

# **Joint Greenville City Council/Greenville Utilities Commission Meeting**

Monday, September 22, 2014

6:00 p.m.

Greenville Utilities Board Room

401 South Greene Street

1. Call Meeting to Order – Mayor Thomas  
– Chair Minges
2. Approval of Agenda – City Council  
Approval of Agenda – Greenville Utilities Commission Board of Commissioners
3. Public Comment Period - The Public Comment Period is a period reserved for comments by the public. Items that were or are scheduled to be the subject of public hearings conducted at the same meeting or another meeting during the same week shall not be discussed. A total of 30 minutes is allocated with each individual being allowed no more than 3 minutes. Individuals who registered with the City Clerk to speak will speak in the order registered until the allocated 30 minutes expires. If time remains after all persons who registered have spoken, individuals who did not register will have an opportunity to speak until the allocated 30 minutes expires.
4. Joint Committee Recommendation on Three-Year Strategic Plan
5. Joint Committee Recommendation on Plan Year 2015 Health/Dental Insurance Benefits
6. Update on 5-Year True Up Market Study
7. Closed Session – N.C.G.S. 143-318.11(a)(1) To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes, said law rendering the information as privileged or confidential being North Carolina General Statute 159B-38.
8. Adjournment – Greenville Utilities Commission Board of Commissioners  
Adjournment – City Council

## MEMORANDUM

TO: Mayor and City Council  
Greenville Utilities Board of Commissioners

FROM: Barbara Lipscomb, City Manager *HL for B.L.*  
Anthony C. Cannon, General Manager/CEO *AC*

DATE: September 17, 2014

SUBJECT: Joint City/GUC Committee for Employee Pay and Benefits Recommendations for Plan Year 2015

The Joint City/GUC Committee for Employee Pay and Benefits met on August 19, 2014 to develop recommendations for Plan Year 2015. The following recommendations and update will be considered at the Joint City Council and Greenville Utilities Commission meeting scheduled for Monday, September 22, 2014, at 6:00 p.m. in the Greenville Utilities Board Room.

### Agenda Item 4 – Joint Committee Recommendation on Three-Year Strategic Plan:

Our strategic goals with our health and dental insurance benefits have been to:

- ◀Develop a multi-year sustainable plan that will deliver healthcare to our employees and their families which considers cost management, coverage options, funding alternatives, and wellness program components;
- ◀Assure that we are competitive when compared to similar employers geographically, by sector, and by industry; and
- ◀Provide high quality benefits that are affordable for employees and their families by managing costs, containing future increases, and rewarding the healthy behavioral and lifestyle choices that significantly impact these costs.

The Joint City/GUC Committee for Employee Pay and Benefits unanimously recommends adoption of the Three-Year Strategic Plan as outlined in the enclosed presentation.

### Agenda Item 5 – Joint Committee Recommendation on Plan Year 2015 Health/Dental Insurance Benefits:

As a result of the positive performance of the City and GUC health and dental plans for Plan Year 2014, only minor changes are recommended for Plan Year 2015:

- ◀Incorporate health plan design changes;
  - increase annual deductibles by \$150 per individual and \$300 per family
  - increase annual out-of-pocket maximums by \$100 per individual and \$200 per family

- increase office visits by \$5 for primary care physician visits and by \$10 for specialist visits
- increase coinsurance percentage for the Enhanced Plan from 10% to 15%
- ◀Add employee only tiers into the salary bands;
- ◀Increase employee contributions by 2% (for employees enrolled in Enhanced Plan only);
- ◀Increase employee contributions by 2.4% for dental coverage; and
- ◀Increase tobacco user surcharge from \$50/month to \$75/month.

The Joint City/GUC Committee for Employee Pay and Benefits unanimously recommends adoption of the proposed changes for Plan Year 2015.

