



# Overview of 2020 Benefit Plan Year

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MAYOR

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# COA Benefit Plans Annual Review

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- Benefit Plan Benchmarks
- Other Post Employment Benefits (OPEB) Overview
- Health Plan Demographics/Costs
- Health Plan Challenges
- Benefit Plan Changes – 2020
- Benefit and Wellness Plan Initiatives - 2020
- Open Enrollment



# COA Benefit Plans Benchmarks

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- COA is the 3<sup>rd</sup> largest public sector health plan in the State of Georgia and the largest municipality in the Southeast; over 22,000 covered lives with an estimated \$155 million dollars annual insurance budget
- August 2017 – opened state of the art free onsite Employee Wellness Center which offers:
  - Health Clinic
  - Fitness Center
  - EAP Services
- COA like all public sector employers is faced with challenges associated with Federal Government Accounting Regulations required for funding Other Postemployment Benefits (OPEB) Retiree Health Benefit Coverage
- Funding of Affordable Care Act (ACA) regulations and taxes – long-term impact of the program



# COA Benefit Plans Benchmarks

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- Inability to completely utilize Medicare payments for retirees age 65+ who were hired prior to 1986, the City did not participate in Medicare prior to that time and it prevents the City from moving Medicare Eligible participants over to a Medicare Advantage Plan
  
- High prevalence of costly chronic diseases in both active and retired employee population
  
- COA Medical Plans are richer than those provided by similar employers from a nationally, regionally and local prospective
  - Plan designs with Lower Deductible/Co-insurances/Office Visit Copays
  - Competitive Employee/Retiree contributions rates
  - Retiree Benefit Plans are similar to those benefits offered to Active Employees and are considerably better than most public and private sector employers



# OPEB Overview

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- As a result of the Federal Accounting Guidelines, State and local governments are now required to put the OPEB liability on their annual balance sheet this adds a large and unsustainable element to employer's net financial position as presented in their annual basic financial statement
- OPEB covers non-pension benefits provided to full-time employees upon retirement
  - These benefits include healthcare insurance to eligible retirees, their families and beneficiaries
  - These benefits are available to eligible participants until their death
- Approximately 30% of our Retirees who would be eligible to participate in Medicare are not eligible because the City did not contribute to Medicare for them. This is the City's most critical concern relating to OPEB and has a significant financial impact, due to our inability to shift 80% of the potential medical cost over to Medicare



# OPEB Overview

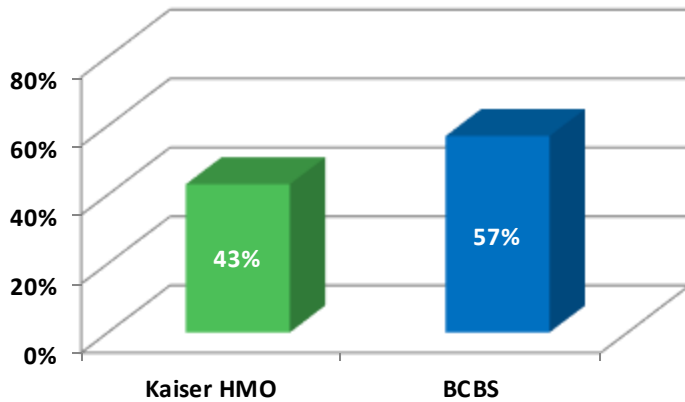
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- Full OPEB Analysis is required every 2 years
  - Segal Consultant completed past two analysis
  
- The 2017 OPEB Review indicated the following:
  - OPEB Liability of \$1,207,873,659
  - Overall liability increased slightly from 2015 analysis; however, plan designs changes and wellness initiatives have significantly help reduced potential increases in OPEB costs
  
- The 2019 OPEB Review indicated the following:
  - OPEB Liability of \$949,936,024
  - A decrease of \$257,937,635 from the prior 2017 valuation
  - Decrease primarily due to changing health care cost assumptions, (2) and changing demographic assumptions to mimic changes pension valuation
  - Health plan coverage changes also contributed to the decrease

