

## **Joint City/GUC Pay & Benefits Committee**

Thursday, August 9, 2018

12:00 noon

City Hall, Room 337

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – March 20, 2018
- IV. Mercer Presentation: COG/GUC 2019 Recommendations for Health/Dental Insurance and Development of 2020-2022 Strategic Plan
- V. Discussion of Recommendations for the Joint Board Meeting
- VI. Next Steps
- VII. Adjournment

PROPOSED MINUTES  
JOINT PAY AND BENEFITS COMMITTEE  
TUESDAY, MARCH 20, 2018

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) met on Tuesday, March 20, 2018, in the Board Room at Greenville Utilities Commission located at 401 S. Greene Street, Greenville, NC.

Committee members present included Council Member Rick Smiley, Mayor Pro-Tem Rose Glover and Commissioner Joel Butler. Commissioner Toya Jacobs was absent.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Michael Cowin, Director of Human Resources Leah Futrell, and Human Resources Manager Jenise Phillips.

Other GUC officials and staff present included General Manager/CEO Tony Cannon, Chief Administrative Officer Chris Padgett, Director of Human Resources Richie Shreves, Benefits Administrator Leah Herring, Executive Assistant to the General Manager/CEO Amy Wade, Public Information Officer/Communications Manager Steve Hawley and Secretary to the General Manager/CEO Lou Norris.

Others present included Ginger Livingston and Juliette Cooke from The Daily Reflector.

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**ITEM 1-CALL TO ORDER**

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City Manager Ann Wall called the meeting to order at 2:00 p.m. and a quorum was ascertained.

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**ITEM II-APPROVAL OF THE AGENDA**

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Commissioner Butler moved to adopt the agenda. Council Member Smiley seconded the motion, which passed by unanimous vote.

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**ITEM III-APPROVAL OF MINUTES**

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Commissioner Butler moved to approve the August 24, 2017 minutes. Council Member Smiley seconded the motion, which passed by unanimous vote.

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**ITEM IV-MARKET ADJUSTMENT AND MERIT ALLOCATION**

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Mr. Michael Cowin reminded the Committee that the objective is to maintain an effective pay system for our employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace. He added that, as we have done in previous years, data is collected from various sources to provide the Committee information related to the market, so they can make an informed decision on the merit allocation and market adjustment for the next year.

This year, data was collected from 6 reputable survey groups consisting of Aon Hewitt, Capital Associated Industries (CAI), Hay Group, Mercer, Towers Watson and WorldatWork. The wage projections and trends for 2018 are relatively consistent ranging from 2.5% to 3.0%.

Staff also surveyed established public-sector benchmark organizations and local private sector employers to determine their plans related to compensation decisions for FY 2018-19. Twenty five of the 26 public sector organizations responded and were comprised of municipalities and utilities. Eighteen of these public employers provided their projections and the average pay increase projection for FY 2018-19 is 2.9% (market and/or merit). Thirteen of the 14 local private sector employers responded and reported an average increase of 3.2% (market and/or merit) for FY 2018-19.

Over the past 3 years GUC and the City have fallen behind the CAI benchmark, public sector, and local private employers, although last year's 3.2% increase did minimize the gap.

After some discussion, Council Member Smiley made a motion to recommend to the City Council and GUC Board of Commissioners at the Joint Meeting on April 23, 2018, a 2.9% market adjustment/merit allocation for FY 2018-19 and each entity will determine the best way to apply the funds (i.e. market/merit). Commissioner Butler seconded the motion, which passed by unanimous vote.

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### **ITEM V-SALARY STRUCTURE ADJUSTMENT**

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Ms. Leah Futrell reminded the Committee that Segal Waters, the City's and GUC's classification and compensation consultant, recommends reviewing salary structures annually to ensure they remain competitive in the market. Segal Waters uses and recommends WorldatWork data because their Salary Budget Survey is the largest and most trusted resource of salary structure adjustment data used by compensation professionals nationally and internationally. Ms. Futrell added that WorldatWork projects salary structures to increase 2.1% for 2018.

After discussion, Council Member Smiley made a motion to recommend to the City Council and GUC Board of Commissioners at the Joint Meeting on April 23, 2018, a 2.1% salary structure adjustment. Commissioner Butler seconded the motion, which passed by unanimous vote.

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**ITEM VI-TIMELINE FOR 10-YEAR COMPENSATION STUDY**

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Ms. Futrell informed the Committee that the last compensation study was performed in 2010 and the next study will be in 2020. Ms. Richie Shreves updated everyone on the plan and timeline to prepare for this study. Staff are in the process of drafting a Request for Proposal (RFP) for consulting services. This study will include all positions.

