

City of Fayetteville Staff Review Form

2021-0573

Legistar File ID

8/17/2021

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Missy Cole

7/26/2021

HUMAN RESOURCES (120)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends City Council approve the 2022 employee benefits renewals as proposed in the staff memo.

Budget Impact:

xxxx.xxx.xxxx-5108.xx

Citywide

Account Number

Fund

Project Number

Project Title

Budgeted Item? Yes

Current Budget \$ 6,146,240.00

Funds Obligated \$ 3,458,417.64

Current Balance \$ 2,687,822.36

Does item have a cost? No

Item Cost \$ -

Budget Adjustment Attached? No

Budget Adjustment \$ -

Remaining Budget \$ 2,687,822.36

V20210527

Purchase Order Number:

Previous Ordinance or Resolution #

Change Order Number:

Approval Date:

Original Contract Number:

Comments:



MEETING OF AUGUST 17, 2021

TO: Mayor and City Council

THRU: Susan Norton, Chief of Staff

FROM: Missy Cole, HR Director

DATE: July 23, 2021

SUBJECT: **2022 Employee Benefits Renewals**

RECOMMENDATION:

Staff recommends Council approve the employee benefits package for 2022 as outlined below and in the attached documents.

BACKGROUND:

Staff and Gallagher Benefit Services, the City's benefits broker, have reviewed the annual renewals for employee insurance plans. Employee benefits renewals are brought forward at this time to ensure the annual open enrollment may proceed according to schedule.

DISCUSSION:

Health Insurance

The one year look back period of the City's health claims shows a 91.2% utilization rate of claims paid versus premiums paid. Under the City's current renewal rate guarantee with Arkansas Blue Cross Blue Shield, this utilization rate would result in a 6% premium increase for 2022 for the City's medical plans.

Staff and the broker have reviewed the structures of the plans and utilization of the City's current offerings of both the HSA-compliant, HDHP and the PPO plan and recommend plan modifications to both plans to negate the 6% premium increase and lower premiums for both plans in 2022 as compared to current 2021 premiums.

The 2022 HDHP plan will have a lower deductible (\$2800 individual/\$5600 family), after deductible is met coinsurance will be 80%, maximum in-network out of pocket (\$5600 individual/\$11,200 family). In adopting this plan structure, the overall premium will decrease by 7.4% from current year's premiums.

The 2022 PPO plan will have a higher deductible (\$1500 individual/\$3000 family), however; this plan will provide co-pays for primary care, specialists and urgent care visits, co-insurance will be 80%, maximum out of pocket (\$4500 individual/\$9000 family). In adopting this plan structure, the overall premium will decrease by 0.6% from current year's premiums. Please refer to the attached document which reflects premium decreases and assumes current cost sharing percentages between employer and employee.

Staff and the broker recommend renewing with Arkansas Blue Cross Blue Shield for 2022 with the proposed plan structure changes and premium decreases of 7.4% to the HDHP option and 0.6% to the PPO option. By moving to the proposed plans, annual cost savings will be over \$800,000.00 to premiums.

COBRA

Staff recommends changing vendors for COBRA administration to Consolidated Admin Services (CAS). The move to CAS will cost an additional \$2,556 annually over WageWorks based on current enrollment. CAS is an Arkansas-based provider that will provide better communication and support for internal and external customers than the current vendor.

City Paid Life and LTD Benefits

OneAmerica has provided a rate hold on Employer Paid Basic Life and Employer Paid LTD products for 2022. Staff recommends renewing with OneAmerica for the same benefit coverage and current rates.

Flexible Spending Accounts

Staff recommends American Fidelity continue as the administrator of Flexible Spending Accounts with no cost for services.

Health Savings Accounts

Staff recommends First Security Bank continue as the administrator of Health Savings Accounts with no cost for services.

Employee Paid Dental Insurance

Delta Dental has provided a rate hold for 2022. Staff recommends renewing with Delta Dental.

