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## **2020 Benefit Changes**

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



# 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)

Kim Bowser (Police)  
Robbie Gilmour (Police)  
Toni Jones (Sheriff)  
Connie Coyle (Sheriff)  
Tammy Davis (OHR)  
John Utterback (GS)



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## **2020 Ordinance Modifications**

# Summary of Ordinance Modifications

## Wellness Incentive

- Remove specific date (need to update each year) to maintain incentive year-over-year

## Life Insurance

- Modify to increase city-paid maximum benefit from \$100,000 to \$400,000 (two times annual salary).

## Bereavement Leave

- Modify to both reflect the composition of an immediate family in today's society and to make the definition gender neutral.

# Wellness Incentive (ordinance change)

- Continue Incentivizing employees to engage in improving their individual health and wellbeing with an annual incentive:
  - Complete requirements by 11/30 of each year to receive the following:
    - HDHP - \$600 HSA contribution in January the following year
    - DHMO - \$50/month premium reduction the following year

# Life Insurance (ordinance change)

- Current city-paid benefit is two times the employee's annual salary to a maximum of \$100,000. Employees who are part-time receive a benefit equal to 1.5 times their annual salary.
- Proposal is to provide all benefit eligible employees a benefit equal to two times their annual salary to a maximum of \$400,000.

# Bereavement Leave (ordinance change)

- The Office of Human Resources requests that City Council update the definition of immediate family for purposes of Chapter 18, Article V, Division 1, to both reflect the composition of an immediate family in today's society and to make the definition gender neutral.

Old Version	Proposal
Spouse	Spouse
Domestic Partner	Domestic Partner & Partner in a Civil Union
Child, Child-in-law, Child of domestic partner, Minor children for whom the employee / domestic partner provide day-to-day care and financial support	Child, Child-in-law, Child of domestic partner, Child of partner in Civil Union, Step-child, child through guardianship, child through adoption, child for whom the employee / spouse / partner provide day-to-day care or financial support, child lost through stillbirth
Parent, Parent-in-law, Parent of domestic partner	Parent, Parent-in-law, Parent of domestic partner or partner in a civil union, Step-parent, parent through guardianship, adoptive parent
Sibling, Sibling-in-law, Sibling of domestic partner	Sibling, Sibling-in-law, Sibling of domestic partner or partner in a civil union, Step-sibling, Sibling through guardianship, Adoptive sibling
Grandparent	Grandparent
Grandchild	Grandchild



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## **Medical Plan Review**



# Enrollment by Plan

Civilian and Sheriff	Employee	Employee + Children	Employee + Spouse	Family	Total
Denver Health DHMO	126	14	28	19	187
Denver Health HDHP	272	48	47	69	436
Kaiser DHMO	858	282	236	279	1655
Kaiser HDHP	1385	509	381	690	2965
UHC Navigate	415	127	99	118	759
UHC HDHP	1001	304	297	443	2045
DHMO enrollment	1399	423	363	416	2601
HDHP enrollment	2658	861	725	1202	5446

# Denver Medical Plans

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

# Medical 2020 Modifications – Informational

1. Increase HDHP deductibles and out-of-pocket maximum to align with federal requirements.
2. Replace UHC Navigate with UHC Colorado Doctor's Plan (CDP)
3. Modify Kaiser and Denver Health DHMO co-pays to match CDP
4. Self-fund the UHC plans

# High Deductible Health Plan - Costs

	Federal 2020	2019 City	2020 City
Deductible minimum (single)	\$1,400	\$1,350	<b>\$1,450</b>
Deductible minimum (family)	\$2,800	\$2,700	<b>\$2,900</b>
Out-of-pocket max (single)	\$6,900	\$2,700	<b>\$2,900</b>
Out-of-pocket max (family)	\$13,800	\$5,400	<b>\$5,800</b>

- For deductibles, it is Denver's intent to stay just above the federal minimum.
- Positively, this helps employees by limiting their annual health care cost.
- Negatively, this requires Denver to increase the limit every time the federal government releases cost of living adjustments (annually). For 2020, the City chose to stay \$50 above the federal max, possibly avoiding a 2021 adjustment.