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**ITEM VII-NEXT STEPS**

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It was the consensus of the Committee to cancel the April 10, 2018, Joint Pay and Benefits Committee meeting.

Recommendations regarding the market adjustment/merit allocation and the salary structure adjustment will be presented to the City Council and the GUC Board of Commissioners at the Joint Meeting scheduled for April 23, 2018.

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**ITEM VIII-ADJOURNMENT**

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There being no further discussion, Council Member Smiley made the motion to adjourn the meeting and Commissioner Butler seconded the motion. The vote was unanimous and the meeting was adjourned at 2:24 p.m.

Respectfully submitted,

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Amy Carson Wade  
Executive Secretary

HEALTH WEALTH CAREER

# CITY OF GREENVILLE & GREENVILLE UTILITIES COMMISSION

## HEALTH CARE BENEFITS

August 9, 2018



MAKE TOMORROW, TODAY



# TODAY'S DISCUSSION

- Cigna Value PDL
- 2018 and 2019 Projections
- 2019 Contributions/Strategy
- Three Year Strategy

# 2017 AND 2018 CHANGES

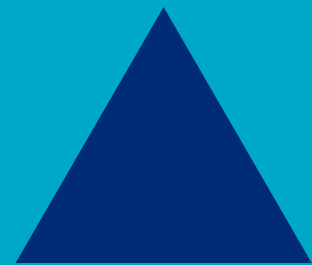
- 2017

- Maintained current plan options (HSA, Core, Enhanced).
- Included year 1 HSA seed bonus for new HSA enrollees.
- Increased employee only cost share to 50% of the dependent tier cost share percentages for Core and Enhanced, and to 25% for HSA.
- Increased dependent tier contributions by 11.2%.
- Introduced Core/Buy-Up dental option.

- 2018

- Plan design changes:
  - Core:
    - Increase OOP.
    - Increased copays on ER and Rx.
  - Enhanced:
    - Increase OOP and deductible.
    - Increased copays on ER and Rx.
- 12.5% increase to all contributions across the board. This was to try and get to an 82% cost share.
- Maintain retiree buy-up strategy for retirees based on 2018 rates.
- Increased dental contributions 6.3%.

