

Joint City/GUC Pay & Benefits Committee

Monday, August 29, 2022, 3:00 p.m.

GUC Board Room

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – March 22, 2022
- IV. Mercer Presentation: COG/GUC 2023 Recommendations for Health/Dental Insurance
- V. Discussion of Joint Committee Recommendations
- VI. Next Steps
- VII. Adjournment

PROPOSED MINUTES
JOINT PAY AND BENEFITS COMMITTEE
TUESDAY, MARCH 22, 2022

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) held a meeting in the GUC Board Room located on 401 S. Greene Street on Tuesday, March 22, 2022, at 2:00 p.m.

Committee members present included Council Member Rick Smiley, Mayor Pro-Tem Rose Glover, and GUC Commissioners Kelly L. Darden, Jr. and Peter Geiger.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Ken Graves, Director of Human Resources Leah Futrell, City Clerk Valerie Shiuwegar, and Administrative Assistant Krystal Roebuck.

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

ITEM I-CALL TO ORDER

General Manager/CEO Tony Cannon called the meeting to order at 2:00 p.m. and a quorum was ascertained.

ITEM II-APPROVAL OF THE AGENDA

Council Member Smiley moved to accept the agenda. Mayor Pro-Tem Glover seconded the motion, which passed by unanimous vote.

ITEM III-APPROVAL OF MINUTES

Council Member Smiley moved to approve the August 26, 2021 minutes. Commissioner Darden seconded the motion, which passed by unanimous vote.

ITEM IV-CONSIDERATION OF MARKET ADJUSTMENT / MERIT PROGRAM FOR FY 2022-2023

Ms. Leah Futrell reminded the group that the Joint Pay and Benefits Committee meet each spring to evaluate market data and make recommendations to the GUC Board of Commissioners and the Greenville City Council.

Ms. Futrell stated 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. She added, as in previous years, data is collected from various sources to provide the Committee information related to the market, so an informed decision on the merit allocation and market adjustment can be determined for the upcoming year.

This year, data was collected from 7 reputable survey groups consisting of Catapult, Economic Research Institute (ERI), Korn Ferry, Mercer, The Conference Board, Willis Towers Watson and WorldatWork. Ms. Futrell noted that Economic Research Institute and The Conference Board are new sources that were added and are well-respected and represent public and private organizations. Aon Hewitt was removed as they provide mostly international survey data. The wage projections and trends of these survey groups for 2022 are relatively consistent, collectively averaging 3.6%.

Staff also surveyed established public-sector benchmark organizations and local private-sector employers to determine their plans related to compensation decisions.

- Twenty-four of the 26 public-sector organizations, comprised of municipalities and utilities, responded with an average increase of 3.9% (market and/or merit) in FY 2021-22. Most entities are still developing their FY 2022-23 budgets; however, three of these public-sector employers provided their projections, with an average pay increase of 3.8% (market and/or merit) for FY 2022-23.
- Ten of the 19 local private-sector employers responded and reported an average increase of 2.7% (market and/or merit) for FY 2021-22 and projections averaging 3.0% for FY 2022-23.

After some discussion, Council Member Smiley made a motion that the Committee recommend to the City Council and GUC Board of Commissioners at the Joint Meeting on April 25, 2022, a 4.0% market adjustment/merit allocation for FY 2022-23, with each entity determining the best way to apply the funds (i.e. market vs. merit). Commissioner Geiger seconded the motion, which passed by unanimous vote.

ITEM V-CONSIDERATION OF SALARY STRUCTURE ADJUSTMENT

Ms. Richie Shreves reminded the Committee that Segal, the City's and GUC's classification and compensation consultant, recommends reviewing salary structures annually to ensure they remain competitive in the market. Segal 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. WorldatWork projects salary structures to increase by 2.1% for 2022. City and GUC salary structures were not updated for FY's 2020-21 or 2021-22. In order to maintain market competitiveness, it is recommended that salary structures be adjusted by 2.1% for 2022-23.

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 25, 2022, a 2.1% salary structure adjustment. Commissioner Darden seconded the motion, which passed by unanimous vote.

ITEM VI-UPDATE ON COMPENSATION STUDY

Ms. Shreves stated that similar to other public and private sector organizations nationwide, the City and GUC are experiencing issues with the recruitment and retention of qualified staff and have, therefore, embarked upon a True Up Market Study with Segal. Over the course of the next several months, Segal will survey peer organizations to collect compensation data related to approximately 130 positions within the City and GUC. The peer organization and benchmark positions were collectively identified by the City and GUC. Segal will also use published survey data in order to consider relevant private sector market data. Once all data has been collected, reviewed, and analyzed, Segal will prepare a report detailing their methodology, findings, and recommendations. Results from the Study are expected to be reported by mid-summer.

As a reminder, a compensation study was conducted in 2010, with a True Up Market Study in 2015. In 2020 a compensation study was conducted and showed overall the City and GUC were near market, and the decision was made not to make any changes due to the unknown impacts of Covid-19. With the current pressure on the labor market the City and GUC elected to move forward with a True Up Market Study to look at the salary bands/ranges of the 130 selected positions. Ms. Shreves noted this process could not wait until the 2025 compensation study.

