

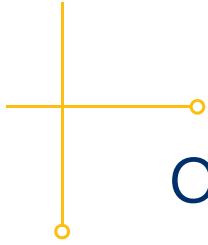
City of Independence

Special Committee – 2020 Recommendations

July 3, 2019



Medicare Basics



Original Medicare

- Medicare Part A – Hospital Insurance
 - Inpatient Skilled
 - Nursing Facility
 - Hospice
 - Home Health Care
 - No cost (if qualified by paying into Medicare tax for 10 years or 40 quarters. Non-working spouse qualifies as well)
- Medicare Part B – Medical Insurance
 - Outpatient, including office visits
 - Durable medical equipment
 - Preventive service
 - Base cost 2019 \$135.50 (adjusted for income)
- Medicare Part D – Prescription Drugs
 - Offered by private insurance companies
 - Follow rules set by Medicare



Out Of Pocket Costs

■ Medicare A

- Inpatient deductible - \$1,364
- Hospital daily charge, days 61 – 90 - \$341
- Daily charge, lifetime reserve dates - \$682
- Daily charge skilled nursing facility days 21 – 100 - \$170.50

■ Medicare B

- Deductible (\$185) plus 20% of non preventive covered costs
- No annual maximum



Medicare Supplement Plans

Benefit	A	B	C	D	F	G	K	L	M	N
Part A coinsurance and hospital costs	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Blood	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% after copays
Skilled nursing facility coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess					100%	100%				
Foreign travel emergency			80%	80%	80%	80%			80%	80%
Out of Pocket Max							\$5,560	\$2,780		

- Effective 1/1/2020, plans sold to new individuals will not be allowed to cover Medicare Part B deductible (\$185 in 2019) so plans C & F will no longer be offered to new enrollees.
- Can change plans at any time, but subject to medical underwriting outside of original election period



Medicare D including Coverage Gap AKA the Donut Hole

- Prescription drug coverage
- Copays or coinsurance
- Formulary varies by carrier
- Explaining the Donut Hole / Coverage Gap

	Total Cost 2020	Member Pays	Plan Pays
Initial Coverage Period	\$0 - \$4,020	Deductible and Copays	Remainder of cost
Donut Hole	\$4,021 - \$6,350	25% of brand name 37% of generic	75% of brand name 63% of generic
Catastrophic Coverage Period	\$6,351+	5%	95% of cost

Includes member and plan payments towards medications



Medicare Part C – Advantage Plans

- Replaces Original Medicare (Parts A, B and generally D)
- Offered by Private Insurance Companies
- Must cover everything Original Medicare covers
- Many offer additional benefits
- Generally looks more like a traditional health plan (deductible, coinsurance, copays, out of pocket maximums)
- There is no medical underwriting



Group Plans vs Individual Plans

- True Group Plan
 - Group underwriting
 - Ability for employer contributions
- Exchange Option
 - Each member selects the plan that fits them best
 - Purchase of Individual plans
 - Winners and losers based on date of birth, zip code, county and tobacco usage
 - Can be funded through HRA from employer or fully funded by member
- Individual
 - Can change plans at open enrollment each year
 - Supplement plans are underwritten, Advantage plans are not