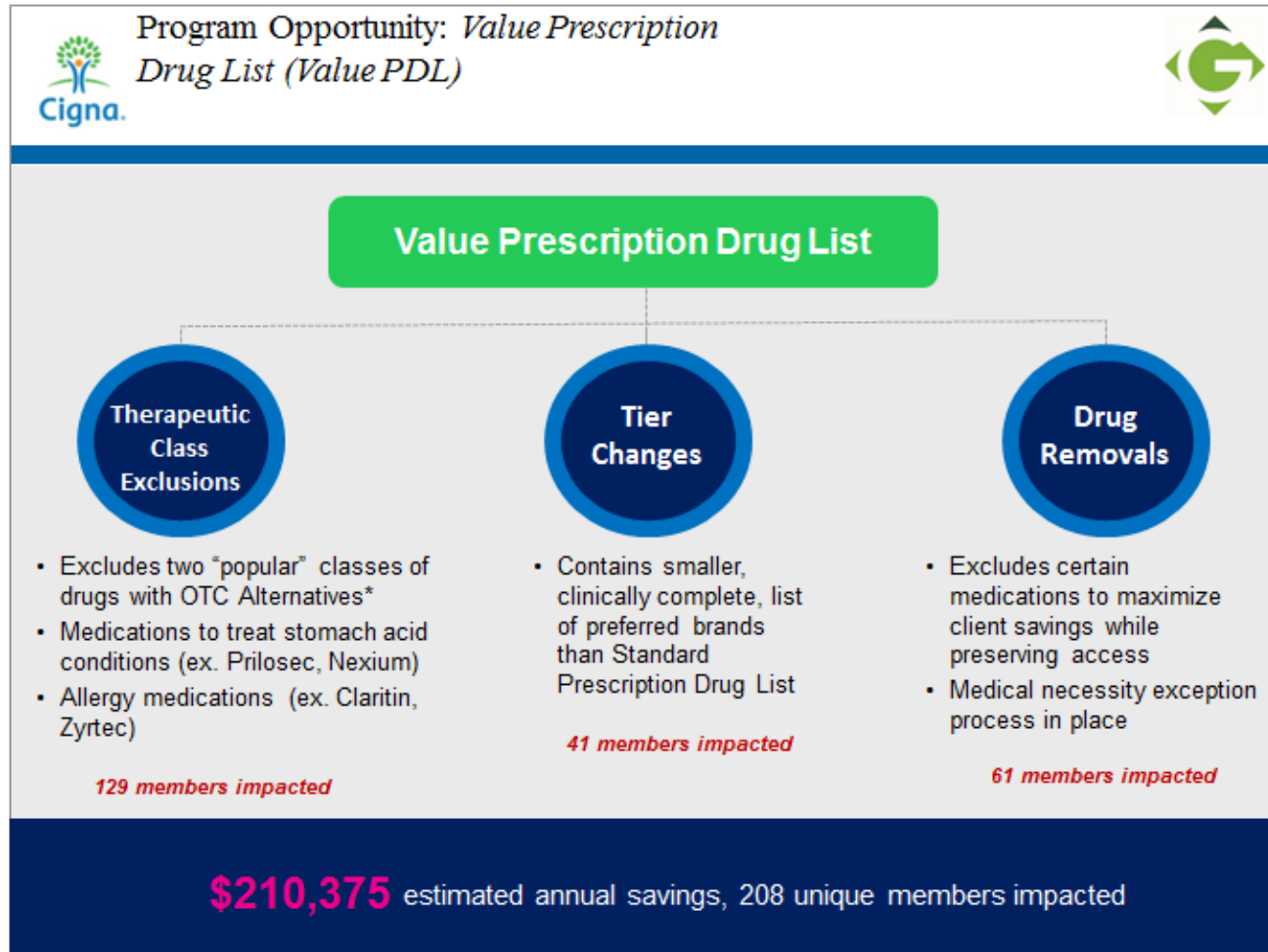
# CIGNA VALUE PDL





# CIGNA PROGRAM OFFERINGS

- **Value PDL** : This program will generate a savings of approximately \$210k by excluding many readily available OTC drugs for heartburn/ulcers.



# VALUE PDL IMPLEMENTATION

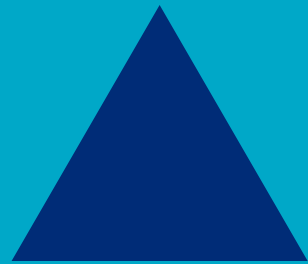
| Drug Name    | Condition | First Alternate Drug  |
|--------------|-----------|-----------------------|
| VENTOLIN HFA | Asthma    | ProAir                |
| VYVANSE      | ADHD      | Dexmethylphenidate ER |

- There are 37 members that will be impacted by moving to the value PDL in the Asthma and ADHD condition categories.
- Grandfathering these members in will reduce total savings approximately from \$210,000 to \$188,000.

| Drug Name              | Condition         | Exclude (not eligible for medical necessity review ) |
|------------------------|-------------------|--|
| OMEPRAZOLE             | Ulcer / Heartburn | 62   |
| ESOMEPRAZOLE MAGNESIUM | Ulcer / Heartburn | 26   |
| PANTOPRAZOLE SODIUM    | Ulcer / Heartburn | 19   |
| DEXILANT               | Ulcer / Heartburn | 11   |
| LANSOPRAZOLE           | Ulcer / Heartburn | 6  |
| RABEPRAZOLE SODIUM     | Ulcer / Heartburn | 6  |
| NEXIUM                 | Ulcer / Heartburn | 1  |

- There are 131 members whose drugs will be excluded entirely, but these drugs are widely available over the counter at an affordable price. Promotion of availability at onsite clinic should be considered.
- Cigna will send advanced notification to all impacted members.

# 2018 AND 2019 PROJECTIONS



# MEDICAL/RX/VISION PLAN ASSUMPTIONS

Medical plan costs have been projected to 2019 with no changes to the current designs. The baseline cost was estimated based on the following assumptions:

- Updated 2018 and 2019 projections based on 24 months of historical claim experience (July 2016 - June 2018) with 70% weight on the most recent 12 months and 30% on the other.
- Adjustments were made to the historical claims experience to reflect current (2018) plan design, migration, and the average contract size.
- Annual trend rates = 6.0% for medical claims, 10.0% for Rx claims, and 4% for vision claims.
- Includes margin of 2% to account for claim fluctuations.
- Smoker and spousal surcharge estimated based on enrollment provided by Client.
- Assumes no change to employer HSA funding amounts.