ITEM VII-NEXT STEPS

Recommendations regarding the market adjustment/merit allocation and salary structure adjustment will be presented to the City Council and the GUC Board of Commissioners at the Joint Meeting scheduled for April 25, 2022, at 6:00 p.m.

Council Member Smiley made a motion to cancel the April 7, 2022, Joint Pay and Benefits Committee meeting. Commissioner Geiger seconded the motion, which passed by unanimous vote.

ITEM VIII-ADJOURNMENT

There being no further discussion, General Manager/CEO Cannon adjourned the Joint Pay and Benefits Committee meeting at 2:30 p.m.

Respectfully submitted,

Amy Carson Wade, Executive Secretary



Joint Committee Pay & Benefits Meeting

2023 Health Plan Renewals

City of Greenville
Greenville Utilities Commission

August 29, 2022

welcome to brighter



3-Year Strategy

2023 and beyond

2023 Plan Year

- Target 80% ER/20% EE cost share. Continue to monitor market for shifts in strategy.
- Maintain plan designs – consider minor changes to align with benchmarks
- Review care management enhancements through medical carrier or outside point solutions
- Review HSA incentives and adjust based on market data – continue initial and ongoing incentives
- Continued promotion of onsite clinic (ECU Health)

2024 Plan Year

- Continue 80%/20% cost share target
- Review carrier lineup and ensure that all carriers align with current goals
- Evaluate ROI on implemented point solution(s) – decide whether to continue or discontinue
- Promote onsite clinic initiatives – growing awareness and drive wellness activities to solution
- Review population trends and add point solution(s) to address current market cost drivers as necessary

2025 Plan Year

- Continue 80%/20% cost share target
- Review carrier lineup and ensure that all carriers align with current goals
- Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk
- Continue evaluation of new offering in the market that make sense based on data analysis

Changes and beyond

2019 – 2022

2022

- Added Cancer Expert Now as a Cancer COE for the COG/GUC population
- Enhanced the Omada offering to Omada Complete
- Added Cigna's Condition Specific Care program
- Kept medical rates and contributions the same as 2021
- Kept dental rates and contributions at same levels as 2021

2021

- Added Patient Assurance programs for the PPO style plans
- Added SaveonSP

2020

- Added Omada, a weight-loss and pre-diabetes coaching program to help reduce the risk of obesity-related chronic diseases
- No changes to the medical, dental, or vision plan designs
- No changes to medical or dental employee contributions

2019

- Moved to the Value PDL Rx formulary
- 7.5% increase to all contributions across the board to get to a 82% cost share
- Increased dental contributions 7.7%.

COG/GUC has been able to hold rates and contributions flat for 3 years from 2020-2022

Total medical & pharmacy

Year-to-date (YTD) July 2022

0.3% of Members produced 33.4% of claims (HCC)
HCC threshold of \$100k



Cost & budget summary

Gross paid claims

\$11.0m

8.2% Prior YTD differential
8.3% Rolling 12 month differential

Adjusted paid claims

\$9.8m

4.8% Prior YTD differential
6.0% Rolling 12 month differential

Fixed costs

\$1.1m

3.2% Prior YTD differential
1.2% Rolling 12 month differential

Gross plan cost

\$10.9m

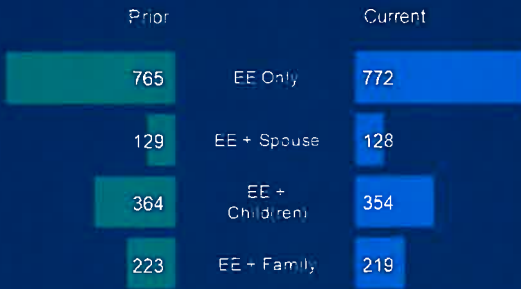
4.6% Prior YTD differential
5.5% Rolling 12 month differential

Gross budget

\$11.6m

-1.3% Prior YTD differential
-0.9% Rolling 12 month differential

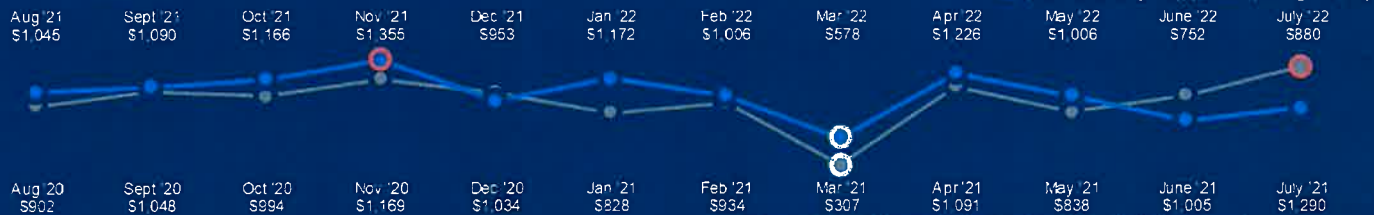
Average enrollment



Gross plan cost vs gross budget



PEPM claims by month



2022 & 2023 Projections

Assumptions and Caveats

Projection Assumptions	Medical/Rx	Dental
Scenario	Proposed	Proposed
Experience Period	June 2020 - July 2022	May 2021 - June 2022
Weight on last 12 months	75%	100%
Claim Trend	5.50% Med / 8.00% Rx	3.75%
Margin	0.40%	0.00%
COVID	Adjusted 2020 experience to reflect market study of care deferrals and COVID costs; No adjustment to recent claims assuming 2021 is new baseline	