Agenda Item 6 – Update on 5-Year True Up Market Study:

The City and GUC have received a proposal from Segal Waters Consulting to conduct a 5-Year True Up Market Study. A joint Classification and Compensation Study was conducted in 2010 by the Waters Consulting Group to ensure that jobs were classified appropriately and to ensure an internally equitable and externally competitive compensation system. As has been our practice, a 5-Year True Up Market Study is proposed for 2015 to determine how the City and GUC's compensation plan continues to compare to market. The scope of the study will include the following:

- ◀Conducting a market salary survey;
- ◀Analysis of the data and possible recommendations to update current pay structures and/or possible recommendations to move specific positions into higher pay grades, if the market data indicates that they are significantly below market; and
- ◀Development of two (2) costing scenarios.

Segal Waters Consulting will conduct a custom-designed survey targeted to 15 of our public-sector peer employers, while also using published sources to represent private-sector pay data. The City and GUC will identify 125 job titles to be used as benchmarks for the market study. The list of benchmark job titles will include those that are representative of the distribution of the workforce (pay grades, departments, etc.), as well as positions which historically have been hard to fill due to current salary ranges.

Upon execution of the consulting agreement, the 5-Year True Up Market Study is expected to be completed within five months at which time the final results/recommendations will be presented to the City and GUC.

cc: Chris Padgett, Assistant City Manager  
 George Reel, Interim Chief Administrative Officer  
 Leah Futrell, Director of Human Resources-COG  
 Richie Shreves, Director of Human Resources-GUC

