

Health Insurance – Update for 2017/2018 Plan Year

Tulsa FOP 93 Health & Welfare Trust



Intent – Why are we Here?

To share information with all of the members of the FOP 93 H&W Trust, so we can make the best decisions for your money and your health

- **Health Insurance is an important part of your compensation package (second only to your pay) and it affects you physically and financially**
- **We believe through sharing information and working together we can make this benefit more effective and valuable for everyone**

What Are We Going to Cover?

- *Self Insurance Recap*
- *Med & Rx Plan Structure*
- *Financial Update – Plan Costs & Reserves*
- *How Can You Save Money?*

Self Insurance Recap

FOP 93 is Self-Insured and the funds flow through a VEBA Trust. This means...

- The Trust hires a Third Party Administrator to process claims and provide access to networks and discounts
- All claims are paid directly from the Trust; avoiding the cost of insurance company overhead and profit
- The Trust hires a Stop Loss Carrier and pays premiums to cover very large claims
- All Funds are held in a VEBA Trust which means the dollars can only be used to provide benefits to its members; all savings generated remain in the Trust
- The Trust is funded through a monthly contribution (per enrolled member, per month) from the City of Tulsa, determined through the negotiation process, and your payroll deductions

Current FOP 93 Medical Plans

	Standard	Value	HDHP Select
Deductible:	\$1,000/\$2,000 (In) \$2,000/\$4,000 (Out)	\$1,500/\$3,000 (In)	\$5,000/\$10,000 (In)
Co-Insurance:	80% In/50% Out	80% In/0% Out	100% In/0% Out
Office Visit Copay:	\$40/\$50/\$60 (In)	\$40/\$50/\$60	\$40-3 Visits*/Ded/Ded
Out of Pocket Max:	\$1,500/\$3,000 (In) \$3,000/\$6,000 (Out)	\$2,500/\$5,000 (In)	\$5,000 (In)
Network:	CCOK Standard	CCOK Select	CCOK Standard
CareATC Clinic:	No	Yes	No
\$0 Radiology/Rx/PT:	Yes	Yes	Yes
Monthly Cost – Tier 4:	\$144/\$596	\$96/476	\$0/\$238
Monthly Cost – Tier 3:	\$150/\$626	\$100/\$500	\$0/\$250
Monthly Cost – Tier 2:	\$158/\$658	\$106/\$526	\$0/\$264
Monthly Cost – Tier 1:	\$166/\$690	\$110/\$550	\$0/\$276
Employees Enrolled:	81	677	39
Covered Lives:	151	1818	57

*3 PRIMARY OFFICE VISITS COVERED WITH A COPAY, REMAINDER SUBJECT TO DEDUCTIBLE.

FOP 93 Medical Plan Providers

Service:	Your Provider:
TPA – Claims Processor	Community Care
Provider Network	Community Care Standard & Select
Plan Administrator	Rooney Insurance
Stop Loss Carrier	HCC Life
Pharmacy Benefit Manager	Medalist RX
\$0 Nearsite Clinic (Value Plan)	CareATC
\$0 Radiology Services	Envision Imaging
\$0 Generic RX - Formulary	Reasors/Couch Pharmacy
\$0 Chiropractic Care	Terry Tatum/Mark Peery
\$0 Physical Therapy	Eastern Oklahoma Wellness Center

FOP 93 Actual Medical Plan Costs

Category of Spend	2017/18	2016/17	2015/16
TPA - Community Care	\$305,000	\$273,000	\$443,000 (run in)
Stop Loss - HCC Life	\$435,000	\$430,000	\$427,000
Plan Administrator - Rooney	\$215,000	\$215,000	\$215,000
CareATC Clinics	\$581,000	\$483,000	\$446,000
Radiology - Envision Imaging	\$119,000	\$126,000	\$106,000
Rx Contracts - Reasors/Couch	\$33,000	\$27,000	\$20,000
Chiro Contracts - Tatum/Peery	\$174,000	\$199,000	\$158,000
Misc Expenses/Credits	\$13,000	\$7,000	\$58,000
Medical Claims	\$4,887,000	\$4,671,000	\$4,937,000
Rx Claims	<u>\$1,713,000</u>	<u>\$1,606,000</u>	<u>\$1,938,000</u>
Total Med/Rx Plans Cost:	\$8,475,000	\$8,037,000	\$8,748,000