- Adjustments were made to the historical claims experience to reflect current (2022) plan designs, Rx formulary, and plan and tier migration
- Smoker and spousal surcharges estimated based on census data provided by COG & GUC
- 2023 ASO fees are increasing by 3.0% (per Cigna renewal) and SL fees are assumed to increase by 15.0%
- Employer HSA funding amounts of \$500/\$1,000 for single/dependent tiers is assumed to remain unchanged
- Rx rebates are included in projections based on estimates provided by Cigna for 2022 and assumed to increase by 8.0% for 2023
- SaveOnSP shared savings fees are assumed to be approximately 1.5% of total Rx claims based on CY2021 utilization

2022 Reforecast

Medical/Rx/Vision

- 2022 Reforecast gross and net costs are **\$20.5M** and **\$17.3M**, respectively
 - COG/GUC net cost has increased from the Final 2022 Projection and Budget mostly due to higher than expected 2021 trend and YTD2022 claims running above budget

Final 2022 Projection Data through June 2021	
AGGREGATE	
Total Gross Cost	\$20.1M
Total Employee Cost	\$3.3M
COG/GUC Net Cost	\$16.8M
COG/GUC Cost Share	83.6%
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PEPY	
Gross Cost	\$13,597
Contributions & Surcharges	(\$2,224)
COG/GUC Net Cost	\$11,374
Enrollment	1,475

2022 Budget PE Rates x July 2022 Enrollment		
vs. Final 2022 Projection		
	\$	%
	\$	%
Total Gross Cost	\$19.7M	(\$0.4M) -1.8%
Total Employee Cost	\$3.2M	(\$0.1M) -2.2%
COG/GUC Net Cost	\$16.5M	(\$0.3M) -1.7%
COG/GUC Cost Share	83.7%	
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vs. Final 2022 Projection		
	\$	%
Gross Cost	\$13,515	(\$83) -0.6%
Contributions & Surcharges	(\$2,201)	\$23 -1.0%
COG/GUC Net Cost	\$11,314	(\$60) -0.5%
Enrollment	1,458	-17 -1.2%

2022 Reforecast Data through July 2022 Enrollment				
vs. Final 2022 Projection			vs. 2022 Budget	
	\$	%	\$	%
Total Gross Cost	\$20.5M	\$0.5M 2.4%	\$0.8M	4.2%
Total Employee Cost	\$3.2M	(\$0.1M) -2.2%	\$0.0M	0.0%
COG/GUC Net Cost	\$17.3M	\$0.6M 3.3%	\$0.8M	5.1%
COG/GUC Cost Share	84.4%			
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vs. Final 2022 Projection			vs. 2022 Budget	
	\$	%	\$	%
Gross Cost	\$14,087	\$490 3.6%	\$573	4.2%
Contributions & Surcharges	(\$2,201)	\$23 -1.0%	\$0	0.0%
COG/GUC Net Cost	\$11,887	\$513 4.5%	\$573	5.1%
Enrollment	1,458	-17 -1.2%	0	0.0%

2023 proposed plan designs – PPO plans vs. benchmarking

	City of Greenville / Greenville Utilities Commission		NC 500+	Utilities 500+	City Governments 500+	South 500+
Plan	Enhanced Plan	Core Plan	PPO			
In-Network Deductible (Individual / Family)	\$600 / \$1,200 ●	\$750 / \$1,500 ●	\$1,000 / \$2,250	\$500 / \$1,500	\$550 / \$1,500	\$750 / \$1,800
Out of Network Deductible (Individual / Family)	\$1,200 / \$2,400 ●	\$1,500 / \$3,000 ●	\$2,250 / \$5,700	\$1,100 / \$2,750	\$1,200 / \$2,500	\$1,500 / \$3,600
Out-of-Pocket Maximum (Individual / Family)						
In-Network	\$2,500 / \$5,000 ●	\$3,500 / \$7,000 ●	\$4,500 / \$10,000	\$3,050 / \$7,000	\$3,000 / \$6,600	\$3,500 / \$7,800
Out-of-Network	\$5,000 / \$10,000 ●	\$7,000 / \$14,000 ●	\$9,000 / \$18,750	\$5,500 / \$11,500	\$6,000 / \$12,000	\$6,350 / \$14,000
Physician Visit						
PCP	\$20 Copay ●	\$25 Copay ●	\$25 Copay	\$25 Copay	\$20 Copay	\$25 Copay
SPC	\$40 Copay ●	\$50 Copay ●	\$50 Copay	\$40 Copay	\$40 Copay	\$45 Copay
Emergency Room	Member pays 20% after Ded ●	Member pays \$150 copay then 20% ●	\$200 Copay	\$150 Copay	\$150 Copay	\$200 Copay
Coinsurance						
In-Network	20% Coinsurance ●	20% Coinsurance ●	20% Coinsurance	20% Coinsurance	20% Coinsurance	20% Coinsurance
Out-of-Network	40% Coinsurance ●	40% Coinsurance ●	40% Coinsurance	40% Coinsurance	40% Coinsurance	40% Coinsurance
Rx (Retail)						
Tier 1	\$10 ●	\$10 ●	\$13	\$10	\$9	\$11
Tier 2	\$35 ●	\$35 ●	\$33	\$28	\$29	\$35
Tier 3	\$60 ●	\$60 ●	\$62	\$44	\$50	\$59
Tier 4	\$150 ●	\$150 ●	\$118	\$68	\$85	\$106
Actuarial Value	89.4% ●	87.3% ●	86.0%	89.6%	89.2%	87.5%

