

# 2018 Health Insurance

Office of Human Resources  
Heather Britton, Director of Benefits and Wellness

# Health Insurance Committee

The Employee Health Insurance Committee established per Chapter 18, Article VI, Division 2 of the DRMC. Responsible for advising the Career Service board and OHR Executive Director of the needs of persons in the employ of the City and County of Denver for medical, dental, life, and long-term disability insurance...

Current members, as follows, are appointed by the Mayor:

Councilman Wayne New  
Stephanie Adams (Budget)  
Gisela Shanahan (DIA)  
Arthur Gilkison (PR)  
Roni Kirchhevel (DERP)

Bill Mitchell (Police)  
Robbie Gilmour (Police)  
Toni Jones (Sheriff)  
Connie Coyle (Sheriff)  
Anne Carter (OHR)  
John Utterback (GS)

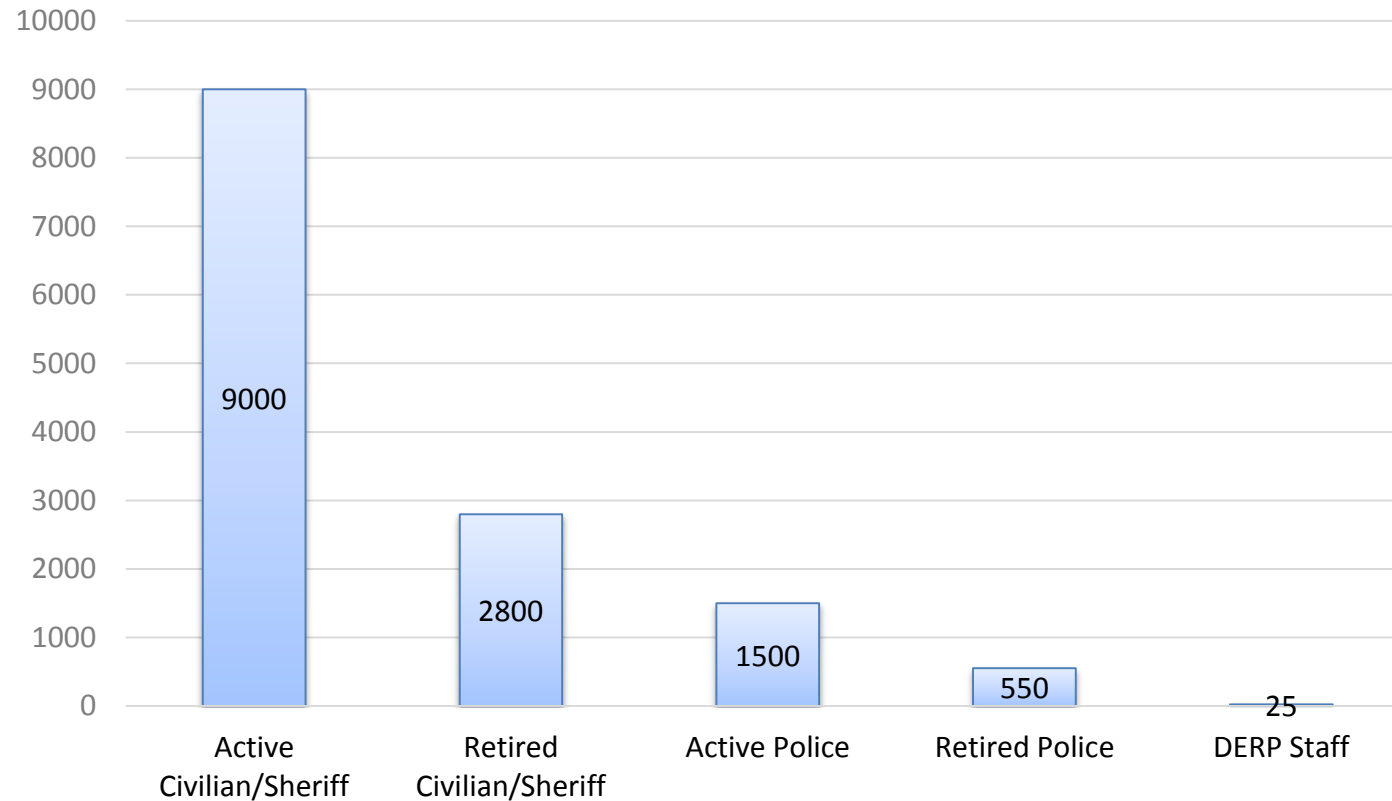
## Executive Order 8 (XO 8)

“Agencies should limit the duration of contracts to three to five years at which time a new solicitation should be initiated...”

- 2017 is the fifth year of both the medical and dental contracts
- OHR along with the City’s consultant, Lockton, solicited competitive proposals (RFP) of all vendors interested in providing medical and dental to City employees.