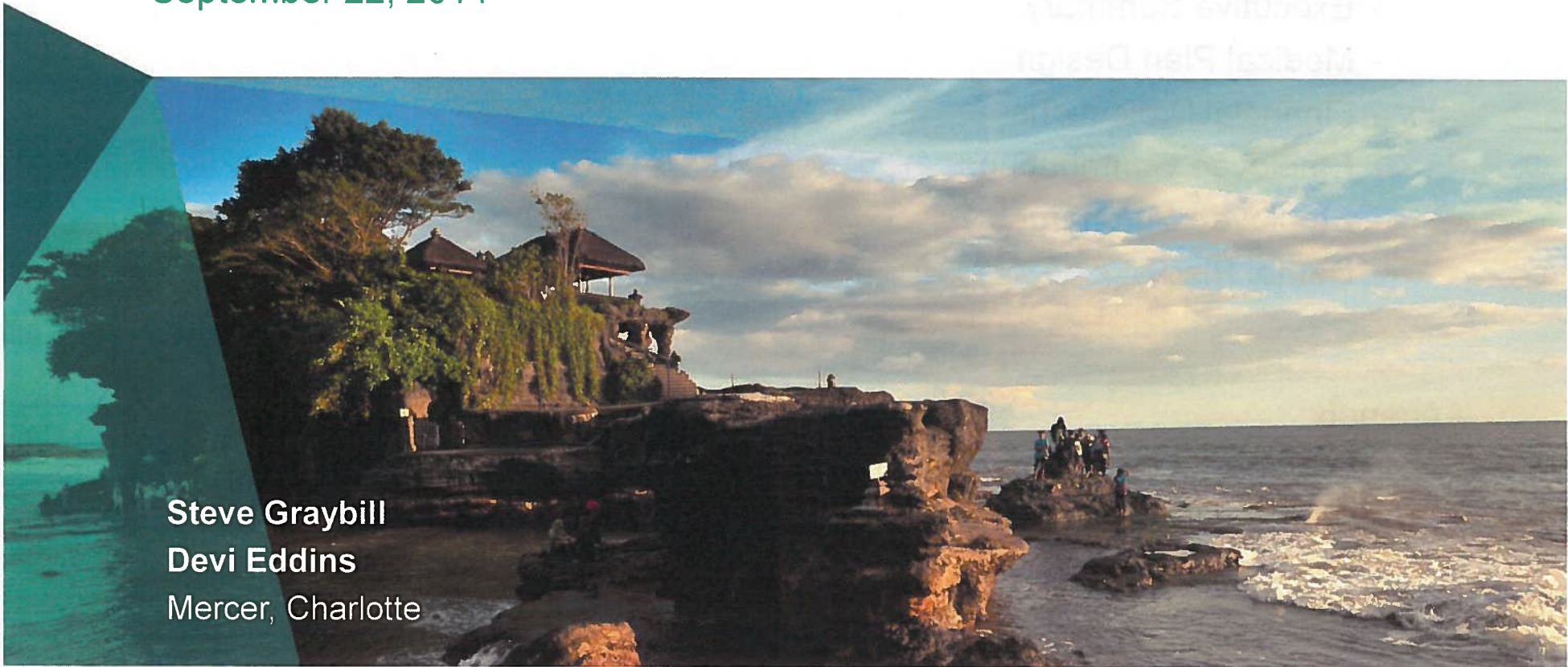


TALENT • HEALTH • RETIREMENT • INVESTMENTS

# CITY OF GREENVILLE

## Three-Year Strategy and 2015 Benefits Proposal

September 22, 2014



**Steve Graybill**  
**Devi Eddins**  
Mercer, Charlotte





## Agenda

- Three-Year Strategy
- 2015 Benefits Recommendations
  - Executive Summary
  - Medical Plan Design
  - Financial Projections
  - Employee Contributions
  - Employee Surcharges
  - Dental Plan

## Appendix

- Caveats and Assumptions
- Benchmarking
- 2018 Excise Tax

# THREE-YEAR STRATEGY

# Three-Year Strategy

	2015	2016	2017
<b>Design</b>	<ul style="list-style-type: none"> <li>• Modify Core and Enhanced plan designs to reduce overall benefit value by 1.4%.</li> <li>• Increase tobacco user surcharge to \$75 per month. Evaluate the types and cost of nicotine testing and communicate the testing requirement for employees and covered spouses effective for plan year 2016.</li> <li>• Introduce voluntary (100% employee paid) benefits to help members supplement HSA plan benefits (e.g. critical illness, accident).</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce CDHP with HSA as a third plan design.</li> <li>• Continue to modify Core and Enhanced plan designs to reduce overall benefit value by 2.6%.</li> <li>• Implement nicotine testing and increase tobacco user surcharge to \$100 per month and apply to spouses as well as employees .</li> <li>• Evaluate additional dental options (e.g., dental buy-up plan with higher annual maximum).</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate Enhanced plan (contingent upon migration to Core and HSA plans and overall cost of plan).</li> <li>• Offer Core plan as “PPO” option along with HSA plan. Lean plan designs will provide avoidance of 2018 Excise Tax.</li> <li>• Consider working spouse exclusion.</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>• Target employer subsidy: 83.5%.</li> <li>• Include employee only tiers in salary band strategy.</li> <li>• Increase employee contributions on enhanced plan by 2%.</li> <li>• Dental contributions increase 2.4% to reflect needed budget increase.</li> </ul>	<ul style="list-style-type: none"> <li>• Target employer subsidy: 81.5%.</li> <li>• Increase PPO and Core contributions significantly, to encourage migration to Core and HSA plans.</li> <li>• Continue to reinforce employer subsidy.</li> <li>• Re-align dental contributions to properly reflect new dental plan designs .</li> </ul>	<ul style="list-style-type: none"> <li>• Target employer subsidy: 80.0%.</li> <li>• Modify contributions to further drive migration to HSA by increasing PPO plan contributions.</li> <li>• Lower employer subsidy on dental plans to be more in line with benchmarks.</li> </ul>
<b>Wellness &amp; Incentives</b>	<ul style="list-style-type: none"> <li>• HRA with biometrics is required to receive incentives.</li> <li>• Encourage spouses to complete HRA.</li> <li>• Employees engage with a health coach to complete a health goal.</li> <li>• Consider utilizing Cigna's Motivate Me incentive tracker.</li> </ul>	<ul style="list-style-type: none"> <li>• Make Health Management Program more robust. Give employees more opportunity for points (incent for participation in case management and disease management) and greater incentive dollars to help offset cost for those employees moving into the HSA plan.</li> </ul>	<ul style="list-style-type: none"> <li>• HRA with biometrics required to receive half of the employer HSA funding.</li> <li>• Earn additional points and incentives for meeting specific biometric outcomes &amp; attending wellness events.</li> </ul>