Plan changes from 2022 indicated in blue

● Richer than benchmarks ● Near benchmarks ● Less rich than benchmarks

2023 proposed plan designs – HSA plans vs. benchmarking

	City of Greenville / Greenville Utilities Commission	NC 500+	Utilities 500+	City Governments 500+	South 500+
Plan	HSA Plan	HSA			
In-Network Deductible (Individual / Family)	\$1,500 / \$3,000 ●	\$2,000 / \$4,000	\$1,500 / \$3,400	\$2,825 / \$5,650	\$2,000 / \$4,000
Out of Network Deductible (Individual / Family)	\$3,000 / \$6,000 ●	\$4,000 / \$8,000	\$3,000 / \$6,000	\$3,000 / \$6,000	\$4,000 / \$8,000
Out-of-Pocket Maximum (Individual / Family)					
In-Network	\$3,000 / \$6,000 ●	\$4,000 / \$8,000	\$3,800 / \$7,100	\$4,500 / \$7,425	\$4,000 / \$8,000
Out-of-Network	\$6,000 / \$12,000 ●	\$8,000 / \$16,000	\$7,200 / \$14,000	\$10,000 / \$20,000	\$8,000 / \$16,000
Account Funding (Individual / Family)	\$500 / \$1,000 ●	\$500 / \$1,000	\$725 / \$1,350	\$700 / \$1,400	\$500 / \$1,050
Coinsurance In-Network	20% Coinsurance ●	20% Coinsurance	20% Coinsurance	20% Coinsurance	20% Coinsurance
Rx (Retail)	Member pays 20% after Deductible is met ●	Member pays 20% after Deductible is met	Member pays 20% after Deductible is met	Member pays 20% after Deductible is met	Member pays 20% after Deductible is met
Actuarial Value with Contributions	80.8% ●	81.0%	84.9%	80.4%	80.4%
Actuarial Value without Contributions	85.9% ●	82.3%	86.2%	82.7%	82.5%

● Richer than benchmarks ● Near benchmarks ● Less rich than benchmarks

2023 Projection Proposed Plans

Medical/Rx/Vision

- 2023 required rate increase based on COG/GUC's proposed estimate is **10.0%** over 2022 Budget
- Assuming the increase is shared evenly with employees, COG/GUC net costs are **\$18.2M**.

2022 Budget			
PE Rates x July 2022 Enrollment			
		vs. Final 2022 Projection	
		\$	%
AGGREGATE			
Total Gross Cost	\$19.7M	(\$0.4M)	-1.8%
Total Employee Cost	\$3.2M	(\$0.1M)	-2.2%
COG/GUC Net Cost	\$16.5M	(\$0.3M)	-1.7%
COG/GUC Cost Share	83.7%		
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		vs. Final 2022 Projection	
		\$	%
PEPY			
Gross Cost	\$13,515	(\$83)	-0.6%
Contributions & Surcharges	(\$2,201)	\$23	-1.0%
COG/GUC Net Cost	\$11,314	(\$60)	-0.5%
Enrollment	1,458	-17	-1.2%

2023 Proposed Projection			
Data through July 2022 Enrollment			
		vs. 2022 Budget	
	\$	%	
	\$21.7M	\$2.0M	10.0%
	\$3.5M	\$0.3M	9.4%
	\$18.2M	\$1.7M	10.1%
	83.8%		
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		vs. 2022 Budget	
		\$	%
	\$14,868	\$1,354	10.0%
	(\$2,408)	(\$207)	9.4%
	\$12,461	\$1,147	10.1%
	1,458	0	0.0%