*Plan expenses in the 14/15 Plan year exceeded \$9M

Flow of Funds Through the Trust

	2017/18	2016/17	2015/16
Funds from COT for Med & Rx:	\$6,307,000	\$5,809,000	\$5,919,000
Funds from Active EE Premiums:	\$2,567,000	\$2,422,000	\$2,406,000
Funds from Retiree & COBRA Premiums:	\$937,000	\$936,000	\$879,000
Total Plan Expenses for Med & Rx:	<u>\$8,475,000</u>	<u>\$8,037,000</u>	<u>\$8,748,000</u>
Surplus/(Deficit):	\$1,336,000	\$1,130,000	\$456,000

*Reserves showed a deficit in the 14/15 plan year of \$800k

Overview of Reserves – 6-30-18

Actuarial Estimate of Reserves Needed: \$4.2M*

Current Reserve Level: \$4.2M*

Items that will negatively impact Reserves during 17/18:

-Impact of Dental Funding Change: \$300k annualized

-Impact of Wellness Tier 4 Discounts: \$120k annualized

*Plan Funding set at \$9.3M versus Actuarial Estimate of \$10.9M for 17/18

*Reserve dollars needed is a moving target each month based on enrollment and medical inflation – both are going up

*Amount in the Trust's Reserve Investment account at BOK as of June 30, 2018; does not include Operating Expense Funds

How Can You Save Money?

- **Pay less each month by qualifying for premium discounts**
- **Pay less for the services you need. This includes:**
 - Trust:** Negotiating favorable contracts with all vendors associated with your Plan
 - Members:** Choosing the medical providers that offer the best value (value = high quality + low cost)
- **Consume fewer medical services. This includes:**
 - Focus on prevention and chronic condition management to reduce the need for costly medical services (oh, and this improves your quantity and quality of life too...)

Premium Discounts - 2018

- Tier 1 – 0% discount: No participation in PHA
- Tier 2 – 5% discount: Participation in PHA
- Tier 3 – 10% discount: Participation in PHA + Negative Nicotine Test (or Tobacco Cessation Class)

Premium Discounts - 2019

- Tier 1 – 0%: No PHA (same)
- Tier 2 – 5%: PHA Participation (same)
- Tier 3 – 10%: Participation in PHA + Negative Nicotine Test (or Tobacco Cessation Class) **OR**
PHA + Waist/Height Ratio met or Nutrition Class)
- Tier 4 – 15%: PHA + Negative Nicotine (or Class) + Meets Waist/Height Ratio (Improvement or Class)

Pay Less for the Services You Need

➤ Choose the best place/level of care:

	<u>Avg Cost to Trust:</u>
CareATC Clinic Visit:	\$ 0* (*flat fee)
Primary Care Dr Office Visit:	\$120
Urgent Care Office Visit:	\$135
Specialist Office Visit:	\$281
Emergency Room:	\$1870

➤ Prescriptions:

Specialty Rx:	\$3,435
Average Brand Name Rx:	\$467
Average Generic Rx:	\$33
CareATC Dispensed Rx:	\$10

New Benefit Offerings!

Medication Responsiveness Testing –

- Available to a pilot group of eligible members who are enrolled in the Value Plan
- Eligible members will be notified via mail from CareATC
- Testing is completely free of charge and the results are strictly confidential

Home Sleep Studies –

- Available to all members enrolled in the Value Plan
- Over 90% of all patients being prescribed a Sleep Study are eligible to have this done at home
- Service provided through Connect DME – You can contact them at 918.600.5799 for more information

Questions?

Thank You For Your Time!