## Summary of Strategy

### ➤ Plan design modifications

*Goal: Avoid 2018 Excise Tax and drive employee awareness and engagement (“consumerism”)*

- 2015: Reduce plan value of Core and Enhanced plans.
- 2016: Further reduce Core and Enhanced plan values and introduce HSA as third plan option (monitor the need to completely eliminate Enhanced plan).
- 2017: Potentially eliminate Enhanced plan, continue to offer Core plan as “PPO” option along with the HSA plan.

### ➤ Cost share modifications

*Goal: Reduce employer subsidy from 83.7% to 80% (over 3 years)*

- 2015: Include employee only tiers in salary band strategy and increase enhanced plan contributions by two percent.
- 2016: Increase Core and Enhanced plan contributions on the employee only tiers by two percentage points and five percentage points on the dependent tiers, respectively.
- 2017: Increase Core contributions by two percentage points and HSA contributions by one percentage point to continue to drive migration into HSA plan and make up for loss of Enhanced plan contributions.



## Summary of Strategy (Continued)

- Focus on plan design changes first and foremost to avoid Excise Tax.
- Cost share can be used as the secondary lever after plan design changes to help balance the budget.
- Modify plan design and cost share strategy as needed based on:
  - Actual plan performance (trend).
  - Salary increases and pay plan changes.
  - Financial capacity of the organizations.
  - Market trends.
  - Unforeseen changes and developments in the pharmacy arena (e.g. specialty drugs, mail order).
- **NOTE: All financial figures are illustrative at this time.**
- Annual projections and rate setting will be finalized in the summer of each year and are subject to:
  - National trend.
  - Actual claims experience and plan performance.
  - Regulatory requirements.
  - Administrative fee increases.
  - Stop loss fee increases.

## 2015 – 2017 Proposed Plan Designs

Medical Plan Provisions	2014 Core	2014 Enhanced	2015 Core	2015 Enhanced	2016 Core	2016 Enhanced	2016 HSA	2017 PPO	2017 HSA
In-Network Deductibles (Individual)	\$500	\$250	\$650	\$400	\$750	\$500	\$1,500	\$750	\$1,500
In-Network Deductibles (Family)	\$1,000	\$500	\$1,300	\$800	\$1,500	\$1,000	\$3,000	\$1,500	\$3,000
Out-of-Pocket Max (Individual)	\$2,500	\$1,500	\$2,600	\$1,600	\$3,000	\$2,000	\$3,000	\$3,000	\$3,000
Out-of-Pocket Max (Family)	\$5,000	\$3,000	\$5,200	\$3,200	\$6,000	\$4,000	\$6,000	\$6,000	\$6,000
Employer Account Funding (Ind/Fam)	N/A	N/A	N/A	N/A	N/A	N/A	\$500/\$1,000	N/A	\$500/\$1,000
Office Visit (PCP/Specialist)	\$15/\$30	\$15/\$30	\$20/\$40	\$20/\$40	\$20/\$40	\$20/\$40	ded/coin	\$20/\$40	ded/coin
Coinsurance	20%	10%	20%	15%	20%	15%	20%	20%	20%
Retail Rx	\$10/\$20/\$40	\$10/\$20/\$40	\$10/\$20/\$40	\$10/\$20/\$40	\$10/\$20/\$40	\$10/\$20/\$40	ded/coin	\$10/\$20/\$40	ded/coin
Mail-Order Rx	\$0/\$40/\$80	\$0/\$40/\$80	\$0/\$40/\$80	\$0/\$40/\$80	\$0/\$40/\$80	\$0/\$40/\$80	ded/coin	\$0/\$40/\$80	ded/coin
Enrollment	506	913	506	913	850	468	101	1,063	356
Actuarial Value	86.4%	90.4%	85.2%	88.8%	84.2%	87.5%	79.5%	84.2%	79.5%
Weighted Actuarial Value	<b>89.0%</b>		<b>87.6%</b>		84.9%		<b>83.0%</b>		
Actuarial Value Difference (year over year)			<b>1.4%</b>		<b>2.6%</b>		<b>1.9%</b>		
Estimated Claims Savings (each year)			<b>\$265,000</b>		<b>\$536,000</b>		<b>\$422,000</b>		
<b>Summary of Strategy</b>			<ul style="list-style-type: none"> <li>-Design changes to PPO plans.</li> <li>-Add employee only tier into salary band strategy.</li> <li>-Increase Enhanced contributions by 2%.</li> </ul>		<ul style="list-style-type: none"> <li>-Design changes to PPO plans.</li> <li>-Introduce HSA plan with contributions set lower than current Core plan contributions.</li> <li>-Increase contributions to EE only tiers by two percentage points and dependent tiers by five percentage points.</li> <li>-Goal is to drive migration into leaner Core and HSA plans.</li> </ul>		<ul style="list-style-type: none"> <li>-Eliminate Enhanced plan.</li> <li>-Make slight increases (one and two percentage points) to employee contributions to make up for loss of contributions from Enhanced plan.</li> </ul>		