2022 & 2023 Employee Contributions

Medical/Rx/Vision – Recommended Approach: Different EE/Dep Increase

2022-2023 Medical/Rx Contributions - Biweekly															
2023 Scenario	<\$32,278			\$32,278 - \$46,951			\$46,952 - \$61,623			>\$61,623			Retirees		
	5% increase to EE Only tier and 11% increase to Dependent tiers			5% increase to EE Only tier and 11% increase to Dependent tiers			5% increase to EE Only tier and 11% increase to Dependent tiers			5% increase to EE Only tier and 11% increase to Dependent tiers			5% increase to EE Only tier and 11% increase to Dependent tiers		
	2022	2023	Change	2022	2023	Change	2022	2023	Change	2022	2023	Change	2022	2023	Change
HSA															
EE Only	\$6.34	\$6.66	\$0.32	\$7.53	\$7.90	\$0.38	\$8.72	\$9.15	\$0.44	\$9.90	\$10.40	\$0.50	n/a	n/a	n/a
EE + Sp	\$53.23	\$59.10	\$5.86	\$63.20	\$70.16	\$6.96	\$73.19	\$81.25	\$8.06	\$83.18	\$92.35	\$9.16	n/a	n/a	n/a
EE + Ch	\$51.97	\$57.69	\$5.72	\$61.71	\$68.50	\$6.80	\$71.46	\$79.33	\$7.87	\$81.18	\$90.13	\$8.94	n/a	n/a	n/a
EE + Family	\$75.99	\$84.36	\$8.37	\$90.26	\$100.20	\$9.94	\$104.50	\$116.01	\$11.51	\$118.76	\$131.84	\$13.08	n/a	n/a	n/a
Core															
EE Only	\$19.60	\$20.58	\$0.98	\$21.51	\$22.59	\$1.08	\$25.46	\$26.73	\$1.28	\$29.39	\$30.86	\$1.47	\$15.81	\$16.60	\$0.79
EE + Sp	\$82.29	\$91.36	\$9.06	\$90.33	\$100.28	\$9.95	\$106.90	\$118.67	\$11.78	\$123.44	\$137.04	\$13.60	\$363.56	\$403.61	\$40.05
EE + Ch	\$80.35	\$89.20	\$8.85	\$88.18	\$97.90	\$9.71	\$104.36	\$115.86	\$11.50	\$120.52	\$133.79	\$13.28	\$347.75	\$386.06	\$38.31
EE + Family	\$117.50	\$130.44	\$12.94	\$128.97	\$143.17	\$14.21	\$152.61	\$169.42	\$16.81	\$176.24	\$195.65	\$19.41	\$647.51	\$718.84	\$71.33
Enhanced															
EE Only	\$35.65	\$37.43	\$1.79	\$38.01	\$39.92	\$1.90	\$42.87	\$45.02	\$2.15	\$47.72	\$50.11	\$2.39	\$36.15	\$37.96	\$1.81
EE + Sp	\$149.73	\$166.22	\$16.49	\$159.63	\$177.21	\$17.58	\$180.03	\$199.86	\$19.83	\$200.42	\$222.50	\$22.08	\$406.26	\$451.01	\$44.75
EE + Ch	\$146.16	\$162.26	\$16.10	\$155.80	\$172.96	\$17.16	\$175.75	\$195.11	\$19.36	\$195.66	\$217.21	\$21.55	\$389.44	\$432.34	\$42.90
EE + Family	\$213.80	\$237.35	\$23.55	\$227.91	\$253.02	\$25.11	\$257.04	\$285.36	\$28.31	\$286.17	\$317.69	\$31.52	\$708.49	\$786.53	\$78.04

- These scenarios target sharing a higher cost increase for dependents. From 2020 to 2021, COG/GUC spouses costed on average 1.2-1.5 times more than employees.
- This assumes the employee only tier increase is half of the required rate increase (e.g., the Proposed rate increase is 10.0% so the employee only tier increase is 5.0%)
- The dependent tier increase is set so that the overall increase is shared evenly between COG/GUC and employees (e.g., the Proposed rate increase is 10.0%, by charging EE Only +5.0% and Dependent tiers + 11.0%, the average contribution increase for all tiers is +10.0%)