Marketing Summary

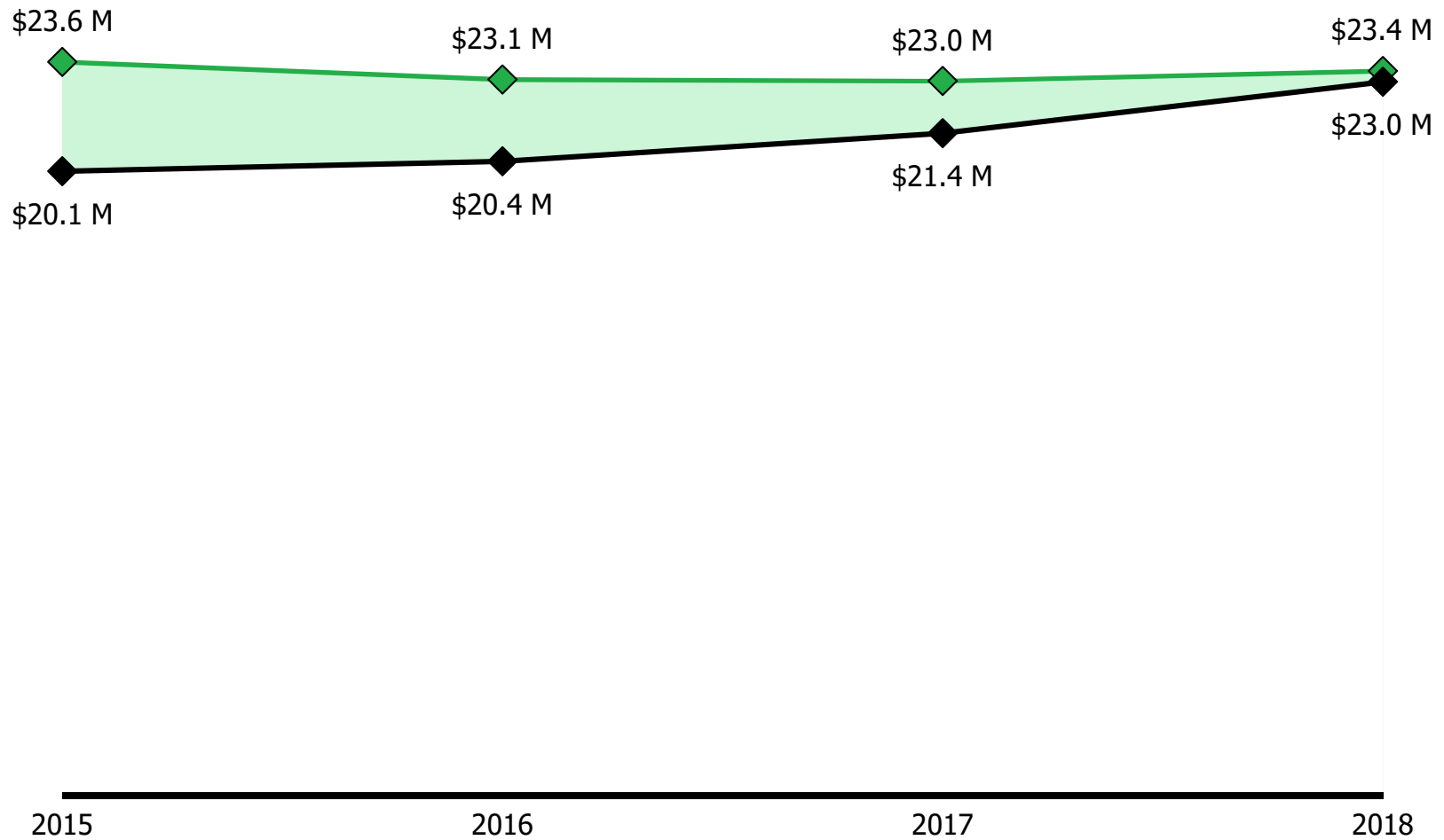
	Cigna Supplement F	Aetna Medicare Advantage	BlueKC Medicare Advantage Buy Up	BlueKC Medicare Advantage Base	Humana Medicare Advantage	UHC Medicare Advantage
Per Member	\$346.10	\$214.18	\$268.00	\$39.00	\$226.47	\$208.53
Per Member without Rx	\$194.76	\$99.41	\$168.00	\$10.00	\$88.61	\$37.45
Calendar Year Deductible	\$0	\$100	\$100	\$800	\$0	\$500
Time of Service	N/A	N/A	N/A	Copays	N/A	Copays/Coins
Worldwide Coverage	\$250 + 20% to maximum plan payment of \$50k	N/A	20% after deductible to member OOP of \$1000	\$90	\$100 + 20% to maximum plan payment of \$25k	Emergency - \$90 Urgent Care - \$65
Out-of-Pocket Maximum	\$0	\$100	\$1,000	\$3,000	\$1,000	\$3,000
Prescription Drugs - 30 Day Supply						Max OOP 2000
30 Day Supply						
Preferred Generic	\$15	\$15	\$15	\$15	\$10	\$15
Preferred Brand Name	\$40	\$45	\$40	\$40	\$30	\$40
Non-preferred	\$75	\$75	\$75	\$75	\$60	\$75
Specialty	\$75	\$100	\$200	\$200	\$335	\$100
2020 Catastrophic	\$6,350	\$6,350	\$6,350	\$6,350	\$6,350	\$6,350
	Greater of \$3.60 for generic/multiple source drugs, \$8.95 for all other, or 5% coinsurance	Greater of \$3.60 for generic/multiple source drugs, \$8.95 for all other, or 5% coinsurance	Greater of \$3.60 for generic/multiple source drugs, \$8.95 for all other, or 5% coinsurance	Greater of \$3.60 for generic/multiple source drugs, \$8.95 for all other, or 5% coinsurance	Greater of \$3.60 for generic/multiple source drugs, \$8.95 for all other, or 5% coinsurance	Greater of \$3.60 for generic/multiple source drugs, \$8.95 for all other, or 5% coinsurance
Notes	Florida Members Age Rated	Passive PPO ER Contribution 50% est - \$1,146,471	Passive PPO No ER Contribution Required	Passive PPO No ER Contribution Required	Passive PPO ER Contribution 76% est - \$1,839,018	Passive PPO No ER contribution