*All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.*

# 2018 AND 2019 PROJECTIONS

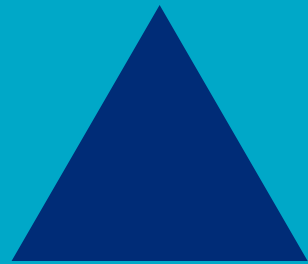
| COG/GUC Financials                      | 2018  | 2018                               | 2019*                                    | \$ Difference          | % Difference |
|---|---|------------------------------------|--|------------------------|--------------|
| Description                             | Initial 2018 Proj. with data through May 2017 | Actual (Jan-Jun) + Proj. (Jul-Dec) | Status Quo Plan Design and Contributions | 2019 from Updated 2018 |              |
| Paid Claims (Medical/Rx/Vision)         | \$17,744,000                                  | \$18,130,000                       | \$18,655,000                             | \$525,000              | 3%           |
| Fixed Cost (ASO and stop loss premiums) | \$1,694,000                                   | \$1,621,000                        | \$1,805,000                              | \$184,000              | 11%          |
| <b>Total Projected Cost</b>             | <b>\$19,438,000</b>                           | <b>\$19,751,000</b>                | <b>\$20,460,000</b>                      | <b>\$709,000</b>       | <b>4%</b>    |
| 2018 Current Budgeted Premiums          | \$19,353,000                                  | \$19,500,000                       | \$19,437,000                             | -\$63,000              | 0%           |
| <i>Projected Surplus/(Deficit) \$</i>   | (\$85,000)                                    | (\$251,000)                        | (\$1,023,000)                            |                        |              |
| <i>Projected Surplus/(Deficit) %</i>    | -0.4%   | -1.3%                              | -5.3%                                    |                        |              |
| HSA Seed Money Contributions **         | \$56,500                                      | \$66,500                           | \$66,500                                 | \$0                    | 0%           |
| HSA Seed Money Year 1 Bonus **          | \$3,500                                       | \$5,750                            | \$0                                      | -\$5,750               | -100%        |
| Employee Contributions                  | (\$3,286,000)                                 | (\$3,158,000)                      | (\$3,147,000)                            | \$11,000               | 0%           |
| Tobacco Surcharge Contributions         | (\$113,000)                                   | (\$122,400)                        | (\$122,400)                              | \$0                    | 0%           |
| Spousal Surcharge Contributions         | (\$110,000)                                   | (\$123,600)                        | (\$123,600)                              | \$0                    | 0%           |
| COG/GUC Total Net Cost                  | \$15,989,000                                  | \$16,419,250                       | \$17,133,500                             | \$714,250              | 4%           |
| <b>COG/GUC Cost Share</b>               | <b>82.0%</b>                                  | <b>82.8%</b>                       | <b>83.5%</b>                             |                        |              |

\* Assumes no migration for 2019.

\*\* Assumes no new entrants to the HSA plan for 2019.

- 2018 target cost share was 82%:
  - Claims are higher than we expected.
  - Contributions lower than expected (more employees electing lower costing plans).

# 2019 CONTRIBUTIONS/ STRATEGY



# 2019 COST SHARE PROJECTIONS

| Description                       | Status Quo Plan Design and Contributions | Increase Contributions by Needed Increase | Increase Contributions 7.5% |
|-----------------------------------|--|---|-----------------------------|
| COG/GUC Total Costs               | \$20,526,500                             | \$20,526,500                              | \$20,526,500                |
| Employee Contributions/Surcharges | (\$3,393,000)                            | (\$3,634,000)                             | (\$3,695,000)               |
| <b>COG/GUC Total Net Cost</b>     | <b>\$17,133,500</b>                      | <b>\$16,892,500</b>                       | <b>\$16,831,500</b>         |
| <b>COG/GUC Cost Share</b>         | <b>83.5%</b>                             | <b>82.3%</b>                              | <b>82.0%</b>                |

\* Assumes no migration for 2019.

\*\* Assumes no new entrants to the HSA plan for 2019.

- The needed increase for 2019 is 5.3%:
  - Increasing contributions by the needed increase will get us to 82.3% cost share.
  - To get to the targeted 2019 cost share (81%), contributions would need to increase 14.9%.

