inpatient	90% after $100 copay	70% after $500 copay	90% after $100 copay	70% after $500 copay
Outpatient	90%	70%	90%	70%
Primary Care Office Visit	$15 copay	70%	$15 copay	70%
Specialist Office Visit	$25 copay	70%	$25 copay	70%
Urgent care Facility	$25 copay	70%	$25 copay	70%
Emergency Room - Emergent	90% after $75 copay		90% after $75 copay	
Emergency Room - Non-emergent	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance
Pharmacy Benefits:				
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	$20 copay ($50)	Not Covered	$20 copay ($50)	Not Covered
Non-Preferred Brand (mail order)	$40 copay ($100)	Not Covered	$40 copay ($100)	Not Covered
Specialty Drug (mail order)	$100 copay ($250)	Not Covered	$100 copay ($250)	Not Covered

- Designed to steer higher in-network utilization
  - Would still retain the new out of area plan
  - Does not build in the Rx changes illustrated in 3a
- Estimated Plan Design Savings: $150,000
- Estimated Net Savings (w/ GBS Coalition): $247,500

4. Plan Changes – $250,000 in Savings

Changes to Save $250,000	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	**In-Network (Sierra)**	**Out-of-Network**	**In-Network (CIGNA)**	**Out-of-Network**
Deductible	$300	$1,000	$300	$1,000
Coinsurance	90%	70%	90%	70%
Maximum OOP (per family)	$1,500 (x2)	$4,000 (x2)	$1,500 (x2)	$4,000 (x2)
Inpatient	90% after $100 copay	70% after $500 copay	90% after $100 copay	70% after $500 copay
Outpatient	90%	70%	90%	70%
Primary Care Office Visit	$15 copay	70%	$15 copay	70%
Specialist Office Visit	$25 copay	70%	$25 copay	70%
Urgent care Facility	$25 copay	70%	$25 copay	70%
Emergency Room - Emergent	90% after $75 copay		90% after $75 copay	
Emergency Room - Non-emergent	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance
Pharmacy Benefits:				
Deductible	$100 (Preferred & Non-Preferred Only)		$100 (Preferred & Non-Perferred Only)	
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	20% - $60 max ($60)	Not Covered	20% - $60 max ($60)	Not Covered
Non-Preferred Brand (mail order)	30% - $120 max ($120)	Not Covered	30% - $120 max ($120)	Not Covered
Specialty Drug (mail order)	30% - $150 max ($250)	Not Covered	30% - $150 max ($250)	Not Covered

- Designed to steer higher in-network and generic utilization
  - Would still retain the new out of area plan
- Estimated Plan Design Savings: $250,000
- Estimated Net Savings (w/ GBS Coalition): $347,500

5. Plan Changes – $500,000 in Savings

Changes to Save $500,000	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	In-Network (Sierra)	Out-of-Network	In-Network (CIGNA)	Out-of-Network
Deductible	$500	$1,000	$500	$1,000
Coinsurance	90%	70%	90%	70%
Maximum OOP (per family)	$2,250 (x2)	$4,500 (x2)	$2,250 (x2)	$4,500 (x2)
Inpatient	90% after $100 copay	70% after $500 copay	90% after $100 copay	70% after $500 copay
Outpatient	90%	70%	90%	70%
Primary Care Office Visit	$15 copay	70%	$15 copay	70%
Specialist Office Visit	$25 copay	70%	$25 copay	70%
Urgent care Facility	$25 copay	70%	$25 copay	70%
Emergency Room - Emergent	90% after $125 copay		90% after $125 copay	
Emergency Room - Non-emergent	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance
Pharmacy Benefits:				
Deductible	$100 (Preferred & Non-Preferred Only)		$100 (Preferred & Non-Perferred Only)	
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	20% - $60 max ($60)	Not Covered	20% - $60 max ($60)	Not Covered
Non-Preferred Brand (mail order)	30% - $120 max ($120)	Not Covered	30% - $120 max ($120)	Not Covered
Specialty Drug (mail order)	30% - $150 max ($250)	Not Covered	30% - $150 max ($250)	Not Covered

- Designed to steer higher in-network and generic utilization
  - Would still retain the new out of area plan
  - Makes minor changes to deductible and emergency room
- Estimated Plan Design Savings: $500,000
- Estimated Net Savings (w/ GBS Coalition): $597,500

6. Plan Changes – $750,000 in Savings

Changes to Save $750,000	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	**In-Network (Sierra)**	**Out-of-Network**	**In-Network (CIGNA)**	**Out-of-Network**
Deductible	$500	$1,000	$500	$1,000
Coinsurance	90%	70%	90%	70%
Maximum OOP (per family)	$2,250 (x2)	$4,500 (x2)	$2,250 (x2)	$4,500 (x2)
Inpatient	90% after $100 copay	70% after $500 copay	90% after $100 copay	70% after $500 copay
Outpatient	90%	70%	90%	70%
Primary Care Office Visit	$25 copay	70%	$25 copay	70%
Specialist Office Visit	$50 copay	70%	$50 copay	70%
Urgent care Facility	$50 copay	70%	$50 copay	70%
Emergency Room - Emergent	90% after $125 copay		90% after $125 copay	
Emergency Room - Non-emergent	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance
Pharmacy Benefits:				
Deductible	$100 (Preferred & Non-Preferred Only)		$100 (Preferred & Non-Perferred Only)	
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	20% - $60 max ($60)	Not Covered	20% - $60 max ($60)	Not Covered
Non-Preferred Brand (mail order)	30% - $120 max ($120)	Not Covered	30% - $120 max ($120)	Not Covered
Specialty Drug (mail order)	30% - $150 max ($250)	Not Covered	30% - $150 max ($250)	Not Covered