Funding per Medicare Eligible Retiree	Total	Pre 11/2009 Retiree	City for Pre 11/2009 Retiree	Post 11/2009 Retiree	City for Post 11/2009 Retiree
January 1 2019	\$537.78	\$91.42	\$446.36	\$107.56	\$430.22
July 1, 2019	\$559.29	\$95.08	\$464.21	\$111.86	\$447.43
January 1, 2020	\$581.66	\$98.88	\$482.78	\$116.33	\$465.33

Financial Recap 2015 - 2018

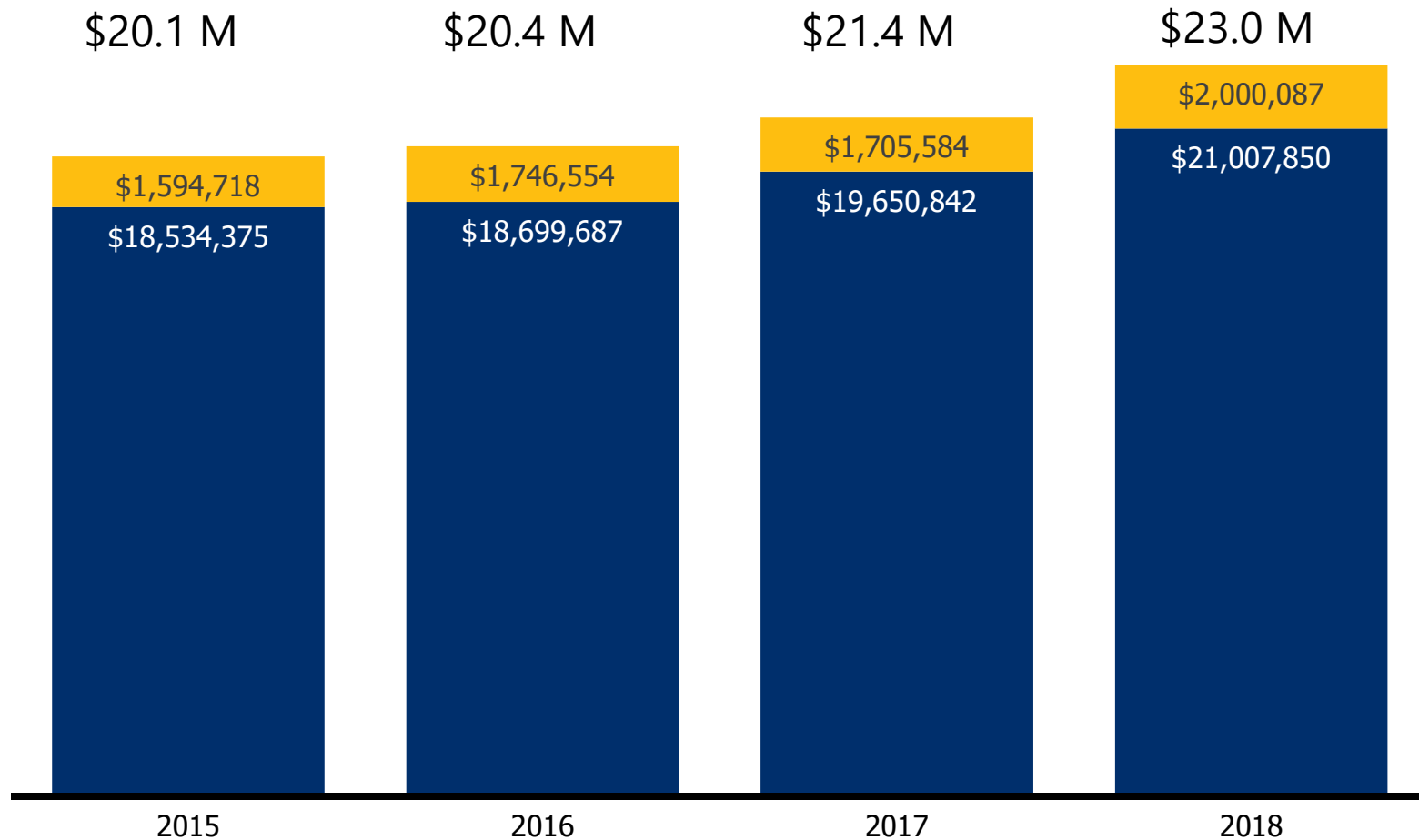


Plan costs have grown while **funding** remained stable.
Funding and Cost went from \$3.5 million in excess to \$345,000.

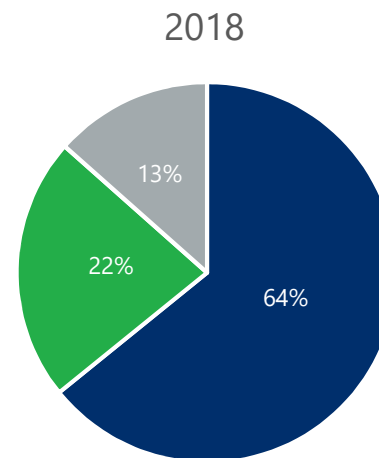
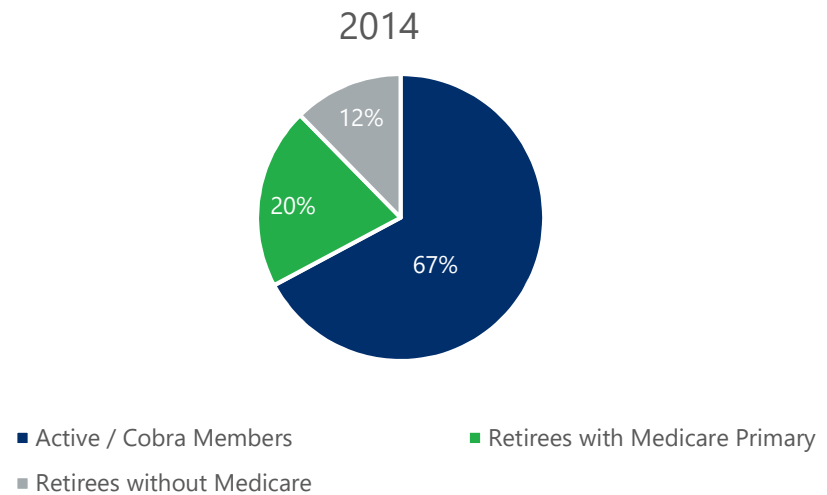
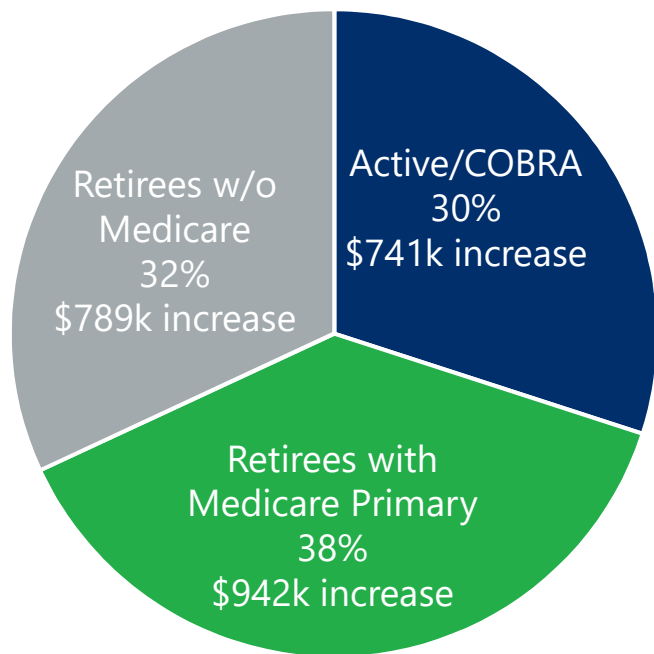


Medical and Rx Claims are driving this increase.

