

# HEALTH CARE 2018



**CLEARWATER**  
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# **Cigna Self-Fund Proposal**

## **Total Health Care Cost**

- **Spending trend**
  - **\$1.8 million less than budget in CY2016.**
  - **\$1.3 million less than budget YTD and projected at \$2 million less for CY2017.**
  - **This allows for the reserve requirement of two months paid claims (\$2.7 million).**

# FY 2018 Budget

- **2018 FY Budget: \$17.3 million**

• City Contributions	<b>\$15,216,000</b>
• 39 new FTE's	<b>\$ 384,000</b>
• EHC	<b><u>\$ 1,700,000</u></b>
	<b>\$17.3 million</b>

# Cigna's Self-Fund Renewal

- **2018 FY Budget: \$17.3 million**
- **Employee contribution: \$3.5 million**
- **2018 budget cost: \$20.8 million**

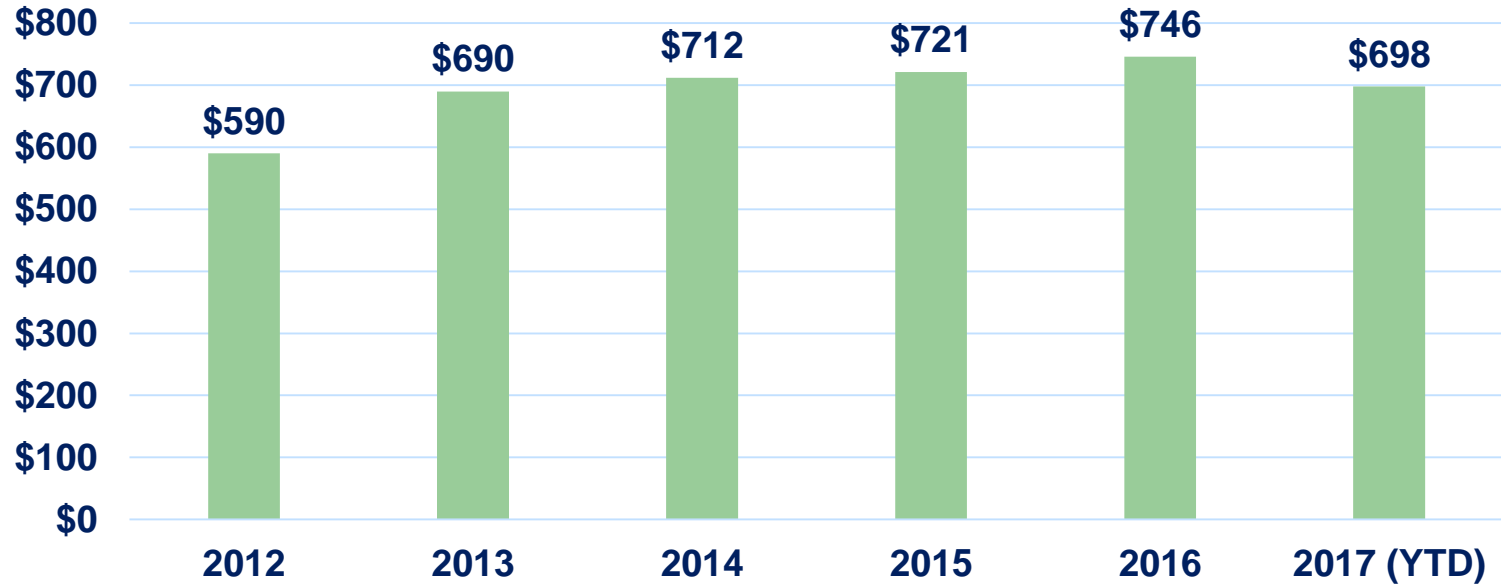
Projected 2% increase	\$ 280,000
Plan design changes	<u>\$ 380,000</u>
<b>Increase</b>	<b>\$ 660,000</b>
- **2018 projected cost: \$21.5 million**

# Plan Design Changes

- **Reduce office visit co-payments from:**
  - **\$40 primary/\$60 specialist to**
  - **\$20 primary/\$40 specialist**
- **Reduce prescription co-payments from:**
  - **Generic: \$30 to \$10**
  - **Preferred: \$40 to \$30**
  - **Non-pref.: \$60 to \$50**
- **Eliminate \$500 inpatient/\$300 outpatient co-payment.**

# City Claims History

## Claims Per Employee/Month



# Current Trends

- **Catastrophic claims over \$25,000 account for 58% of medical claims costs.**
- **Pharmacy claims were down 11% in 2016 and are down an additional 7% year to date.**

# Cigna Open Access Plus Plan

- **Continue self-funding and remain with Cigna.**
  - **Full time wellness representative and wellness funding.**
- **Continue “Open Access Plus” network.**
- **Maintain current rate structure.**
  - **No premium increases for employee plus 1 or family.**
- **Plan design changes with lower co-payments.**



# Employee Health Center



# Employee Health Center

- **55% Utilization Rate (target is 30%)**
- **99% Employee Satisfaction**
- **1.7 to 1.0 Return on Investment**
- **Estimated Cost Savings from January–May, \$847,000 based on the following areas:** network replacement, specialist avoidance, ER avoidance, brand drug avoidance, lab replacement, flu shot replacement, estimated productivity savings.
- **Annual savings projected at \$2 million**

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