Total dental

Year-to-date (YTD) July 2022

Cost & budget summary

Gross paid claims
\$597.8k

-4.0% Prior YTD differential
-1.4% Rolling 12 month differential

Fixed costs
\$28.0k

0.2% Prior YTD differential
1.0% Rolling 12 month differential

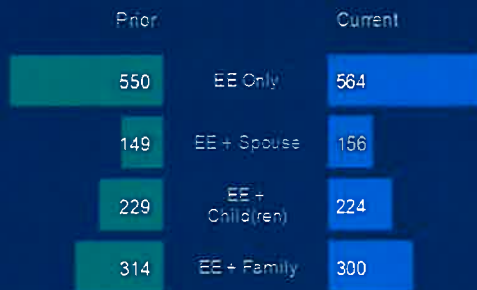
Gross plan cost
\$625.8k

-3.8% Prior YTD differential
-1.3% Rolling 12 month differential

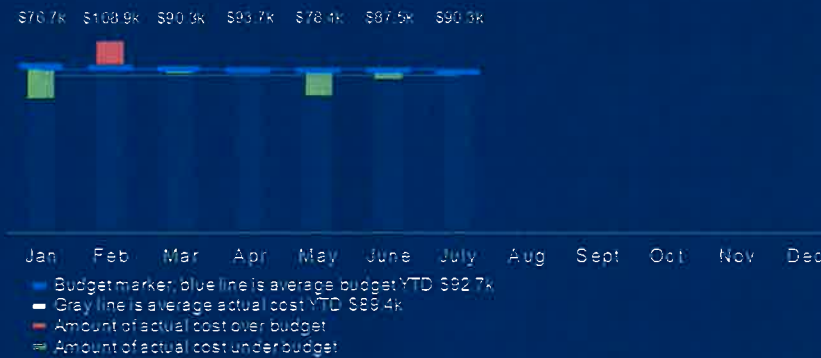
Gross budget
\$648.9k

-0.4% Prior YTD differential
0.8% Rolling 12 month differential

Average enrollment



Gross plan cost vs gross budget



PEPM claims by month



2022 & 2023 Projections

Dental

- 2022 Reforecast gross and net costs are **\$1,040K** and **\$551K**, respectively
 - COG/GUC net cost has decreased slightly from the Final 2022 Projection mostly due to favorable claims experience in late 2021 and early 2022
- 2023 rates could decrease **2.3%** from current 2022 rates
 - Assuming employee contributions remain flat, projected 2023 net costs are **\$589K**

Final 2022 Projection Data through June 2021	
AGGREGATE	
Total Gross Cost	\$1,112K
Employee Contributions	\$492K
COG/GUC Net Cost	\$620K
COG/GUC Cost Share	55.7%
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PEPY	
Gross cost	\$901
Contributions & Surcharges	(\$399)
COG/GUC Net Cost	\$502
Enrollment	1,234

2022 Budget PE Rates x June 2022 Enrollment			
vs. Final 2022 Projection			
	\$	%	
Total Gross Cost	\$1,103K	(\$9K)	-0.8%
Employee Contributions	\$489K	(\$4K)	-0.7%
COG/GUC Net Cost	\$614K	(\$5K)	-0.9%
COG/GUC Cost Share	55.7%		
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vs. Final 2022 Projection			
	\$	%	
Gross cost	\$892	(\$10)	-1.1%
Contributions & Surcharges	(\$395)	\$4	-1.0%
COG/GUC Net Cost	\$497	(\$6)	-1.1%
Enrollment	1,237	3	0.2%

2022 Reforecast Data through June 2022 Enrollment					
vs. Final 2022 Projection			vs. 2022 Budget		
	\$	%	\$	%	
Total Gross Cost	\$1,040K	(\$72K)	-6.5%	(\$63K)	-5.7%
Employee Contributions	\$489K	(\$4K)	-0.7%	\$0K	0.0%
COG/GUC Net Cost	\$551K	(\$69K)	-11.1%	(\$63K)	-10.3%
COG/GUC Cost Share	53.0%				
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vs. Final 2022 Projection			vs. 2022 Budget		
	\$	%	\$	%	
Gross cost	\$841	(\$60)	-6.7%	(\$51)	-5.7%
Contributions & Surcharges	(\$395)	\$4	-1.0%	\$0	0.0%
COG/GUC Net Cost	\$446	(\$57)	-11.3%	(\$51)	-10.3%
Enrollment	1,237	3	0.2%	0	0.0%

2023 Status Quo Projection Data through June 2022 Enrollment					
vs. 2022 Budget			vs. 2022 Reforecast		
	\$	%	\$	%	
Total Gross Cost	\$1,078K	(\$25K)	-2.3%	\$38K	3.7%
Employee Contributions	\$489K	\$0K	0.0%	\$0K	0.0%
COG/GUC Net Cost	\$589K	(\$25K)	-4.1%	\$38K	6.9%
COG/GUC Cost Share	54.7%				
<hr/>					
vs. 2022 Budget			vs. 2022 Reforecast		
	\$	%	\$	%	
Gross cost	\$872	(\$20)	-2.3%	\$31	3.7%
Contributions & Surcharges	(\$395)	\$0	0.0%	\$0	0.0%
COG/GUC Net Cost	\$477	(\$20)	-4.1%	\$31	6.9%
Enrollment	1,237	0	0.0%	0	0.0%

2022 & 2023 Rates & Employee Dental – Status Quo: 0% Increase

In light of the small projected decrease (2.3%), Mercer recommends holding rates flat for 2023

Bi-Weekly Contributions

2022 Dental Rates & Contributions - Bi-Weekly					
	Enrollment	Premium Equivalent	COG/GUC Net Cost	EE Contribution	EE Cost Share
Dental					
EE Only	301	\$16.13	\$12.76	\$3.37	20.9%
EE + Sp	99	\$33.88	\$21.03	\$12.85	37.9%
EE + Ch	84	\$29.85	\$18.53	\$11.32	37.9%
EE + Family	119	\$48.42	\$30.04	\$18.38	38.0%
Dental Plus					
EE Only	257	\$22.24	\$12.88	\$9.36	42.1%
EE + Sp	55	\$46.71	\$21.30	\$25.41	54.4%
EE + Ch	142	\$41.15	\$18.77	\$22.38	54.4%
EE + Family	178	\$66.72	\$30.41	\$36.32	54.4%