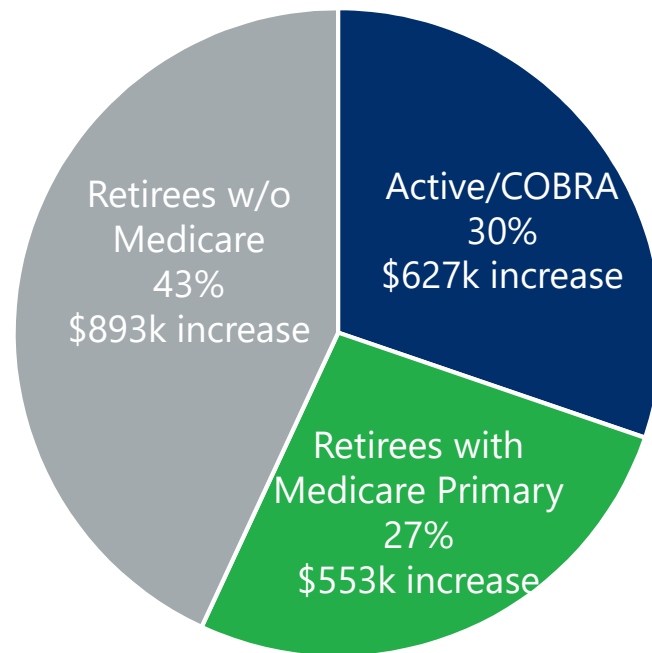
Fixed costs have risen \$405k; *Medical and Rx Claims* rose \$2.5M.



This \$2.5 M increase in claims is evenly distributed. *Active, Medicare, and Non-Medicare attributed about the same dollar amounts, though active accounts for the majority of the population.*



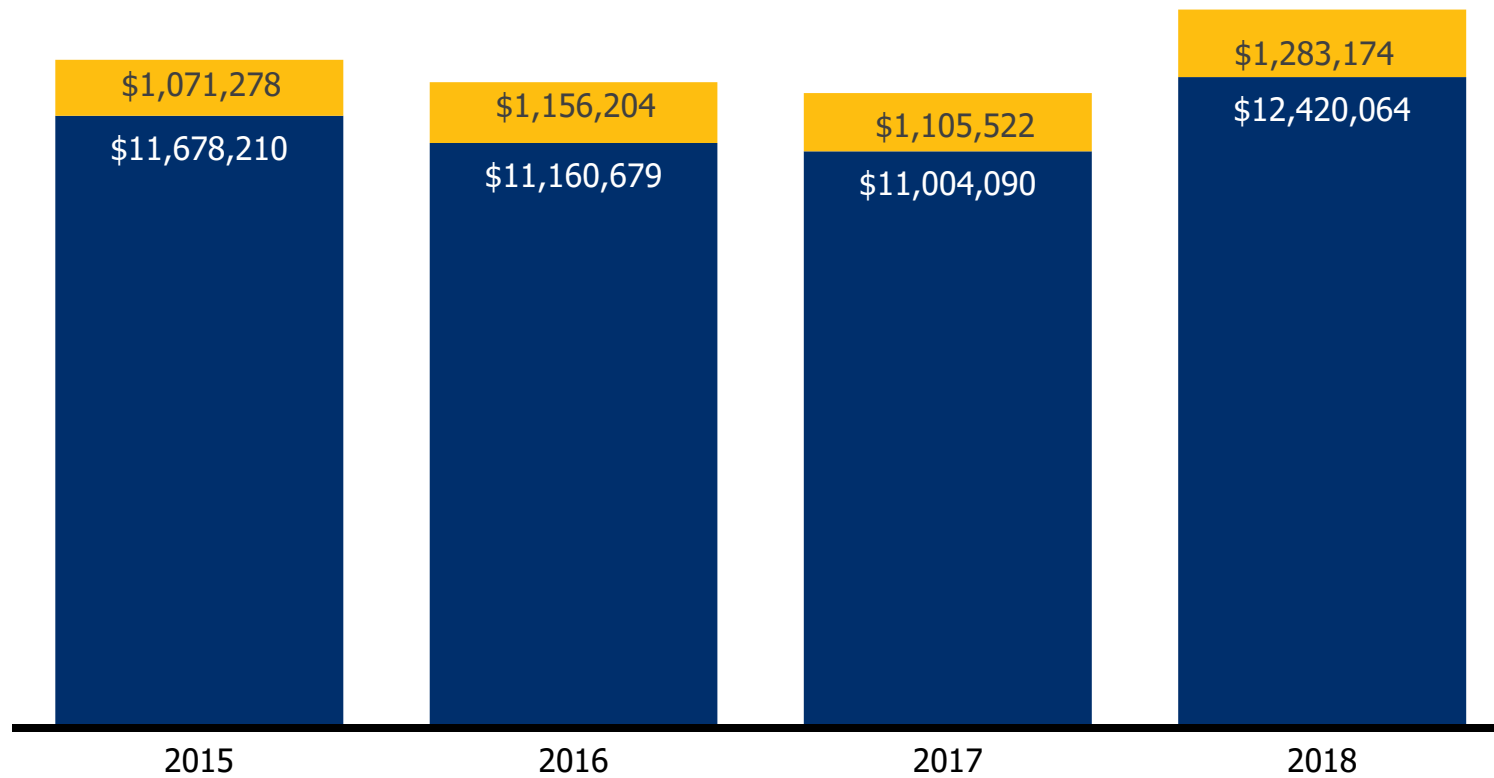
Excluding large claimants (only counting the first \$150,000 per member), total claims increase \$2.1million. Non-Medicare Retirees increased the most, followed by Active and Medicare Retirees.