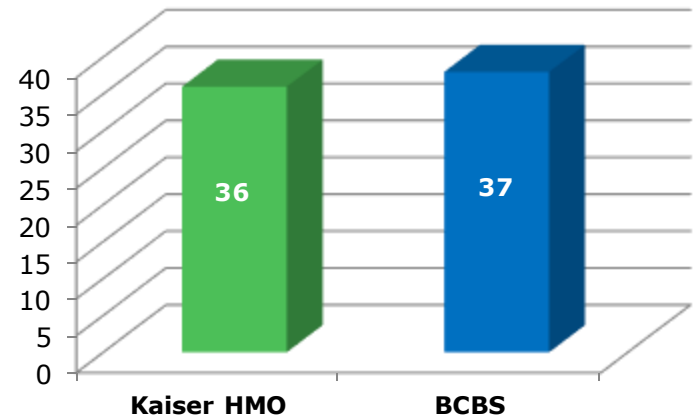


# COA Demographic Overview

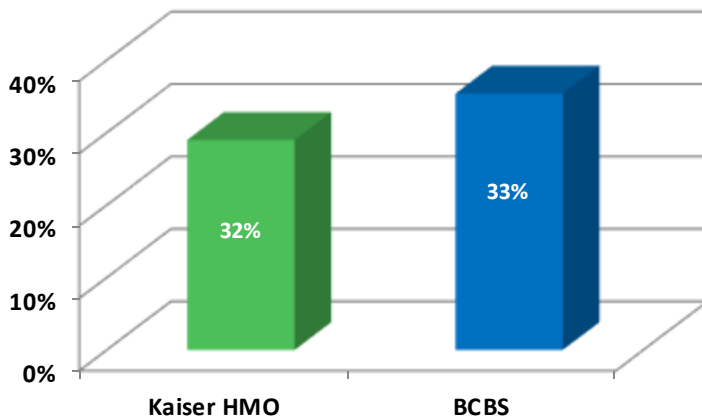
### Active COA Employee and Retiree Enrollment



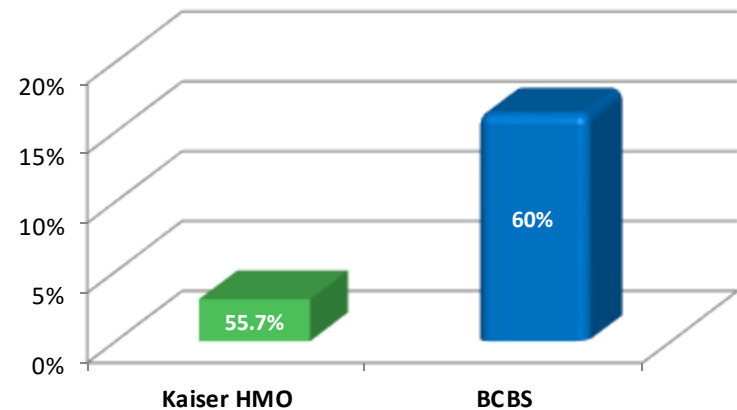
### Average Age of Active Plan Members



### Percent of Plan Members Age 50 +



### Percent of total cost for Plan Members Age 50+





## Annual Medical/Dental Expenses from 2012-2017 (City + Employee)

Plan Year	Annual Total Medical/Dental Expense	Increase Over Prior Year
2013	\$115,300,000	(2.12%)
2014	\$118,900,000	3.1%
2015	\$124,600,000	4.8%
2016	\$129,300,000	3.8%
2017	\$141,500,000	8.6%
2018	\$152,500,000	8.0%

- Three factors drive the overall spend – healthcare inflation, high cost inpatient claims and projected medical loss ratio and specialty pharmacy medication
- National medical and dental expenses average annual increases – 8 to 10%
- The annual total expenses listed above do not include Incurred But Not Reported (IBNR) claims which have averaged an additional \$5 to \$6 million dollars annually





# Average Medical Insurance Premium Increases for Anthem BCBS POS /Kaiser HMO (City & Employee) from 2013-2018

Plan Year	Premium Increase Over Prior Year
2013 - 2014	4.4%
2014 - 2015	5.6%
2015 - 2016	3.98%
2017 - 2018	*1.0%
2019	**8.0%
2020	Proposed 9.0%

- \* BCBS POS (1.8%) decrease/Kaiser HMO 3.2% increase- for 16-month plan year (September 2017 through December 2018)
- \*\* 2019 COA Benefit Plan Year changed to a calendar plan year – City’s Contribution Premium Percentage changed – (City 71%) – (Employee/Retiree 29%)
- COA Average Medical Premium Increase for a 5-year period 3.8%
- National average medical insurance premiums 8 to 10% for public sector employers



# COA Health Plans Challenges for 2020

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- Prevalence of chronic disease (diabetes, hypertension, obesity) continues to have a significant impact on medical cost increases
- Working with contracted vendors to get high costs claims members clinically engaged in their health care decision making process to limit the number of hospital inpatient stays
- Managing the 20% of the population that drives 80% of our overall costs
- Reduction of Inpatient Claims and Specialty Drugs costs since they are the primary contributors for medical cost increases
- OPEB/Retiree Health Benefit Coverage
- Affordable Care Act – long-term financial and regulatory impact