# CONTRIBUTIONS (82.3% COST SHARE)

## INCREASE BY 5.3%

|                     | Bi-Weekly Active Contributions |          |                |                            |          |                |                            |          |                |                      |          |                |
|---------------------|--------------------------------|----------|----------------|----------------------------|----------|----------------|----------------------------|----------|----------------|----------------------|----------|----------------|
|                     | 2018                           | 2019     | Change         | 2018                       | 2019     | Change         | 2018                       | 2019     | Change         | 2018                 | 2019     | Change         |
| <b>Salary Bands</b> | <b>&lt; \$32,278</b>           |          |                | <b>\$32,278 - \$46,951</b> |          |                | <b>\$46,952 - \$61,623</b> |          |                | <b>&gt; \$61,623</b> |          |                |
| <b>HSA</b>          |                                |          |                |                            |          |                |                            |          |                |                      |          |                |
| EE                  | \$5.90                         | \$6.21   | <b>\$0.31</b>  | \$7.00                     | \$7.37   | <b>\$0.37</b>  | \$8.11                     | \$8.54   | <b>\$0.43</b>  | \$9.21               | \$9.69   | <b>\$0.48</b>  |
| EE+SP               | \$49.52                        | \$52.13  | <b>\$2.61</b>  | \$58.79                    | \$61.88  | <b>\$3.09</b>  | \$68.08                    | \$71.66  | <b>\$3.58</b>  | \$77.38              | \$81.45  | <b>\$4.07</b>  |
| EE+CHILD(REN)       | \$48.34                        | \$50.88  | <b>\$2.54</b>  | \$57.40                    | \$60.42  | <b>\$3.02</b>  | \$66.47                    | \$69.97  | <b>\$3.50</b>  | \$75.52              | \$79.49  | <b>\$3.97</b>  |
| FAMILY              | \$70.69                        | \$74.41  | <b>\$3.72</b>  | \$83.96                    | \$88.38  | <b>\$4.42</b>  | \$97.21                    | \$102.33 | <b>\$5.12</b>  | \$110.47             | \$116.28 | <b>\$5.81</b>  |
| <b>CORE</b>         |                                |          |                |                            |          |                |                            |          |                |                      |          |                |
| EE                  | \$18.23                        | \$19.19  | <b>\$0.96</b>  | \$20.01                    | \$21.06  | <b>\$1.05</b>  | \$23.68                    | \$24.93  | <b>\$1.25</b>  | \$27.34              | \$28.78  | <b>\$1.44</b>  |
| EE+SP               | \$76.55                        | \$80.58  | <b>\$4.03</b>  | \$84.03                    | \$88.45  | <b>\$4.42</b>  | \$99.44                    | \$104.67 | <b>\$5.23</b>  | \$114.83             | \$120.87 | <b>\$6.04</b>  |
| EE+CHILD(REN)       | \$74.74                        | \$78.67  | <b>\$3.93</b>  | \$82.03                    | \$86.35  | <b>\$4.32</b>  | \$97.08                    | \$102.19 | <b>\$5.11</b>  | \$112.11             | \$118.01 | <b>\$5.90</b>  |
| FAMILY              | \$109.30                       | \$115.05 | <b>\$5.75</b>  | \$119.97                   | \$126.28 | <b>\$6.31</b>  | \$141.96                   | \$149.43 | <b>\$7.47</b>  | \$163.94             | \$172.57 | <b>\$8.63</b>  |
| <b>ENHANCED</b>     |                                |          |                |                            |          |                |                            |          |                |                      |          |                |
| EE                  | \$33.16                        | \$34.91  | <b>\$1.75</b>  | \$35.36                    | \$37.22  | <b>\$1.86</b>  | \$39.88                    | \$41.98  | <b>\$2.10</b>  | \$44.39              | \$46.73  | <b>\$2.34</b>  |
| EE+SP               | \$139.28                       | \$146.61 | <b>\$7.33</b>  | \$148.49                   | \$156.31 | <b>\$7.82</b>  | \$167.47                   | \$176.28 | <b>\$8.81</b>  | \$186.44             | \$196.25 | <b>\$9.81</b>  |
| EE+CHILD(REN)       | \$135.96                       | \$143.12 | <b>\$7.16</b>  | \$144.93                   | \$152.56 | <b>\$7.63</b>  | \$163.49                   | \$172.09 | <b>\$8.60</b>  | \$182.01             | \$191.59 | <b>\$9.58</b>  |
| FAMILY              | \$198.88                       | \$209.35 | <b>\$10.47</b> | \$212.01                   | \$223.17 | <b>\$11.16</b> | \$239.11                   | \$251.69 | <b>\$12.58</b> | \$266.20             | \$280.21 | <b>\$14.01</b> |