Active/Cobra

Fixed costs have risen \$212k; Medical and Rx Claims rose \$741k.

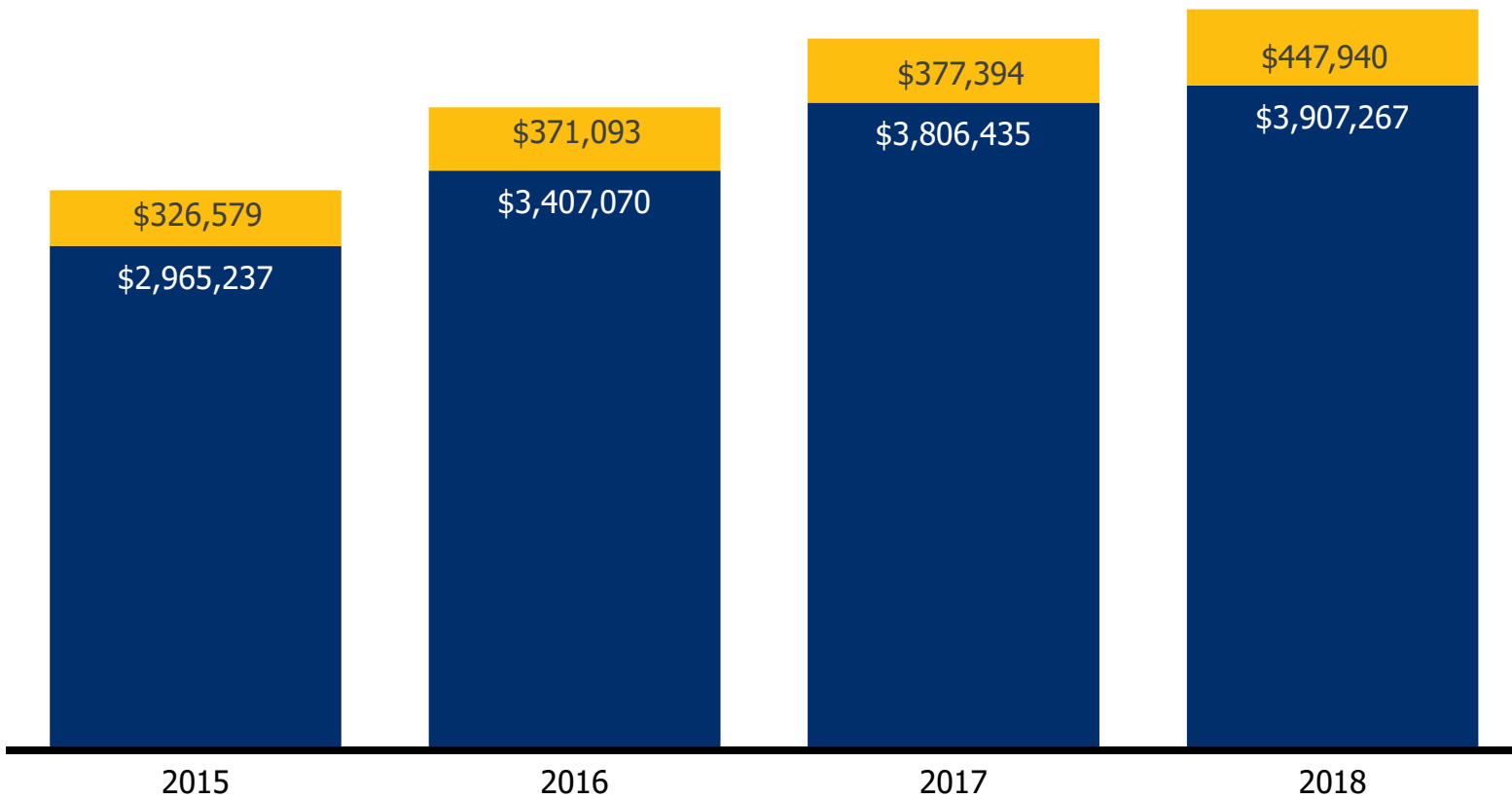
Plan Cost	\$12.7M	\$13.3M	\$12.1M	\$13.7M
EEs	946	933	913	923
Members	2,540	2,494	2,450	2,451