Voluntary Employee Paid Benefits

OneAmerica has provided a rate hold for 2022 on employee paid Short Term Disability and Employee Paid Life Insurance. Staff recommends renewing with OneAmerica for these products.

Supplemental Benefits Paid by Employees

Staff recommends continuing to offer additional supplemental benefits to employees through American Fidelity which include: Disability Income Insurance, Accident Only Insurance, Cancer Insurance, Critical Illness Insurance, Life Insurance, AF Term Life Insurance, AAF Permanent Life Insurance and Hospital Gap Insurance.

BUDGET/STAFF IMPACT:

The costs of these planned insurance/benefit items are being budgeted in the City's 2022 budget.

Attachments:

2022 vs. 2021 Health Plan Costs

2022 vs. 2021 Health Plan Costs

PPO Plan

Rate Tier	Total Monthly Premium 2021	Total Monthly Premium 2022	Monthly Employee Contribution 2021	Monthly Employee Contribution 2022	Monthly Employer Contribution 2021	Monthly Employer Contribution 2022	Employee/ Employer Cost-Share %
Employee Only	\$678.44	\$674.34	\$172.92	\$171.88	\$505.52	\$502.46	25.49%/74.51%
Employee + Spouse	\$1,479.32	\$1,470.36	\$558.44	\$555.06	\$920.88	\$915.30	37.75%/62.25%
Employee + Child(ren)	\$1,221.16	\$1,213.76	\$460.98	\$458.18	\$760.18	\$755.58	37.75%/62.25%
Family	\$2,013.42	\$2,001.24	\$760.06	\$755.46	\$1,253.36	\$1,245.78	37.75%/62.25%

High Deductible Health Plan

Rate Tier	Total Monthly Premium 2021	Total Monthly Premium 2022	Monthly Employee Contribution 2021	Monthly Employee Contribution 2022	Monthly Employer Contribution 2021	Monthly Employer Contribution 2022	Employee/ Employer Cost-Share %
Employee Only	\$352.98	\$326.98	\$49.62	\$45.96	\$303.36	\$281.02	14.06%/85.94%
Employee + Spouse	\$761.28	\$705.20	\$113.26	\$104.92	\$648.02	\$600.28	14.88%/85.12%
Employee + Child(ren)	\$576.68	\$534.20	\$85.80	\$79.48	\$490.88	\$454.72	14.88%/85.12%
Family	\$1,069.04	\$990.30	\$159.04	\$147.36	\$910.00	\$842.94	14.88%/85.12%

Overall Comparison of Cost Savings of Staff Proposed Plan vs. Renewal Rate

Rate Tier	Current HDHP Rates	HDHP w/ 6% Renewal	Proposed HDHP	Current PPO Rates	PPO w/ 6% Renewal	Proposed PPO
Employee Only	\$352.98	\$374.16	\$326.98	\$678.44	\$719.15	\$674.34
Employee + Spouse	\$761.28	\$806.96	\$705.20	\$1,479.32	\$1,568.08	\$1,470.36
Employee + Child(ren)	\$576.68	\$611.28	\$534.20	\$1,221.16	\$1,294.43	\$1,213.76
Family	\$1,069.04	\$1,133.18	\$990.30	\$2,013.42	\$2,134.23	\$2,001.24
Total Monthly Premium	\$474,711.24	\$503,193.91	\$439,746.01	\$56,650.94	\$60,050.00	\$56,308.19
Annual Premium	\$5,696,534.88	\$6,038,326.97	\$5,276,952.07	\$679,811.28	\$720,599.96	\$675,698.33
Annual Costs Savings			\$761,374.90			\$44,901.63
Total Annual Savings on Premiums w/ Proposed Plans:						\$806,276.53



CITY OF **FAYETTEVILLE** **ARKANSAS**

Renewal Analysis and Process

Gallagher Benefit Services | 8/17/2021



Gallagher

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Tailored Solutions for your needs