# CONTRIBUTIONS (82% COST SHARE)

## INCREASE BY 7.5%

|                     | Bi-Weekly Active Contributions |          |                |                            |          |                |                            |          |                |                      |          |                |
|---------------------|--------------------------------|----------|----------------|----------------------------|----------|----------------|----------------------------|----------|----------------|----------------------|----------|----------------|
|                     | 2018                           | 2019     | Change         | 2018                       | 2019     | Change         | 2018                       | 2019     | Change         | 2018                 | 2019     | Change         |
| <b>Salary Bands</b> | <b>&lt; \$32,278</b>           |          |                | <b>\$32,278 - \$46,951</b> |          |                | <b>\$46,952 - \$61,623</b> |          |                | <b>&gt; \$61,623</b> |          |                |
| <b>HSA</b>          |                                |          |                |                            |          |                |                            |          |                |                      |          |                |
| EE                  | \$5.90                         | \$6.34   | <b>\$0.44</b>  | \$7.00                     | \$7.53   | <b>\$0.52</b>  | \$8.11                     | \$8.72   | <b>\$0.61</b>  | \$9.21               | \$9.90   | <b>\$0.69</b>  |
| EE+SP               | \$49.52                        | \$53.23  | <b>\$3.71</b>  | \$58.79                    | \$63.20  | <b>\$4.41</b>  | \$68.08                    | \$73.19  | <b>\$5.11</b>  | \$77.38              | \$83.18  | <b>\$5.80</b>  |
| EE+CHILD(REN)       | \$48.34                        | \$51.97  | <b>\$3.63</b>  | \$57.40                    | \$61.71  | <b>\$4.31</b>  | \$66.47                    | \$71.46  | <b>\$4.99</b>  | \$75.52              | \$81.18  | <b>\$5.66</b>  |
| FAMILY              | \$70.69                        | \$75.99  | <b>\$5.30</b>  | \$83.96                    | \$90.26  | <b>\$6.30</b>  | \$97.21                    | \$104.50 | <b>\$7.29</b>  | \$110.47             | \$118.76 | <b>\$8.29</b>  |
| <b>CORE</b>         |                                |          |                |                            |          |                |                            |          |                |                      |          |                |
| EE                  | \$18.23                        | \$19.60  | <b>\$1.37</b>  | \$20.01                    | \$21.51  | <b>\$1.50</b>  | \$23.68                    | \$25.46  | <b>\$1.78</b>  | \$27.34              | \$29.39  | <b>\$2.05</b>  |
| EE+SP               | \$76.55                        | \$82.29  | <b>\$5.74</b>  | \$84.03                    | \$90.33  | <b>\$6.30</b>  | \$99.44                    | \$106.90 | <b>\$7.46</b>  | \$114.83             | \$123.44 | <b>\$8.61</b>  |
| EE+CHILD(REN)       | \$74.74                        | \$80.35  | <b>\$5.61</b>  | \$82.03                    | \$88.18  | <b>\$6.15</b>  | \$97.08                    | \$104.36 | <b>\$7.28</b>  | \$112.11             | \$120.52 | <b>\$8.41</b>  |
| FAMILY              | \$109.30                       | \$117.50 | <b>\$8.20</b>  | \$119.97                   | \$128.97 | <b>\$9.00</b>  | \$141.96                   | \$152.61 | <b>\$10.65</b> | \$163.94             | \$176.24 | <b>\$12.30</b> |
| <b>ENHANCED</b>     |                                |          |                |                            |          |                |                            |          |                |                      |          |                |
| EE                  | \$33.16                        | \$35.65  | <b>\$2.49</b>  | \$35.36                    | \$38.01  | <b>\$2.65</b>  | \$39.88                    | \$42.87  | <b>\$2.99</b>  | \$44.39              | \$47.72  | <b>\$3.33</b>  |
| EE+SP               | \$139.28                       | \$149.73 | <b>\$10.45</b> | \$148.49                   | \$159.63 | <b>\$11.14</b> | \$167.47                   | \$180.03 | <b>\$12.56</b> | \$186.44             | \$200.42 | <b>\$13.98</b> |
| EE+CHILD(REN)       | \$135.96                       | \$146.16 | <b>\$10.20</b> | \$144.93                   | \$155.80 | <b>\$10.87</b> | \$163.49                   | \$175.75 | <b>\$12.26</b> | \$182.01             | \$195.66 | <b>\$13.65</b> |
| FAMILY              | \$198.88                       | \$213.80 | <b>\$14.92</b> | \$212.01                   | \$227.91 | <b>\$15.90</b> | \$239.11                   | \$257.04 | <b>\$17.93</b> | \$266.20             | \$286.17 | <b>\$19.97</b> |

