



2016 City Health Care Changes

What You Need to Know



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History



Why Do Employers Provide Health Coverage?

- Bargained during World War II due to wage and price controls
- Many attempts for national health care from 1945 until today
- All failed with the exception of Medicare, Medicaid and the Affordable Care Act (ACA)
- New issues faced with ACA requirements for employees and Employers
- City has been a part of State Plan through Employee Trust Funds (ETF) since 1991

Health Maintenance Organization (HMO) vs. Preferred Provider Option (PPO)



HMO

- Restricted access to providers- must be referred by primary care doctor
- Restrictions to services provides a more economic level of health care (services are not over used)
- Little to no out of pocket cost to employees

PPO

- Greater access to providers
- Employee can self refer
- In-Network vs. Out-of-Network coverage (90/10 or 70/30)
- Usually has a higher cost for the monthly premium
- 1 PPO plan is offered with coverage only in Dane County

Old Plan (Option 2) vs. New Plan (Option 14)



Option 2

- No deductibles and little to no out of pocket cost to employees
- No idea of the cost of services
- Cost of plan continues to go up

Option 14

- Deductible: \$500 single or \$1,000 for a family plan
- Employees pay the first \$500 or \$1,000 of non-preventative medical services
- Preventive services paid at 100%
- Cost of plan continues to go up

Pop Quiz: Is It Subject to the Deductible?



- My child has a broken leg
 - I need a colonoscopy
 - I need a physical
 - I need an eye exam
 - I think I have the flu
 - I need a mammogram
 - My child needs vaccinations
 - I need stitches in the ER
 - I need to visit my therapist
- Yes
 - No
 - No
 - Yes
 - Yes
 - No
 - No
 - Yes
 - Yes

Health Insurance Premiums: City's Share vs. Employee's Share



General Municipal Employees

- Act 10 prevents the City from contributing more than 88% of the monthly premium
- Why is there no “free” provider for 2016?
- Could that change in 2017?

Protective Services and Transit

- Act 32 prevents the City from bargaining plan design with Police and Fire (prohibited practice)
- Can bargain premium share
- 105% or 100% of the lowest cost provider
- Transit retains all pre-Act 10 bargaining rights

Changes to Rx - Changes Affect All Options



- Level 1: \$5 for the cost of the prescription
- Level 2: 20% of the cost of the prescription (\$50 max per fill)
- Level 3: 40% of the cost of the prescription (\$150 max per fill)
- Level 4 Preferred: \$50 for the cost of the prescription
- Level 4 Non-preferred: 40% of the cost of the prescription (\$200 max per fill)
- A “fill” is a 30 day supply
- Mail order option exists

Changes to Rx - Continued



- Maximum out of pocket costs (stop losses)
 - Level 1 and 2:
 - ✦ Single = \$600
 - ✦ Family = \$1,200
 - Level 3 and Level 4 non-preferred:
 - ✦ Single = \$6,850
 - ✦ Family = \$13,700
 - Level 4 (only for preferred):
 - ✦ Single = \$1,200
 - ✦ Family = \$2,400
- Some individual limits apply even if family out of cost limits are not met

How to Reduce Costs - Flex Spending



- Section 125 plan (IRS code)
 - Saves costs through pre-tax deductions
- Maximum contribution:
 - Medical: \$2,550
 - Child-care: \$5,000
- Deductibles ***can be paid*** from this account (\$500 or \$1000)
- Health premiums ***cannot be paid*** from this account
- Rx co-pays can be paid for from this account

Pop Quiz: Can It Be Paid by My Flex Plan?



- Premiums
- ER Co-pay
- Prescriptions
- Eyeglasses
- Over the counter meds
- Deductible (non-preventative)
- Dental work
- Hearing aids
- Mental health services
- Child-care
- No
- Yes
- Yes
- Yes
- No (except with Rx)
- Yes
- Yes
- Yes
- Yes
- Yes
- Yes

Example - Single



- 3 prescriptions: 2 generic, 1 brand name – \$720 total cost
\$600 Out-of-Pocket maximum
- Annual physical - \$0 (Preventive)*
- 1 Flu shot- \$0 (Preventive)
- Deductible: \$500 for non-preventive services
Office calls, ER visits, etc. related to illness or injury
- **\$1,100 flex spending election**

*Certain tests or screenings done as part of an annual physical exam may be subject to the deductible

Example - Family



- 5 prescriptions: 3 generic, 2 brand name - \$1,380 total cost
\$1,200 Out-of-Pocket maximum
- Annual physicals: \$0 (Preventive)*
- Mammogram: \$0 (Preventive)
- Well baby check-ups: \$0 (Preventive)
- 4 flu shots: \$0 (Preventive)
- Deductible: \$1,000 for non-preventive services for all**
- **\$2,200 flex spending election**

*Certain tests or screenings done as part of an annual physical exam may be subject to the deductible

**There is a \$500 stop loss per individual under a family plan

Work Sheet



Medical Flexible Spending Account Worksheet



Start by reviewing prior years' receipts for medical expenses (healthcare, dental, and vision) that you paid for out-of-pocket. This may be helpful in determining your annual Flexible Spending Account election for next year.

Budget only for expenses that are eligible for reimbursement through a medical Flexible Spending Account and that will be incurred during the next plan year.

(Be sure to include expenses for you, your spouse, and other eligible dependents.)

Information on eligible expenses is attached to this worksheet.

| Type of Service | Number of Visits per Year | Cost per Visit | Mileage Cost per Visit = Average miles per Visit * X Mileage Rate (\$0.25 /mile) | Annual Cost = Number of Visits X (Cost per Visit + Mileage Cost per Visit) |
|---|---------------------------|-------------------------|---|---|
| Office Visits (Including Specialists) | Example: 10 visits | Example: \$25 copayment | Example: 10 miles X \$0.25/mile = \$4.00 | Example: 10 X (\$25 + \$4.00) = \$294.00 |
| Chiropractor Visits | | | | |
| Hospitalization or Surgery | | | | |
| Emergency Room Visits (\$60 copayment**) | | | | |
| Speech, Physical, or Occupational Therapy | | | | |
| Counseling or Therapy Sessions to Treat a Medical Condition | | | | |
| TOTAL ANNUAL MEDICAL SERVICE COST | | | | |

| Type of Product | Monthly Cost | Annual Cost = Monthly Cost X 12 |
|--|--------------|------------------------------------|
| Prescriptions | | |
| Over-the-counter supplies and equipment (contact lens supplies, diabetic supplies, etc.) | | |
| TOTAL ANNUAL MEDICAL PRODUCT COST | | |

| Other Medical Expenses | Annual Cost |
|---|-------------|
| Other anticipated medical expenses (One-time medical, dental, or vision expenses, one-time prescriptions, etc.) | |
| TOTAL ANNUAL OTHER MEDICAL EXPENSES COST | |

| TOTAL ANNUAL MEDICAL FLEXIBLE SPENDING ACCOUNT ELECTION | |
|--|--|
| = Total Annual Medical Service Cost + Total Annual Medical Product Cost + Total Annual Other Medical Expenses Cost | |

* Average Miles per visit is defined as the average number of miles to and from a medical provider for one visit. This mileage is an eligible expense for reimbursement through a medical Flexible Spending Account. Mileage rates change annually.

** Waived if admitted as an inpatient directly from the emergency room or for observation for 24 hours or longer.

Questions?



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- Contact Human Resources
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