# UHC Colorado Doctor's Plan (CDP)

	2019 Navigate	2020 CDP
<b>Network</b>	<b>Navigate Network</b>	<b><i>Centura Only</i></b>
<b>Preventive</b>	\$0	\$0
<b>Primary Care visit</b>	\$25	<b>\$0</b>
<b>Specialist office visit</b>	\$50	<b>\$75</b>
<b>Deductible</b>	\$500 single/\$1500 family	\$500 single/\$1500 family
<b>Coinsurance</b>	20% after deductible	20% after deductible
<b>Urgent Care</b>	\$75	\$0
<b>Out-of-Pocket Max (OPM)</b>	\$3,000 single/\$6,000 family	<b>\$4,500 single/\$9,000 family</b>
<b>Prescriptions</b>		
Tier 1	\$15 copay	<b>\$10 copay</b>
Tier 2	\$45 copay	<b>\$35 copay</b>
Tier 3	\$60 copay	<b>\$60 copay</b>
Tier 4	n/a	<b>\$100 copay</b>

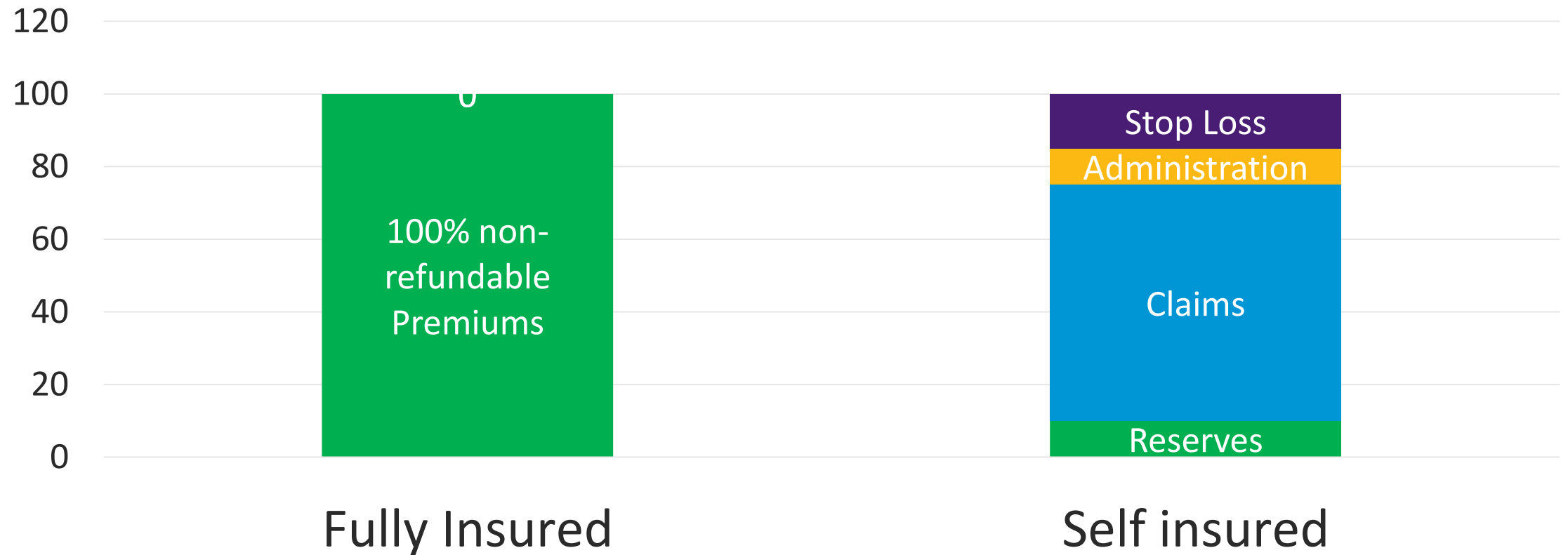
# Kaiser DHMO

	2019	2020
<b>Preventive</b>	Free	Free
<b>Primary Care visit</b>	\$30 copay	<b>\$0 copay</b>
<b>Specialist office visit</b>	\$50 copay	<b>\$75 copay</b>
<b>Urgent Care</b>	\$75	<b>\$0</b>
<b>Emergency Room</b>	\$200	<b>\$300</b>
<b>Deductible</b>	\$500 single/\$1500 family	\$500 single/\$1500 family
<b>Coinsurance</b>	20% after deductible	20% after deductible
<b>Out-of-Pocket Max (OPM)</b>	\$3,000 single/\$6,000 family	<b>\$4,500 single/\$9,000 family</b>
<b>Prescription Drugs</b>		
Tier 1	\$20 copay	\$20 copay
Tier 2	\$40 copay	\$40 copay
Tier 3	\$60 copay	\$60 copay

# New self-funded model for UHC medical:

- Transparent to employees
- Recommended by the Auditor's office in 2018 audit of OHR compensation and benefits due to the savings available through this funding model. OHR agreed.
- Denver is currently UHC's largest fully insured contract. Most firms over 1000 employees are self-funded.
- Flexibility of plan design and greater access to data to proactively manage the plan
- Cash flow
  - CCD pays claims when they are paid to the provider
  - Provides for short and long-term financial efficiency
  - Realize savings when claims are low; protection if claims are high
  - No premium tax
  - No margin for carrier profit and risk transfer
  - CCD holds our own financial reserves