# COA Health Plans Challenges- High Cost Claims

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- In 2018, High Cost Claims had a significant impact on medical cost increase as a result of high prevalence of cancer, chronic disease, medical technology and specialty Rx drugs
  - **Anthem** – 45 member (claims>\$200,00) 0.3% of the membership accounts for 19.7% of all cost
    - 88.8% of members with claims greater than \$200k are in the active status in the plan
    - Active Employees are responsible for 73.6% of HCC
  - **Kaiser** – 35 members (claims>\$100,000) 0.2% of the membership accounts for 18.1% of the medical spend in 2018
- Anthem – Per Member Per Month (PMPM) medical trend was 19.7% higher than previous year without high cost claims included
- Kaiser - Per Member Per Month (PMPM) medical trend was 8% higher than previous year without high cost claims included
- Cancer diagnosis / Circulatory diseases treatment significantly increased in 2018 medical costs



# Benefits Plans Changes 2020

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- Medical Benefit premium increases are due to significant changes in annual healthcare costs and the insurance fund deficit for the past two years
- Anthem BCBS Dental will be the provider for the PPO Dental Plan
  - All participants that are covered by MetLife Dental will be automatically switched over to Anthem BCBS
- No Plan Changes
- Contracted Vendors
  - Medical – Anthem BCBS POS/Kaiser HMO/United Health Care Senior Advantage
  - Dental Plans – Anthem BCBS/ Aetna
  - Vision Plan – United Healthcare Vision
  - Life Insurance Plan – Anthem BCBS
  - Voluntary Benefits – AFLAC/MetLife



# Medical Insurance Rates for 2020 Benefit Plan Year (January - December)

- **Medical insurance premium increases for 2020 Benefit Plan Year (9% increase for Anthem BCBS/Kaiser)**
  - Anthem BCBS POS – 9% due to health care costs increase
  - Kaiser Permanente HMO – 9% due to health care costs increase
  - Anthem BCBS (Medicare Advantage) – 12.5% increase due to ACA taxes
  - Kaiser Senior Advantage (Medicare Advantage) - 24% decrease in cost
  - UHC Healthcare (Medicare Advantage) – 8% increase due to ACA taxes
    - Medicare Part A & Part B Plan - ( premium increase for Part B Only Plan)
- **Dental Insurance**
  - \*Anthem BCBS PPO Dental – (New vendor) No premium changes
  - Aetna Dental DHMO Plan – No premium changes
- **Vision Insurance**
  - United Healthcare Vision – No premium changes
- **Life Insurance**
  - Anthem BCBS Life Insurance – No premium changes



# Medical Insurance Rates for 2020 Benefit Plan Year (January through December) **PROPOSED RATES**

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- Contributions-(COA 71%)    Active Employee (29%)

- Medical POS/HMO: Bi-Weekly Employee Contribution

	<u>Kaiser HMO</u>	<u>Anthem BCBS POS</u>
Employee Only	\$6.99    increase	\$7.52    increase
Employee & Family	\$23.08    increase	\$24.86    increase
Employee & Child(ren)	\$12.24    increase	\$13.17    increase

- Medical HDHP: Bi-Weekly Employee Contribution

	<u>Kaiser HMO/HDHP</u>	<u>Anthem BCBS POS/HDHP</u>
Employee Only	\$5.82    increase	\$6.26    increase
Employee & Family	\$17.49    increase	\$20.69    increase
Employee & Spouse/DP	\$14.57    increase	\$15.67    increase
Employee & Child(ren)	\$9.68    increase	\$10.76    increase



# Proposed Insurance Rates for – 2020 Benefit Plan Year

## PROPOSED RATES

- Contributions-(COA 71%) Retirees (29%)

- Medical: Monthly Retiree Contribution – Non-Medicare Plans Increase

	<u>Kaiser HMO</u>	<u>Anthem BCBS POS</u>
Retiree Only	\$15.15 increase	\$16.44 increase
Retiree & Spouse/DP	\$37.88 increase	\$41.16 increase

- Medical : Monthly Retiree Contribution – Medicare Advantage Increase/Decrease

	<u>*Kaiser</u>	<u>*Anthem</u>	<u>*UHC</u>	<u>**UHC B only</u>
Retiree Only	\$(13.40)	\$8.60	\$4.62	\$13.41
Retiree & Spouse/DP	\$(26.83)	\$17.20	\$9.24	\$26.83

Non-Medicare Eligible Spouse/Domestic Partner/Dependents are not eligible to participate in UHC Medicare Advantage Plans

\*Medicare Part A & Part B required with \$104.90 average monthly Part B Premium required

\*\*Medicare Part B required with \$104.90 average monthly Part B Premium required



# COA 2020 - Benefits and Wellness Plan Initiatives

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- OPEB/Retiree Health Benefit Coverage
  - Review benefit coverage and potential eligibility changes for Retiree Health Insurance coverage as it relates to reducing the City's long-term financial liability associated OPEB Costs
- Continue with development of benefit plan designs and wellness initiatives to manage the 20% of the population that drives 80% of our overall costs
- Allow dependents of COA Employees who are covered under the City's medical benefits to utilize the COA Employees Health Clinic no later than June 2020
- Reduction of Inpatient Claims and Specialty Drugs costs since they are the primary contributor for the medical cost increase
- Continued coordination of citywide wellness initiatives with Employee Wellness Center and Contracted Medical Vendors