# 2015 Benefit Recommendations

## Executive Summary

### 2015 Benefit Recommendations

- Offer a benefits package which is competitive with local employers and peer organizations and sustainable for the customer base.
- Align benefits to be in compliance with the Affordable Care Act, while at the same time avoiding the 2018 Excise Tax.
- Medical plans are currently running better than expected, creating a 13.7% surplus relative to budgeted premiums for 2014.
- Remaining status quo in 2015 would not require an increase to premium-equivalents.
  - In years where an increase *is* needed and there is a desire to change the employee contribution structure and/or plan design, cost increases to employees will be compounded by multiple factors.
  - Given there is no increase required for 2015, this is the optimal year to make fundamental changes to plan designs and/or employee contribution strategy.

## 2015 Proposed Plan Designs

Medical Plan Provisions	2014 Core	2014 Enhanced	2015 Core	2015 Enhanced
In-Network Deductibles (Individual)	\$500	\$250	\$650	\$400
In-Network Deductibles (Family)	\$1,000	\$500	\$1,300	\$800
Out-of-Pocket Max (Individual)	\$2,500	\$1,500	\$2,600	\$1,600
Out-of-Pocket Max (Family)	\$5,000	\$3,000	\$5,200	\$3,200
Employer Account Funding (Ind/Fam)	N/A	N/A	N/A	N/A
Office Visit (PCP/Specialist)	\$15/\$30	\$15/\$30	\$20/\$40	\$20/\$40
Coinsurance	20%	10%	20%	15%
Retail Rx	\$10/\$20/\$40	\$10/\$20/\$40	\$10/\$20/\$40	\$10/\$20/\$40
Mail-Order Rx	\$0/\$40/\$80	\$0/\$40/\$80	\$0/\$40/\$80	\$0/\$40/\$80
Enrollment	506	913	506	913
Actuarial Value	86.4%	90.4%	85.2%	88.8%
Weighted Actuarial Value	<b>89.0%</b>		<b>87.6%</b>	
Actuarial Value Difference (year over year)			<b>1.4%</b>	
<i>Estimated Claims Savings (each year)</i>			<b>\$265,000</b>	
<b>Summary of Strategy</b>			-Design changes to PPO plans. -Add employee only tier into salary band strategy. -Increase Enhanced contributions by 2%.	