# Fully Insured vs. Self-funding





# Cost of Fully Insuring or Self-funding 3-Year Projection (UnitedHealthcare)



# Local jurisdictions that self-fund their medical plans

- State of Colorado
- Colorado Springs
- Larimer County
- Summit County
- Fort Collins
- Aurora
- Arvada
- Broomfield
- Douglas County

# How Denver Compares - Nationally

- Phoenix, Hennepin County Minnesota, El Paso, Maricopa County, Bellevue, Memphis, Montgomery County Alabama, Juneau Alaska, Kitsap County Washington, Houston, Henderson Nevada, Long beach California, Salt Lake City, Alameda County and Milwaukee are self-funded.
  - OHR contacted all of these jurisdictions:
    - *"Self-funding in itself saves the City of Phoenix almost \$6 million/year in premium expense."*
    - *"Milwaukee has had a wonderful experience after transitioning from a fully insured plan to a self funded plan approximately 7 years ago."*

# 2020 Medical Plan Rate Increases

1. Kaiser Permanente - 6%
2. UnitedHealthCare - 0.09% increase to fund contingency
3. Denver Health Medical Plan - 6.25%



# Enrollment by Plan

Civilian and Sheriff	Employee	Employee + Children	Employee + Spouse	Family	Total
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# DHMO – Monthly Rates

	Tier	2019 City Share	2019 Employee Cost/month	2020 City Share	2020 Employee Cost/month
<b>Kaiser DHMO</b>	Employee Only	<b>84%</b>	<b>\$91.83</b>	84%	\$97.36
	Employee + Spouse	<b>76.5%</b>	<b>\$296.72</b>	76.5%	\$314.61
	Employee + Children	<b>79%</b>	<b>\$241.05</b>	79%	\$255.58
	Family	<b>74%</b>	<b>\$477.51</b>	74%	\$506.30
<b>UHC DHMO</b>	Employee Only	<b>84%</b>	<b>\$121.11</b>	84%	\$114.32
	Employee + Spouse	<b>76.5%</b>	<b>\$391.35</b>	76.5%	\$369.41
	Employee + Children	<b>79%</b>	<b>\$317.93</b>	79%	\$300.10
	Family	<b>74%</b>	<b>\$629.90</b>	74%	\$594.58
<b>DHMP DHMO</b>	Employee Only	<b>84%</b>	<b>\$119.59</b>	84%	\$127.06
	Employee + Spouse	<b>76.5%</b>	<b>\$386.42</b>	76.5%	\$410.57
	Employee + Children	<b>79%</b>	<b>\$313.91</b>	79%	\$333.54
	Family	<b>74%</b>	<b>\$621.85</b>	74%	\$660.73

# HDHP – Monthly Rates

	Tier	2019 City Share	2019 Employee Cost/month	2020 City Share	2020 Employee Cost/month
Kaiser HDHP	Employee Only	94.5%	\$25.48	94.5%	\$27.03
	Employee + Spouse	87%	\$132.50	87%	\$140.54
	Employee + Children	89.5%	\$97.29	89.5%	\$103.20
	Family	84.5%	\$229.75	84.5%	\$243.70
UHC HDHP	Employee Only	94.5%	\$39.76	94.5%	\$41.30
	Employee + Spouse	87%	\$206.76	87%	\$214.70
	Employee + Children	89.5%	\$151.82	89.5%	\$157.65
	Family	84.5%	\$358.57	84.5%	\$372.34
DHMP HDHP	Employee Only	94.5%	\$30.77	94.5%	\$32.69
	Employee + Spouse	87%	\$160.00	87%	\$170.00
	Employee + Children	89.5%	\$117.48	89.5%	\$124.83
	Family	84.5%	\$277.48	84.5%	\$294.83

# HSA Match

- Maintain City contribution for participants enrolled in the HDHP:
  - Single HDHP enrollees: up to \$300/year
    - (\$2 from the City for every \$1 the employee contributes)
  - Family HDHP enrollees: up to \$900/year
    - (\$2 from the City for every \$1 the employee contributes)
  - Contributed each paycheck.



# Summary of 2020 Recommended Changes

## Ordinance Modifications:

Wellness: modify ordinance to maintain the benefit year-over-year.

Life Insurance: Increase city-paid benefit to align with current salaries

Bereavement Leave: modernize definition of eligible dependent

## Medical (no modification to ordinance required)

1. Increase HDHP Deductibles and out of pocket maximums to align with federal requirements.
2. Replace UHC Navigate with UHC Colorado Doctor's Plan (CDP)
3. Modify Kaiser and Denver Health DHMO co-pays to match CDP
4. Self-fund the UHC medical plans