# COA 2020 Open Enrollment Information

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- Open Enrollment Period: November 4 through November 18
- This is a passive Open Enrollment for a (12) twelve months period January 1, 2020 through December 31, 2020. All Active and Retired Employees who want to make changes to their benefit selection must do so during this time. If no changes are made during the Open Enrollment period, the current benefits selections will automatically rollover. No benefit changes can be made unless there is life event change, after Open Enrollment. **Insurance premiums will remain in place for a 12-month period ending December 31, 2020**
- **Active Employees who participate in the Flexible Spending Account (FSA) and Dependent Care Reimbursement (DCR) Plans will be required to make benefit selections during the Open Enrollment Period in order to continue coverage for the full calendar year of 2020 (January 1, 2020 through December 31, 2020. The IRS guidelines restrict plan participation to a 12 months period and there are no automatic rollover enrollment processes.**



# COA 2020 Open Enrollment Information

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- Reminder – the City of Atlanta benefit plan year is now on a calendar year January through December (12 - month period) - **If no benefit changes are made during the Open Enrollment, your coverage will automatically default to the same plan options for the 2020 benefit plan year.**
- Active Employees are **required** to make all benefit selections through Employee Self-Service (ATL Cloud) Retirees can enroll via hard copy forms or through Employee Self-Service (ATL Cloud)
- **Active Employees and Retiree who need assistance with online services or other benefit related matters can obtain assistance directly from the Employee Benefits Office – City Hall Tower – Suite 2170 from 8:15 A.M. until 5:00 P.M.**
- Additional benefits information is available on COA benefits website: **benefits.atlantaga.gov**



# COA 2020 Open Enrollment Information

## Open Enrollment For Your 2020 Benefits

Enroll Monday, November 4 to  
Monday, November 18, 2019

Attend an Open Enrollment Information Forum  
**NOVEMBER 2019**

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>4</b> <b>DWM</b> 9:00 AM – 11:00 AM	<b>5</b> <b>DWM</b> 9:00 AM – 11:00 AM	<b>6</b> <b>CT Martin Rec Ctr</b> 10:00 AM – 12:00 PM	<b>7</b> <b>Airport Atrium</b> 10:00 AM – 4:00 PM	<b>8</b> <b>DWM - The Water Lodge</b> 9:00 AM – 12:00 PM	<b>9</b> <b>CT Martin Rec Ctr</b> 10:00 AM – 12:00 PM
<b>11</b>	<b>12</b> <b>Old Council Chambers</b> 9:00 AM – 1:00 PM	<b>13</b> <b>Airport Tech Campus</b> 8:00 AM – 2:00 PM	<b>14</b> <b>Public Safety Headquarters</b> 8:00 AM – 5:00 PM	<b>15</b> <b>Public Safety Headquarters</b> 9:00 AM – 12:00 PM <b>APD Annex/ Hollowell Pkwy</b> 1:00 PM – 4:00 PM	<b>16</b>
<b>18</b> <b>Old Council Chambers</b> 9:00 AM – 1:00 PM <b>Enrollment ends at 11:59 PM</b>					

### OE INFORMATION FORUM LOCATIONS

**APD ANNEX**  
3493 Donald Lee Hollowell Pkwy  
Atlanta, GA 30331

**CITY HALL  
OLD COUNCIL CHAMBERS**  
68 Mitchell Street SE  
3rd Floor  
Atlanta, GA 30303

Parking in the Government Parking Deck  
on 55 Trinity Street – Fee Based

**C.T. MARTIN  
RECREATION CENTER**  
Auditorium 1  
3201 MLK Drive  
Atlanta, GA 30311

**DEPARTMENT OF  
WATERSHED MANAGEMENT**  
Auditorium  
72 Marietta Street  
Atlanta, GA 30303

**DEPARTMENT OF  
WATERSHED MANAGEMENT  
WATER LODGE**  
655 Green Street NW  
Atlanta, GA 30318

**HARTSFIELD-JACKSON  
AIRPORT MAIN TERMINAL**  
6000 North Terminal Parkway  
4th Floor Atrium  
Boeing Cessna Conference Room  
Atlanta, GA 30320  
Park in the Blue Lot North

**HARTSFIELD-JACKSON  
AIRPORT TECHNICAL CAMPUS**  
1255 South Loop Road  
College Park, GA 30337

**PUBLIC SAFETY  
HEADQUARTERS**  
JOC Conference Room  
226 Peachtree Street SW  
Atlanta, GA 30303