2023 Dental Rates & Contributions - Bi-Weekly						
	Premium Equivalent	COG/GUC Net Cost	EE Contribution	EE \$ Increase	EE % Increase	EE Cost Share
Dental						
EE Only	\$16.13	\$12.76	\$3.37	\$0.00	0.0%	20.9%
EE + Sp	\$33.88	\$21.03	\$12.85	\$0.00	0.0%	37.9%
EE + Ch	\$29.85	\$18.53	\$11.32	\$0.00	0.0%	37.9%
EE + Family	\$48.42	\$30.04	\$18.38	\$0.00	0.0%	38.0%
Dental Plus						
EE Only	\$22.24	\$12.88	\$9.36	\$0.00	0.0%	42.1%
EE + Sp	\$46.71	\$21.30	\$25.41	\$0.00	0.0%	54.4%
EE + Ch	\$41.15	\$18.77	\$22.38	\$0.00	0.0%	54.4%
EE + Family	\$66.72	\$30.41	\$36.32	\$0.00	0.0%	54.4%

Monthly Contributions

2022 Dental Rates & Contributions - Monthly					
	Enrollment	Premium Equivalent	COG/GUC Net Cost	EE Contribution	EE Cost Share
Dental					
EE Only	301	\$34.95	\$27.65	\$7.30	20.9%
EE + Sp	99	\$73.41	\$45.57	\$27.84	37.9%
EE + Ch	84	\$64.68	\$40.15	\$24.53	37.9%
EE + Family	119	\$104.91	\$65.09	\$39.82	38.0%
Dental Plus					
EE Only	257	\$48.19	\$27.91	\$20.28	42.1%
EE + Sp	55	\$101.20	\$46.14	\$55.06	54.4%
EE + Ch	142	\$89.15	\$40.66	\$48.49	54.4%
EE + Family	178	\$144.57	\$65.88	\$78.69	54.4%

2023 Dental Rates & Contributions - Monthly						
	Premium Equivalent	COG/GUC Net Cost	EE Contribution	EE \$ Increase	EE % Increase	EE Cost Share
Dental						
EE Only	\$34.95	\$27.65	\$7.30	\$0.00	0.0%	20.9%
EE + Sp	\$73.41	\$45.57	\$27.84	\$0.00	0.0%	37.9%
EE + Ch	\$64.68	\$40.15	\$24.53	\$0.00	0.0%	37.9%
EE + Family	\$104.91	\$65.09	\$39.82	\$0.00	0.0%	38.0%
Dental Plus						
EE Only	\$48.19	\$27.91	\$20.28	\$0.00	0.0%	42.1%
EE + Sp	\$101.20	\$46.14	\$55.06	\$0.00	0.0%	54.4%
EE + Ch	\$89.15	\$40.66	\$48.49	\$0.00	0.0%	54.4%
EE + Family	\$144.57	\$65.88	\$78.69	\$0.00	0.0%	54.4%

Appendix

2022 Reforecast - Detailed

Medical/Rx/Vision

Final 2022 Projection Data through June 2021	
AGGREGATE	
Gross Cost	
Incurring Claims (Medical/Rx/Vision)	\$18.8M
Rx Rebates	(\$0.9M)
Fixed Cost (ASO and SL Premiums)	\$2.1M
Projected HSA Funding	\$0.1M
Total Gross Cost	\$20.1M
Employee Cost	
Employee Contributions	\$3.0M
Tobacco Surcharge	\$0.1M
Spousal Surcharge	\$0.1M
Total Employee Cost	\$3.3M
COG/GUC Net Cost	\$16.8M
COG/GUC Cost Share	83.6%
<hr/>	
PEPY	
Gross Cost	\$13,597
Contributions & Surcharges	(\$2,224)
COG/GUC Net Cost	\$11,374
Enrollment	1,475

2022 Budget PE Rates x July 2022 Enrollment			
vs. Final 2022 Projection			
	\$		%
Total Gross Cost	\$19.7M	(\$0.4M)	-1.8%
Employee Contributions	\$3.0M	(\$0.0M)	-0.9%
Tobacco Surcharge	\$0.1M	(\$0.0M)	-27.1%
Spousal Surcharge	\$0.1M	(\$0.0M)	-6.3%
Total Employee Cost	\$3.2M	(\$0.1M)	-2.2%
COG/GUC Net Cost	\$16.5M	(\$0.3M)	-1.7%
COG/GUC Cost Share	83.7%		
<hr/>			
vs. Final 2022 Projection			
	\$		%
Gross Cost	\$13,515	(\$83)	-0.6%
Contributions & Surcharges	(\$2,201)	\$23	-1.0%
COG/GUC Net Cost	\$11,314	(\$60)	-0.5%
Enrollment	1,458	-17	-1.2%