# MEDICAL RETIREE EMPLOYEE CONTRIBUTIONS

## 2019 COST SHARE – PROPOSED

| 2019 Monthly    | Premium-Equivalent Rates | Retirees | Retiree Contributions | Cost Share | Increase from 2018 |
|-----------------|--------------------------|----------|-----------------------|------------|--------------------|
| <b>CORE</b>     |                          |          |                       |            |                    |
| EE              | \$674.61                 | 85       | \$33.73               | 5.0%       | \$1.70             |
| EE+SP           | \$1,416.68               | 13       | \$775.80              | 54.8%      | \$39.12            |
| EE+CHILD(REN)   | \$1,382.95               | 3        | \$742.07              | 53.7%      | \$37.41            |
| FAMILY          | \$2,022.60               | 2        | \$1,381.72            | 68.3%      | \$69.68            |
| <b>ENHANCED</b> |                          |          |                       |            |                    |
| EE              | \$718.03                 | 128      | \$77.15               | 10.7%      | \$3.88             |
| EE+SP           | \$1,507.79               | 10       | \$866.91              | 57.5%      | \$43.71            |
| EE+CHILD(REN)   | \$1,471.90               | 1        | \$831.02              | 56.5%      | \$41.90            |
| FAMILY          | \$2,152.71               | 3        | \$1,511.83            | 70.2%      | \$76.24            |

# 2018 & 2019 DENTAL UNDERWRITING AND CONTRIBUTIONS

|                                       | 2018 Actual + Projected | 2019 Projected     |
|---------------------------------------|-------------------------|--------------------|
| Paid Claims                           | \$1,001,000             | \$1,038,000        |
| Administrative Fees                   | \$45,000                | \$47,000           |
| <b>Total Projected Cost</b>           | <b>\$1,046,000</b>      | <b>\$1,085,000</b> |
| 2018 Current Budgeted Premiums        | \$1,011,000             | \$1,007,000        |
| <i>Projected Surplus/(Deficit) \$</i> | <i>(\$35,000)</i>       | <i>\$78,000</i>    |
| <i>Projected Surplus/(Deficit) %</i>  | <i>-3.5%</i>            | <i>-7.7%</i>       |
| Employee Contributions                | (\$450,000)             | (\$448,000)        |
| <b>COG/GUC Total Net Cost</b>         | <b>\$596,000</b>        | <b>\$637,000</b>   |

| Bi-Weekly          | 2018 Premiums | 2019 Premiums | 2018 Contributions | 2019 Contributions | % Difference in Contributions | \$ Difference in Contributions |
|--------------------|---------------|---------------|--------------------|--------------------|-------------------------------|--------------------------------|
| <b>Dental</b>      |               |               |                    |                    |                               |                                |
| EE                 | \$14.68       | \$15.81       | 3.13               | \$3.37             | 7.7%                          | \$0.24                         |
| EE+SP              | \$30.83       | \$33.21       | \$11.93            | \$12.85            | 7.7%                          | \$0.92                         |
| EE+Child(ren)      | \$27.16       | \$29.26       | \$10.51            | \$11.32            | 7.7%                          | \$0.81                         |
| Family             | \$44.05       | \$47.46       | \$17.06            | \$18.38            | 7.7%                          | \$1.32                         |
| <b>Dental Plus</b> |               |               |                    |                    |                               |                                |
| EE                 | \$20.23       | \$21.80       | \$8.69             | \$9.36             | 7.7%                          | \$0.67                         |
| EE+SP              | \$42.48       | \$45.78       | \$23.59            | \$25.41            | 7.7%                          | \$1.82                         |
| EE+Child(ren)      | \$37.43       | \$40.33       | \$20.77            | \$22.38            | 7.8%                          | \$1.61                         |
| Family             | \$60.70       | \$65.40       | \$33.71            | \$36.32            | 7.8%                          | \$2.61                         |

## Recommendations:

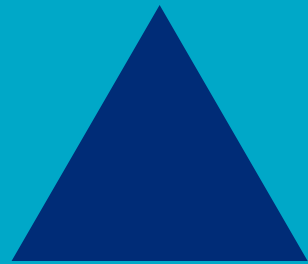
- Increase current dental rates 7.7% for 2019.

# RECOMMENDATIONS FROM STAFF FOR 1/1/19 PLAN YEAR

- Add CIGNA Value Preferred Formulary. Grandfather individuals with ADHD and Asthma to limit any disruption for the members. Estimated savings = \$188,000.
- Increase medical employee contributions by 7.5% to continue to advance toward our goal of overall cost share of 80% employer paid and 20% employee paid.
- Increase dental contributions 7.7% to maintain cost share.