Retirees with Medicare Primary

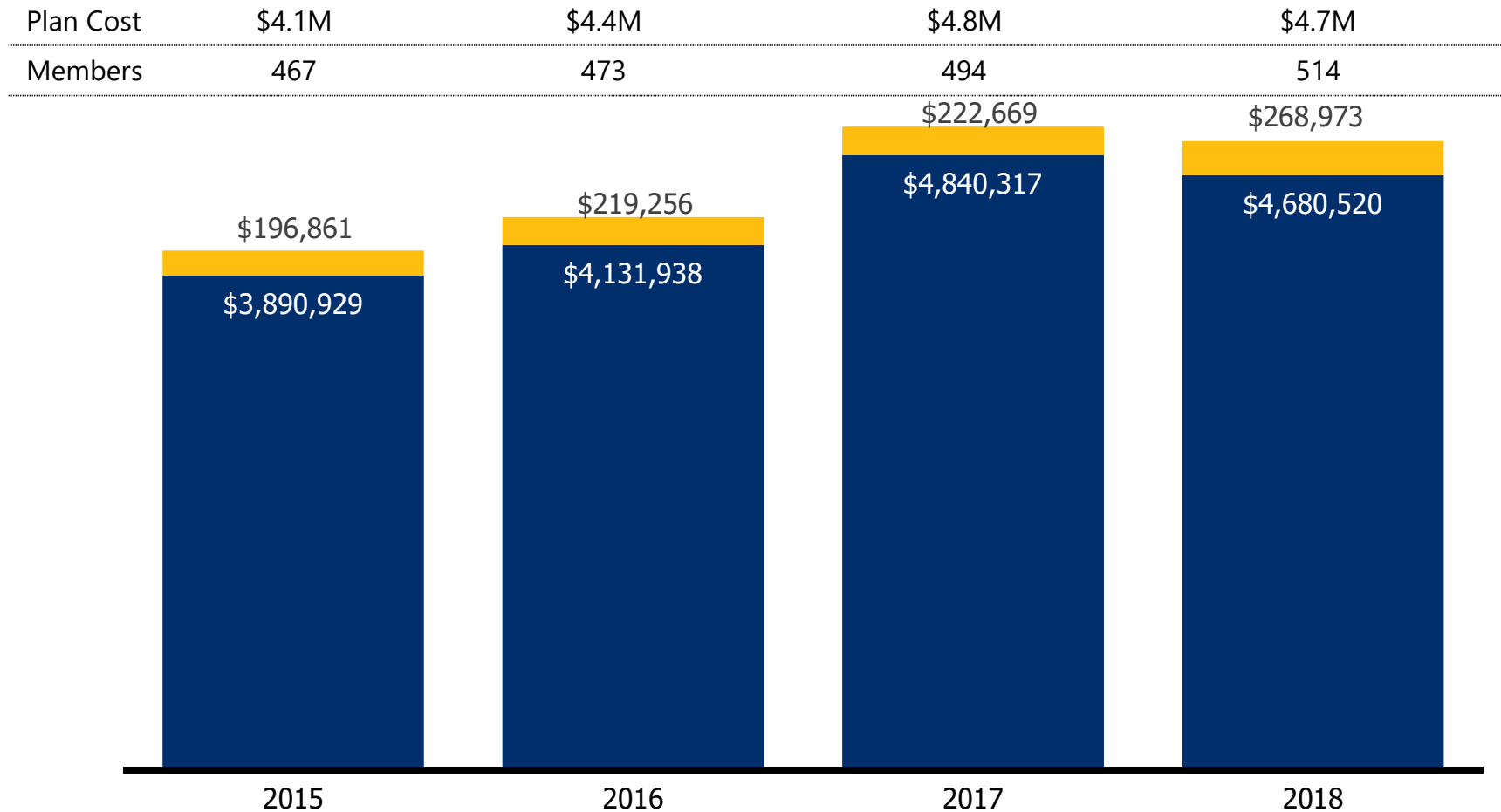
Fixed costs have risen \$121k; Medical and Rx Claims rose \$942k.