# Medical RFP, continued

- Nearly 14,000 employees and retirees plus 20,000 dependents:



# Review of the Vendor Selection Process

- 01/17/17 - The EHIC approved the scoring criteria and corresponding matrix and a subcommittee was selected.
- 01/26/17 - Medical and Dental RFP's were released to the market with scoring matrix.
- 02/02/17 - A Bidder's conference was held.
- 02/24/17 - Proposals were due to Lockton
- 04/04/17 - Medical finalist meetings conducted by subcommittee.
- 04/05/17 - The subcommittee finalized scoring for Medical and Dental finalists
- 05/10/17 - Full committee voted to maintain Kaiser, United HealthCare and Delta Dental. Recommendations of committee were confirmed by the OHR Executive Director.

# Medical Plan Review

# Recommended 2018 Medical Structure

1. Continue partnering with three carriers
  - a) Kaiser
  - b) UHC
  - c) Denver Health
2. Continue offering two plans per carrier (for a total of six plans):
  - a) High Deductible Health Plan (HDHP)
  - b) Deductible HMO (DHMO)
3. Continue with current City premium contribution – Insurance premiums subsidized on the same percentage basis established in 2016.
4. Continue with current plan designs (no changes to copays, deductibles or out-of-pocket maximums).
5. Modify City HSA contribution

# Denver Medical Plans

	<b>DHMO</b>	<b>HDHP</b>
Carrier	<b>Kaiser UHC (Navigate) DHMP</b>	<b>Kaiser UHC DHMP</b>
Office visits	<b>Copay (may also involve deductible/coinsurance)</b>	<b>Deductible/coinsurance</b>
Hospitalization	<b>Deductible/coinsurance</b>	<b>Deductible/coinsurance</b>
Procedure	<b>Deductible/coinsurance</b>	<b>Deductible/coinsurance</b>
Prescription	<b>Copay</b>	<b>Deductible/Copays</b>
Savings Vehicle	<b>FSA</b>	<b>HSA</b>



# High Deductible Health Plan (HDHP)

- Low up-front pay check cost (premium)
- Member is responsible for all costs to a preset deductible:
  - \$1,350 deductible individual coverage and
  - \$2,700 deductible if dependents enrolled.
- Member pays 20%\* coinsurance for services after deductible is met.
- All expenses, including deductible, count toward annual out-of-pocket maximum of \$2,700 individual and \$5,400 family.
- Paired with a Health Savings Account (HSA)

\*10% for Denver Health

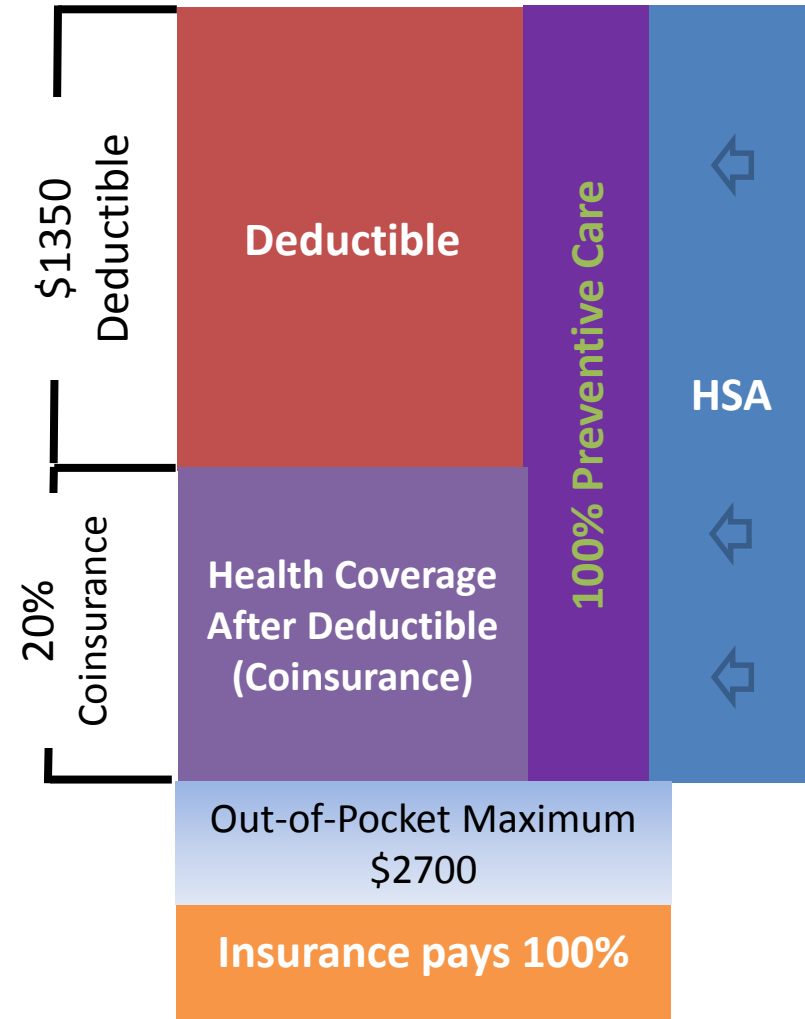
# Health Savings Account (HSA) with HDHP

- Pre-tax account used to pay for qualified health expenses.
- Must be enrolled in a HDHP to contribute.
- Can be funded by employee and employer contributions.
- Portable - because it's the employee's account.
- Flexible - can stop/start/change contribution at any time and unused funds roll over to next plan year.