*All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.*

# THREE YEAR STRATEGY



# COG/GUC THREE-YEAR STRATEGY

|               | 2017   | 2018   | 2019  |
|---------------|--|--|---|
| <b>Design</b> | <ul style="list-style-type: none"> <li>• Maintain current plan offering as Excise Tax has been postponed</li> <li>• Introduce Core/Buy Up dental option</li> <li>• Include year 1 HSA seed bonus for new enrollees into the HSA plan</li> </ul>  | <ul style="list-style-type: none"> <li>• Index deductibles and out-of-pocket maximums</li> <li>• Modify Core and HSA plan designs to reduce overall benefit value to offset increased cost and create greater differential between plan values</li> <li>• Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount</li> </ul>                       | <ul style="list-style-type: none"> <li>• Prepare current medical plan offering for transition to dual option program (i.e., HSA and single PPO)</li> <li>• Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount</li> </ul>   |
| <b>Cost</b>   | <ul style="list-style-type: none"> <li>• Target employer subsidy: 83.4%</li> <li>• Increase employee only cost share percentages to 50% of dependent tier cost share percentages for Core and Enhanced, 25% for HSA</li> <li>• Increase dependent tier contributions by needed increase +3%</li> <li>• Employer dental plan subsidy same regardless of plan, employee pays difference</li> <li>• Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk</li> <li>• Monitor plan cost to Excise Tax requirements</li> </ul> | <ul style="list-style-type: none"> <li>• Target employer subsidy: 82%</li> <li>• Increase employee cost share across all tiers to achieve target subsidy</li> <li>• Monitor first year results of dual option dental plan</li> <li>• Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk</li> <li>• Monitor plan cost to Excise Tax requirements</li> </ul> | <ul style="list-style-type: none"> <li>• Target employer subsidy: 81%</li> <li>• Increase employee cost share across all tiers to achieve target subsidy</li> <li>• Continue to reinforce employer subsidy</li> <li>• Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk</li> <li>• Monitor plan cost to Excise Tax requirements</li> </ul> |

# PARTNERSHIP FOR SUCCESS 2020 AND BEYOND

## 2020 PLAN YEAR

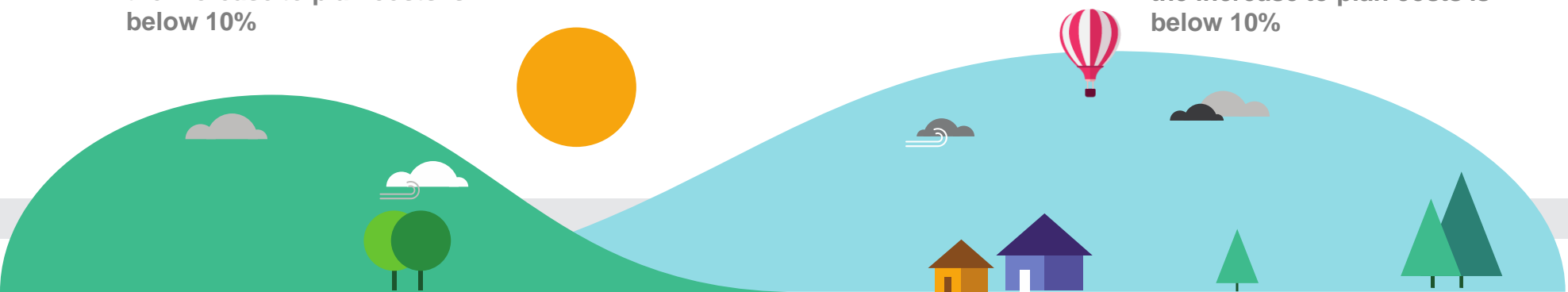
- Continue to evaluate the plans to ensure they are competitive in the market
- Evaluate elimination of the Enhanced plan based on the excise tax (STC)
  - Consider blending the Enhanced and Core plans into 1 PPO plan
- Evaluate other additions or options to address specific cost drivers and better engage members
- **Increase employee contributions to achieve long term goal of 80/20% cost share**
  - Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

## 2021 PLAN YEAR

- Index deductibles and OOP across all plans offered
- Begin evaluation adjust salary bands (currently 4 bands)
- Evaluate the HSA seeding
  - Lower employer funding offered
  - Evaluate the HSA first time offering (depending on enrollment)
- **Increase employee contributions to achieve long term goal of 80/20% cost share**
  - Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

## 2022 PLAN YEAR

- Adjust salary bands so that they are more relevant to the current environment
- Review carrier lineup and ensure that all carriers align with current goals
- Add a point solution to address prevalent cost drivers
- Evaluate any care management enhancements new to the carrier or throughout the marketplace
- **Increase employee contributions to achieve long term goal of 80/20% cost share**
  - Will not increase employee contributions more than 10% if the increase to plan costs is below 10%







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