2022 Reforecast Data through July 2022 Enrollment					
vs. Final 2022 Projection					
	\$		%	vs. 2022 Budget	
	\$		%	\$	%
AGGREGATE					
Gross Cost					
Incurring Claims (Medical/Rx/Vision)	\$19.6M	\$0.8M	4.4%		
Rx Rebates	(\$1.1M)	(\$0.2M)	25.5%		
Fixed Cost (ASO and SL Premiums)	\$1.9M	(\$0.1M)	-6.1%		
Projected HSA Funding	\$0.1M	(\$0.0M)	-0.5%		
Total Gross Cost	\$20.5M	\$0.5M	2.4%	\$0.8M	4.2%
Employee Cost					
Employee Contributions	\$3.0M	(\$0.0M)	-0.9%	\$0.0M	0.0%
Tobacco Surcharge	\$0.1M	(\$0.0M)	-27.1%	\$0.0M	0.0%
Spousal Surcharge	\$0.1M	(\$0.0M)	-6.3%	\$0.0M	0.0%
Total Employee Cost	\$3.2M	(\$0.1M)	-2.2%	\$0.0M	0.0%
COG/GUC Net Cost	\$17.3M	\$0.6M	3.3%	\$0.8M	5.1%
COG/GUC Cost Share	84.4%				
<hr/>					
vs. Final 2022 Projection					
	\$		%	vs. 2022 Budget	
	\$		%	\$	%
Gross Cost	\$14,087	\$490	3.6%	\$573	4.2%
Contributions & Surcharges	(\$2,201)	\$23	-1.0%	\$0	0.0%
COG/GUC Net Cost	\$11,887	\$513	4.5%	\$573	5.1%
Enrollment	1,458	-17	-1.2%	0	0.0%

2023 Projection Proposed Plans - Detailed Medical/Rx/Vision

2022 Budget PE Rates x July 2022 Enrollment			
	vs. Final 2022 Projection		
	\$		%
AGGREGATE			
Gross Cost			
Incurring Claims (Medical/Rx/Vision)			
Rx Rebates			
Fixed Cost (ASO and SL Premiums)			
Projected HSA Funding			
Total Gross Cost	\$19.7M	(\$0.4M)	-1.8%
Employee Cost			
Employee Contributions	\$3.0M	(\$0.0M)	-0.9%
Tobacco Surcharge	\$0.1M	(\$0.0M)	-27.1%
Spousal Surcharge	\$0.1M	(\$0.0M)	-6.3%
Total Employee Cost	\$3.2M	(\$0.1M)	-2.2%
COG/GUC Net Cost	\$16.5M	(\$0.3M)	-1.7%
COG/GUC Cost Share	83.7%		
<hr/>			
	vs. Final 2022 Projection		
	\$		%
PEPY			
Gross Cost	\$13,515	(\$83)	-0.6%
Contributions & Surcharges	(\$2,201)	\$23	-1.0%
COG/GUC Net Cost	\$11,314	(\$60)	-0.5%
Enrollment	1,458	-17	-1.2%

2023 Proposed Projection Data through July 2022 Enrollment			
	vs. 2022 Budget		
	\$		%
	\$20.6M		
	(\$1.2M)		
	\$2.1M		
	\$0.1M		
Total	\$21.7M	\$2.0M	10.0%
	\$3.3M	\$0.3M	10.0%
	\$0.1M	\$0.0M	0.0%
	\$0.1M	\$0.0M	0.0%
Total	\$3.5M	\$0.3M	9.4%
COG/GUC Net Cost	\$18.2M	\$1.7M	10.1%
COG/GUC Cost Share	83.8%		
<hr/>			
	vs. 2022 Budget		
	\$		%
	\$14,868	\$1,354	10.0%
	(\$2,408)	(\$207)	9.4%
	\$12,461	\$1,147	10.1%
	1,458	0	0.0%

Caveats

- Given the lack of robust data and existing uncertainty regarding COVID-19, Mercer presents this information with the caveat that it should be considered an informed estimate based on limited and changing anecdotal and actual information.
- The range of these financial impact estimates reflects our best thinking as of August 2022. Our estimates will change (up or down), and perhaps rapidly, and to a significant degree, as more experience and information emerges.
- Client experience should be monitored as appropriate and feasible, with adjustments made to projections as needed.
- The range of these financial impact estimates was developed on a 'national average' basis; we expect significant variations between employers, geographic locations, demographics, etc.
- The experience of similarly situated employers may deviate very significantly from one another.
- There are many unknowns at this time, all of which could impact our cost estimates. As these variables change and we learn more, we will update our estimates.
 1. Prevalence and severity
 2. Outbreak duration
 3. Government actions
 4. Testing protocols and availability
 5. Introduction of treatment and/or vaccine

Current state

Medical plan performance highlights

2020 Plan Performance

\$17.4M

Gross Medical and Rx claims

1,505 **+5%**

Enrolled Employees CY20/CY19 per-EE claim trend

2021 Plan Performance

\$18.5M

Gross Medical and Rx claims

1,478 **+9%**

Enrolled Employees CY21/CY20 per-EE claim trend

Plan Utilization from Cigna

PLAN SPEND BY MSC PMPY



Cigna utilization reporting is on an incurred basis with 2 month lag

High Cost Claims History

HCC > \$100K	# of Claimants	Total HCC \$
2019	26	\$4.4 M
2020	25	\$4.3 M
2021	26	\$4.8 M

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.

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