# Health Savings Account (HSA) with HDHP

## High Deductible Health Plan (HDHP)

- Preventive care always free.
- Member responsible for all non-preventive costs up to a pre-set deductible.
- Once deductible is met, employees pay 20% of remaining costs, called coinsurance.
- Once expenses hit the *out-of-pocket maximum*, member pays nothing.
- An HSA is used to pay for expenses



# Deductible HMO (DHMO)

- Copays for Doctor Visits and Prescriptions
- Deductibles and Coinsurance for all other services
  - \$500 single / \$1,500 family Deductible
  - 20% Coinsurance
- Out-of-Pocket Max:
  - \$3,000 single / \$6,000 family
- Paired with Flexible Spending Account
- UHC calls their plan Navigate. Navigate has per occurrence deductibles (POD) for some services.

# 2018 Changes

# No Changes in 2018

The Health Insurance Committee recommends no changes in rates or plan designs from 2017 to 2018 for the following City-sponsored benefits:

- Dental - Retain Delta Dental after competitive bid and retain same benefits and rates from 2017 in to 2018.
- Vision
- Life / Disability
- FSA

# Summary of 2018 Recommendations

1. Medical Premium Increases (shared equally between City and Employee)
2. HSA contribution potentially equal to previous years, with delivery modifications:
  - a. Employees must contribute their own money
  - b. Contributions are received monthly
  - c. Portion received through monthly match and the rest through wellness incentive.
3. DHMO participants may receive up to \$300 in premium reductions with completion of wellness incentive.

# HDHP Rates

	Tier	City Contribution	2017 Employee Monthly Rates	2018 Employee Monthly Rates	Monthly Change
Kaiser HDHP	Employee Only	95%	\$19.90	<b>\$21.97</b>	<b>\$2.07</b>
	Employee+Spouse	87.5%	\$109.42	<b>\$120.82</b>	<b>\$11.40</b>
	Employee + Children	90%	\$79.58	<b>\$87.87</b>	<b>\$8.29</b>
	Family	85%	\$190.99	<b>\$210.85</b>	<b>\$19.86</b>
UHC HDHP	Employee Only	95%	\$31.19	<b>\$34.21</b>	<b>\$3.03</b>
	Employee+Spouse	87.5%	\$171.54	<b>\$188.18</b>	<b>\$16.64</b>
	Employee + Children	90%	\$124.76	<b>\$136.86</b>	<b>\$12.10</b>
	Family	85%	\$299.40	<b>\$328.44</b>	<b>\$29.04</b>
DHMP HDHP	Employee Only	95%	\$23.18	<b>\$25.96</b>	<b>\$2.78</b>
	Employee+Spouse	87.5%	\$127.50	<b>\$142.80</b>	<b>\$15.30</b>
	Employee + Children	90%	\$92.73	<b>\$103.86</b>	<b>\$11.13</b>
	Family	85%	\$222.55	<b>\$249.26</b>	<b>\$26.70</b>



# DHMO Rates

	Tier	City Contribution	2017 Employee Monthly Rates	2018 Employee Monthly Rates	Monthly Change
Kaiser DHMO	Employee Only	85%	\$74	<b>\$81.70</b>	<b>\$7.70</b>
	Employee+Spouse	77.5%	\$244.19	<b>\$269.62</b>	<b>\$25.43</b>
	Employee + Children	80%	\$197.33	<b>\$217.87</b>	<b>\$20.55</b>
	Family	75%	\$394.65	<b>\$435.75</b>	<b>\$41.09</b>
UHC Navigate	Employee Only	85%	\$97.97	<b>\$107.47</b>	<b>\$9.50</b>
	Employee+Spouse	77.5%	\$323.30	<b>\$354.66</b>	<b>\$31.36</b>
	Employee + Children	80%	\$261.26	<b>\$286.60</b>	<b>\$25.34</b>
	Family	75%	\$522.60	<b>\$573.29</b>	<b>\$50.69</b>
DHMP DHMO	Employee Only	85%	\$88.23	<b>\$104.07</b>	<b>\$15.83</b>
	Employee+Spouse	77.5%	\$291.18	<b>\$343.42</b>	<b>\$52.25</b>
	Employee + Children	80%	\$235.29	<b>\$277.51</b>	<b>\$42.22</b>
	Family	75%	\$470.59	<b>\$573.29</b>	<b>\$84.44</b>

# 2016/2017 HSA Contribution

- Since the introduction of the high deductible health plans (HDHP) in 2016, the City financially assisted employees with a health savings account (HSA) contribution.
- In 2016 and 2017 the contribution was a lump sum grant – employees we're not required to contribute their own money.