## 2015 Financial Projections

COG/GUC Projections	2014 Projection (Actual data through June)	2015 Projection (Status Quo)	2015 Projection (Recommendation)
Claims (Net of SL Reimbursements)	\$14,122,000	\$15,456,000	\$15,191,000
Admin/Stop Loss Fees	\$1,373,000	\$1,519,000	\$1,519,000
Reinsurance Fee (HCR)	\$196,000	\$138,000	\$138,000
<b>TOTAL PROJECTED COST</b>	<b>\$15,691,000</b>	<b>\$17,113,000</b>	<b>\$16,848,000</b>
<b><i>Claims Savings from Design Changes</i></b>			<b>\$265,000</b>
Average Enrollment	1,426	1,424	1,424
Budgeted Premiums (Based on 2014 premium-equivalent rates)	\$18,183,000	\$18,157,000	\$18,157,000
Surplus Relative to Budgeted Premiums	\$2,492,000	\$1,044,000	\$1,309,000
% Surplus Relative to Budgeted Premiums	13.7%	5.7%	7.2%

- We are projecting to end 2014 with a \$2,492,000 surplus relative to current premiums.
- With no change to the current budgeted premium equivalent rates and adoption of 2015 recommendation, we project that we will end 2015 with approximately a \$1,309,000 surplus relative to budgeted premium rates.

# Employee Contribution Summary

Changes made to employee contributions for 2015:

- Added employee only tier into the salary bands.
- Increased Enhanced contributions by 2%.
- Assumes 20% of Enhanced employee only tier (roughly 50 employees) moves to Core plan.

Bi-Weekly Active Contributions											
Salary Bands	< \$32,278			\$32,278 - \$46,951			\$46,952 - \$61,623			> \$61,623	
	2014	2015	\$ Change	2014	2015	\$ Change	2014	2015	\$ Change	2014	2015
<b>CORE</b>											
EE	\$7.02	\$7.02	\$0.00	\$7.02	\$7.71	\$0.69	\$7.02	\$9.12	\$2.10	\$7.02	\$10.53
EE+SP	\$58.28	\$58.28	\$0.00	\$63.97	\$63.97	\$0.00	\$75.70	\$75.70	\$0.00	\$87.42	\$87.42
EE+CHILD(REN)	\$56.90	\$56.90	\$0.00	\$62.45	\$62.45	\$0.00	\$73.90	\$73.90	\$0.00	\$85.34	\$85.34
FAMILY	\$83.21	\$83.21	\$0.00	\$91.33	\$91.33	\$0.00	\$108.08	\$108.08	\$0.00	\$124.81	\$124.81
<b>ENHANCED</b>											
EE	\$22.74	\$23.19	\$0.45	\$22.74	\$24.73	\$1.99	\$22.74	\$27.89	\$5.15	\$22.74	\$31.05
EE+SP	\$96.59	\$98.52	\$1.93	\$102.98	\$105.04	\$2.06	\$116.15	\$118.47	\$2.32	\$129.30	\$131.89
EE+CHILD(REN)	\$94.29	\$96.18	\$1.89	\$100.51	\$102.52	\$2.01	\$113.38	\$115.65	\$2.27	\$126.23	\$128.75
FAMILY	\$137.92	\$140.68	\$2.76	\$147.03	\$149.97	\$2.94	\$165.82	\$169.14	\$3.32	\$184.62	\$188.31

FINANCIAL SUMMARY		
	2014 Current	2015 (Recommendation)
Total Projected Cost	\$15,691,000	\$16,848,000
Employee Contributions	\$2,951,000	\$2,993,000
Surcharge Contributions	\$228,000	\$273,200
<b>Net Employer Cost</b>	<b>\$12,512,000</b>	<b>\$13,581,800</b>
<b>Net Employer Cost Share</b>	<b>79.7%</b>	<b>80.6%</b>
<i>Target Employer Cost Share</i>	<i>83.7%</i>	<i>83.5%</i>
<b>Additional 2015 EE Contributions</b>		<b>\$42,000</b>