- Designed to steer higher in-network and generic utilization, begins to incrementally take other cost sharing components higher
  - Would still retain the new out of area plan
- Estimated Plan Design Savings: $750,000
- Estimated Net Savings (w/ GBS Coalition): $847,500

7. Plan Changes – $1,000,000 in Savings

Changes to Save $1,000,000	(Members Residing In Sierra Service Area)		(Members Residing Out of Sierra Service Area)	
Medical Benefits:	In-Network (Sierra)	Out-of-Network	In-Network (CIGNA)	Out-of-Network
Deductible	$500	$1,000	$500	$1,000
Coinsurance	85%	60%	85%	60%
Maximum OOP (per family)	$2,500 (x2)	$5,000 (x2)	$2,500 (x2)	$5,000 (x2)
Inpatient	85% after $100 copay	60% after $500 copay	85% after $100 copay	60% after $500 copay
Outpatient	85%	60%	85%	60%
Primary Care Office Visit	$25 copay	60%	$25 copay	60%
Specialist Office Visit	$50 copay	60%	$50 copay	60%
Urgent care Facility	$50 copay	60%	$50 copay	60%
Emergency Room - Emergent	90% after $125 copay		90% after $125 copay	
Emergency Room - Non-emergent	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance	Ded & Coinsurance
Pharmacy Benefits:				
Deductible	$100 (Preferred & Non-Preferred Only)		$100 (Preferred & Non-Perferred Only)	
Generic (mail order)	$5 copay ($10)	Not Covered	$5 copay ($10)	Not Covered
Preferred Brand (mail order)	20% - $60 max ($60)	Not Covered	20% - $60 max ($60)	Not Covered
Non-Preferred Brand (mail order)	30% - $120 max ($120)	Not Covered	30% - $120 max ($120)	Not Covered
Specialty Drug (mail order)	30% - $150 max ($250)	Not Covered	30% - $150 max ($250)	Not Covered

- Fundamentally changes the plan design to achieve budgetary goals
  - Would still retain the new out of area plan
- Estimated Savings: $1,000,000
- Estimated Net Savings (w/ GBS Coalition): $1,097,500

Next Steps

Welcome to Healthcare Reform

March 23, 2010

CHANGES ALREADY IN EFFECT

1 No more pre-existing condition limits under the age of 19

2 Healthcare coverage cannot be rescinded or denied for health reasons

3 No lifetime dollar limits on key benefits

4 More restrictive limits on an insurance company's ability to set annual dollar limits on coverage for individual and group plans

5 You can cover your dependents until they reach the age of 26

6 Some preventative care no longer has co-pays or deductibles, depending on your plan and your age

7 A standardized Summary of Benefits and Coverage will be provided by insurance carriers to make benefits easier to understand and compare

8 Women's preventive care has been expanded. It now includes:

- Well woman visits, mammograms and pap smears
- All FDA-approved contraception methods, domestic violence and HIV and other sexually transmitted infections
- Breastfeeding support, supplies, and counseling

CHANGES IN 2013

9 Most employers are required to report the cost of coverage under an employer-sponsored group health plan on your W-2

10 Under a Medical Flexible Spending Account, Health Savings Account, or Health Reimbursement Account, the costs of over-the-counter medications will only be reimbursed if the medications are purchased with a doctor's prescription. *Diabetic supplies are an exception

11 Health Flexible Spending Account contributions will be limited to $2,500 each year

12 In order to deduct out-of-pocket medical expenses on your tax return, your total expenses must exceed 10% of adjusted gross income. This is an increase from 7.5% in prior years.

13 Wages exceeding $200,000 will have a higher Medicare payroll tax

CHANGES IN 2014 AND AFTER

14 Notice will be given to you from your employer about the new health care exchanges that will go into effect in 2014

15 A Health Insurance Marketplace in each state is scheduled to begin that will offer health plans that meet certain benefits and cost standards. Small businesses and individuals will be able to purchase health insurance through this marketplace.

16 No more annual dollar limits on essential health benefits

17 All individuals, with limited exceptions, must obtain a health insurance plan that meets basic minimum standards. If you do not obtain coverage, you will be assessed a tax penalty.

18 Tax credits will be available for those with income between 100% and 400% of the poverty line who are not eligible for other affordable coverage.

19 Insurers must offer coverage for an individual who chooses to participate in a clinical trial as a possible way to treat a condition or life-threatening disease

20 No more pre-existing condition limits for all health insurance participants at any age

21 Financial assistance will become available for low-income households

22 Employers with at least 50 full-time employees or more must offer health insurance or pay a penalty

23 Employers are required to provide minimal essential coverage. The employee cost of coverage cannot exceed 9.5% of an employee's household income for single coverage

24 For full-time employees, there will be no waiting periods over 90 days

25 In 2018, a 40% excise tax will be imposed on high-cost health insurance plans, known as "Cadillac" plans.

YOU HAVE ARRIVED!

Gallagher Benefit Services, Inc.