Plan Cost	\$3.3M	\$3.8M	\$4.2M	\$4.4M
Members	774	800	836	856



Retirees without Medicare

Fixed costs have risen \$72k; Medical and Rx Claims rose \$789k.



Historical Data

	2015	2016	2017	2018
Active/COBRA				
Average Employees	946	933	913	923
Average Members	2,540	2,494	2,450	2,451
Medical/Rx Claims	\$11,678,210	\$11,160,679	\$11,004,090	\$12,420,064
Fixed Costs	\$1,071,278	\$1,156,204	\$1,105,522	\$1,283,174
Plan Costs	\$12,749,488	\$12,316,884	\$12,109,612	\$13,703,238
Funding				
City	\$11,684,605	\$11,517,917	\$11,269,943	\$11,394,445
Members	\$2,921,151	\$2,879,479	\$2,817,486	\$2,848,611
Total Funding	\$14,605,756	\$14,397,396	\$14,087,429	\$14,243,056
Retirees / Dependents with Medicare Primary				
Average Members	774	800	836	856
Medical/Rx Claims	\$2,965,237	\$3,407,070	\$3,806,435	\$3,907,267
Fixed Costs	\$326,579	\$371,093	\$377,394	\$447,940
Plan Costs	\$3,291,816	\$3,778,163	\$4,183,829	\$4,355,206
Funding				
City	\$4,096,700	\$4,235,609	\$4,426,112	\$4,527,538
Members	\$899,276	\$929,768	\$971,586	\$993,850
Total Funding	\$4,995,976	\$5,165,377	\$5,397,698	\$5,521,387
Retirees/Dependents Not Eligible for Medicare				
Average Members	467	473	494	514
Medical/Rx Claims	\$3,890,929	\$4,131,938	\$4,840,317	\$4,680,520
Fixed Costs	\$196,861	\$219,256	\$222,669	\$268,973
Plan Costs	\$4,087,790	\$4,351,194	\$5,062,986	\$4,949,493
Funding				
City	\$3,237,294	\$2,815,281	\$2,838,571	\$2,871,177
Members	\$809,323	\$703,820	\$709,643	\$717,794
Total Funding	\$4,046,617	\$3,519,101	\$3,548,214	\$3,588,971
Total Plan				
Average Members	3,780	3,767	3,780	3,820
Medical/Rx Claims	\$18,534,375	\$18,699,687	\$19,650,842	\$21,007,850
Fixed Costs	\$1,594,718	\$1,746,554	\$1,705,584	\$2,000,087
Plan Costs	\$20,129,093	\$20,446,241	\$21,356,426	\$23,007,937
Funding				
City	\$19,018,599	\$18,568,807	\$18,534,627	\$18,793,159
Members	\$4,629,750	\$4,513,067	\$4,498,714	\$4,560,255
Total Funding	\$23,648,349	\$23,081,875	\$23,033,341	\$23,353,414

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