## 2015 Proposed Medical Surcharges Tobacco and Spousal Surcharges

Tobacco Surcharge	
<b>\$75.00/month Tobacco Surcharge</b>	
66	# of COG Employees paying the surcharge
82	# of GUC Employees paying the surcharge
<b>\$75</b>	Monthly Surcharge Amount
\$34.62	Bi-Weekly Surcharge Amount
\$59,400	COG Contributions from Surcharge
\$73,800	GUC Contributions from Surcharge
<b>\$66,000</b>	<b>Contributions January – June</b>
<b>\$66,000</b>	<b>Contributions July – December</b>
<b>\$133,000</b>	<b>2015 TOTAL Tobacco Surcharge Contributions</b>

Spousal Surcharge	
<b>\$100.00/month spousal surcharge</b> (if spouse has an alternative option for health care coverage)	
70	# of COG Employees paying the surcharge
47	# of GUC Employees paying the surcharge
\$100	Monthly Surcharge Amount
\$46.15	Bi-Weekly Surcharge Amount
\$84,000	COG Contributions from Surcharge
\$56,400	GUC Contributions from Surcharge
<b>\$70,000</b>	<b>Contributions January – June</b>
<b>\$70,000</b>	<b>Contributions July – December</b>
<b>\$140,000</b>	<b>2015 TOTAL Spousal Surcharge Contributions</b>

\*Assumes the amount of employees paying the surcharge remains constant throughout the projection period.

\* Employee counts paying surcharges were taken from Census data provided in July 2014.

Tobacco surcharge will increase to \$100/month in 2016 and will also apply to spouses  
Spousal surcharge will remain \$100/month in 2016



## 2015 Dental Plan Financial Projections and Contribution Summary

COG/GUC Dental Projections	2014 Updated Projection (Actual Data Through June)	2015 Projection (Status Quo)	% Change
Dental Claims	\$807,500	\$834,800	3.4%
Admin Fees	\$39,600	\$40,400	2.0%
<b>TOTAL PROJECTED COST</b>	<b>\$847,100</b>	<b>\$875,200</b>	<b>3.3%</b>
Average Enrollment	1,155	\$1,153	
Budget (Based on 2014 premium equivalent rates)	\$856,400	\$854,500	
<b>Surplus Relative to Budgeted Premiums</b>	<b>\$9,300</b>		
<b>% Surplus Relative to Budgeted Premiums</b>	<b>1.1%</b>		
<b>2014 Increase Needed (\$)</b>		<b>\$20,700</b>	
<b>2014 Increase Needed (%)</b>		<b>2.4%</b>	

Employee Contributions				
Tier	2014 Current	2015 Proposed	\$ Change	% Change
EE Only	\$7.30	\$7.48	\$0.18	2.4%
EE + SP	\$27.84	\$28.52	\$0.68	2.4%
EE + CH	\$24.53	\$25.13	\$0.60	2.4%
EE + FAM	\$39.79	\$40.75	\$0.96	2.4%

# APPENDIX

## 2015 Projections Medical/Rx/Vision Caveats & Assumptions

- Projection period uses a rolling 24 months of claims experience (July 2012 – June 2014) with 70%/30% weighting for current/prior periods, respectively.
- Current experience period Trend (*July 2013 – June 2014*).
  - Medical/Vision = 6.75%, Rx = 7.5%.
- Prior experience period Trend (*July 2012 – June 2013*).
  - Medical/Vision = 7.25%, Rx = 6.5%.
- Medical margin assumption = 2%.
- ASO fees increase 2% over 2014 fees (guaranteed through Cigna fee escalator for 2015).
- Stop loss premiums are assumed to increase 20% over 2014.
- Total enrollment is assumed to remain constant throughout the projection period and equal to the most recent month (June 2014).
- 2015 Reinsurance Fee amount of \$44.00 PMPY included in projection.
- Enrollment to calculate employee contributions and surcharges throughout the presentation for tobacco used June 2014 census data provided by the City of Greenville and Greenville Utilities Commission.
- *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 provided.*

## 2015 Projections Dental Caveats & Assumptions

- Projection period uses a rolling 12 months of claims experience (July 2013 – June 2014).
- Dental Trend = 4%.
- Dental margin assumption = 2%.
- ASO fees increase 2% over 2014 fees (guaranteed through Cigna fee escalator for 2015).
- Total enrollment is assumed to remain constant throughout the projection period and equal to the most recent month (June 2014).