HDHP Coverage Tier (OPM)	Annual City HSA Contribution	Timing of City Contribution	Required Employee HSA Contribution
Single: \$2,700	<b>\$600</b>	<b>Immediately</b>	<b>\$0</b>
Family: \$5,400	<b>\$1,200</b>	<b>Immediately</b>	<b>\$0</b>

# 2018 HSA Recommendation - Match

- 1. Employees electing the single HDHP:** for every \$1 per month the employee deposits into their HSA, the City will provide a \$2 match to a maximum of \$25 per month or \$300 annually.
- 2. Employees enrolling dependents on the HDHP:** for every \$1 per month the employee deposits into their HSA, the City will provide a \$2 match to a maximum of \$75 per month or \$900 annually.

HDHP Coverage Tier (OPM)	Max City HSA Match	Required Employee HSA Contribution	Timing of City Contribution
Single: \$2,700	Up to \$300/year (\$25/month)	At least \$150 (\$12.50/month)	Monthly
Family: \$5,400	Up to \$900/year (\$75/month)	At least \$450 (\$37.50/month)	Monthly

# Wellness Incentive: \$300

\$300 Wellness Incentive for participants who complete the established requirements of the wellness program, administered by the Office of Human Resources, prior to the program deadline of October 31, 2017:

1. HSA contribution for HDHP participants: the City will provide a \$25 per month HSA contribution with a maximum annual contribution of \$300.
- OR -
2. For DHMO participants: the City will provide a \$25 per month premium reduction

# Why Wellness?

## Chronic Conditions cost us all:

**\$104,000,000** = Denver's Total 2016 Medical Premiums  
\$90,584,000 = City's Portion  
\$13,416,000 = Employee's portion

**27%** of Denver's population has one or more chronic condition

And

They account for 62% of medical spend or

**\$64,480,000**

# Why Wellness?

## The goal of OHR's wellness program is to:

- Decrease medical spend, through
- Increased employee understanding of their healthcare and
- Incentivizing employees to engage with their physician to prevent or manage chronic conditions.

# OHR Wellness Incentive

After logging on to [www.cityofdenverwellness.com](http://www.cityofdenverwellness.com), employees earn the incentive by:

1. Completing the member health assessment
2. Taking the physician screening form to their doctor to fill out then uploading to [www.cityofdenverwellness.com](http://www.cityofdenverwellness.com)
3. Entering the dates of three of their most recent preventive care screenings (dentist appointment, cancer screenings, etc.)

# Year-over-Year Costs - Single

Year	Plan	Out of pocket Max (OPM)	City HSA Cont.	Required Employee HSA Cont.	Annual Employee premiums	Max employee Liability	Annual City Premiums	Total City Contribution (premium + HSA)
2015	Kaiser HMO	\$3,000	n/a	n/a	\$1,631	<b>\$4,631</b>	\$4,893	<b>\$4,893</b>
<b>2016</b>	<b>Kaiser HDHP</b>	\$2,700	\$600	\$0	\$219	<b>\$2,319</b>	\$4,174	<b>\$4,774</b>
2017	Kaiser HDHP	\$2,700	\$600	\$0	\$238	<b>\$2,338</b>	\$4,536	<b>\$5,136</b>
2018	Kaiser HDHP	\$2,700	\$600	\$150	\$263	<b>\$2,513</b>	\$5,008	<b>\$5,608</b>



# Year-over-Year Costs - Family

Year	Plan	Out of pocket Max (OPM)	City HSA Cont.	Required Employee HSA Cont.	Annual Employee premiums	Max employee Liability	Annual City Premiums	Total City Contribution (premium + HSA)
2015	UHC HMO	\$6,000	n/a	n/a	\$11,795	<b>\$17,795</b>	\$21,904	<b>\$21,904</b>
<b>2016</b>	<b>UHC HDHP</b>	\$5,400	\$1,200	\$0	\$3,458	<b>\$7,658</b>	\$19,595	<b>\$20,795</b>
2017	UHC HDHP	\$5,400	\$1,200	\$0	\$3,593	<b>\$7,793</b>	\$20,360	<b>\$21,560</b>
2018	UHC HDHP	\$5,400	\$1,200	\$450	\$3,941	<b>\$8,591</b>	\$22,334	<b>\$23,534</b>