*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 provided.*

# PPO Plan Design Benchmarking

Medical Plan Provisions	2014 COG/GUC CORE	2014 COG/GUC ENHANCED	NC City/County (500 +)	City Government (500+)	Utilities (500 +)	South (500+)
In-Network Deductibles (Individual)	\$500	\$250	\$750	\$438	\$400	\$500
In-Network Deductibles (Family)	\$1,000	\$500	\$1,500	\$1,000	\$1,000	\$1,500
Out-of-Pocket Max (Individual)	\$2,500	\$1,500	\$3,500	\$2,000	\$2,000	\$2,500
Out-of-Pocket Max (Family)	\$5,000	\$3,000	\$7,000	\$4,500	\$4,000	\$5,500
Office Visit Copay (PCP/Specialist)	\$15/\$30	\$15/\$30	\$25/\$45	\$20/\$40	\$20/\$38	\$25/\$40
Coinsurance	20%	10%	20%	20%	20%	20%
Retail Rx	\$10/\$20/\$40	\$10/\$20/\$40	\$11/\$31/\$51	\$11/\$27/\$45	\$9/\$24/\$39	\$11/\$33/\$54
Mail-Order Rx	\$0/\$40/\$80	\$0/\$40/\$80	\$20/\$71/\$112	\$18/\$55/\$100	\$16/\$49/\$85	\$22/\$68/\$114
Employee Only Contribution %	3%	8%	11%	14%	20%	24%
Employee Only Contribution \$	\$15	\$49	\$69	\$95	\$96	\$113
Family Contribution %	13%	19%	52%	23%	23%	34%
Family Contribution \$	\$225	\$353	\$449	\$337	\$314	\$440

## 2015 Recommendations:

- Increase deductibles and out-of-pocket maximums on both plans.
- Increase PCP and Specialist visit copays.
- Increase coinsurance on Enhanced plan.
- Add employee only tier to salary band structure (raising overall employee only contributions).
- Increase Enhanced plan contributions.

# The 2018 Excise Tax

- 40% excise tax starting in 2018 on “high cost” employer-sponsored coverage.
  - Employees include former employees and surviving spouses.
  - Tax is on the “excess benefit” (the amount over the below dollar caps).
- Initial cap set at \$10,200/self-only and \$27,500 “coverage other than self-only” (family).
  - Higher thresholds (\$11,850/\$30,950) for retirees and workers in high-risk professions.
  - Higher threshold (\$27,500) for single multi-employer plan coverage.
  - Complex cost indexing and adjustments may apply.
- Awaiting additional guidance (how it will be collected, how thresholds will be indexed, special interest groups lobbying for exemptions).

**Estimated Annual Excise Tax**

	2018	2019	2020	2021	2022	
<b>CORE</b>	0% Trend	\$0	\$0	\$0	\$0	
	7% Trend	\$0	\$0	\$6,000	\$33,000	\$64,000
	14% Trend	\$1,043,000	\$1,169,000	\$1,306,000	\$1,485,000	\$1,680,000
<b>ENHANCED</b>	0% Trend	\$0	\$0	\$0	\$0	
	7% Trend	\$91,000	\$152,000	\$219,000	\$321,000	\$482,000
	14% Trend	\$3,638,000	\$4,024,000	\$4,441,000	\$4,972,000	\$5,550,000
<b>TOTAL</b>	0% Trend	\$0	\$0	\$0	\$0	
	7% Trend	\$91,000	\$152,000	\$225,000	\$354,000	\$546,000
	14% Trend	\$4,681,000	\$5,193,000	\$5,747,000	\$6,457,000	\$7,230,000

- 7% is anticipated market trend.
- Figures above include amounts above the threshold for all benefit tiers per plan per year.
- Does not reflect any FSA funding at this time. FSA, HRA, and HSA funding accumulates toward the thresholds.



Services provided by Mercer Health & Benefits LLC.