Energy



Equity Advisors



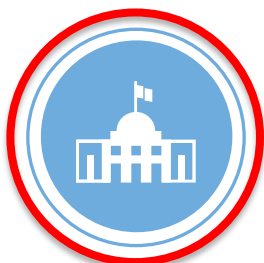
Healthcare



**Higher
Education**



**Hospitality &
Restaurant**



Public Sector



Religious



Nonprofit



Transportation



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Health & Benefits



Consulting and Service Approach

Develop Goals

Understand Your Data

Identify Opportunities

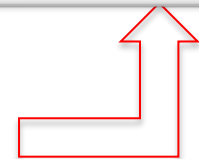
Continue to Optimize



COF Utilization Claims v. Premium

Paid Month/Year	Members	Contracts	Premium	Medical Claims	Pharmacy Claims	Total Claims
05/2020	1,811	780	\$520,271	\$234,449	\$172,767	\$407,216
06/2020	1,793	773	\$502,026	\$299,047	\$138,692	\$437,739
07/2020	1,795	769	\$522,210	\$310,374	\$144,292	\$454,666
08/2020	1,808	774	\$526,645	\$456,266	\$147,125	\$603,391
09/2020	1,783	767	\$518,022	\$316,082	\$129,389	\$445,470
10/2020	1,788	775	\$507,755	\$327,354	\$123,250	\$450,603
11/2020	1,758	766	\$508,222	\$373,080	\$118,270	\$491,349
12/2020	1,764	768	\$522,074	\$382,672	\$124,293	\$506,965
01/2021	1,791	781	\$541,577	\$297,263	\$85,608	\$382,871
02/2021	1,780	776	\$538,313	\$386,882	\$114,594	\$501,476
03/2021	1,771	773	\$532,195	\$300,612	\$163,531	\$464,143
04/2021	1,752	769	\$531,595	\$405,830	\$168,052	\$573,883
Total	21,394	9,271	\$6,270,906	\$4,089,910	\$1,629,862	\$5,719,772

91.2% MLR



Historical Lookback



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Renewal Year	Percent of Increase
2016	6.4%
2017	5.6%
2018	20%
2019	15%
2020	0%
2021	6%

Experience Period	Total Claims	Premium	Paid Loss Ratio
5/1/15 – 4/30/16	\$4,322,202	\$4,216,666	102.5%
5/1/16 – 4/30/17	\$4,576,036	\$4,513,431	101.4%
5/1/17 – 4/30/18	\$4,713,036	\$4,913,154	95.3%
5/1/18 – 4/30/19	\$4,831,586	\$5,757,503	83.9%
5/1/19 – 4/30/20	\$5,455,647	\$6,274,795	86.9%
5/1/20 – 4/30/21	\$5,719,772	\$6,270,906	91.2%
Totals	\$29,618,279	\$31,976,456	92.6%



Paid Distribution of Claims HDHP

	JAN 18 - DEC 18				JAN 19 - DEC 19				JAN 20 - DEC 20			
	CLAIMANTS		PAID		CLAIMANTS		PAID		CLAIMANTS		PAID	
TOTAL PAID	#	%	\$	%	#	%	\$	%	#	%	\$	%
< \$0	3	0.2%	(\$8,166)	0.3%	2	0.1%	(\$651)	0.0%	9	0.5%	(\$7,742)	0.2%
\$0	504	33.7%	\$0	0%	530	31.9%	\$0	0%	322	19.4%	\$0	0%
\$0.01 - \$499	581	38.9%	\$113,457	4.2%	625	37.6%	\$136,347	3.5%	742	44.8%	\$161,823	4.3%
\$500 - \$999	122	8.2%	\$86,639	3.2%	140	8.4%	\$95,340	2.4%	227	13.7%	\$156,385	4.1%
\$1,000 - \$2,499	103	6.9%	\$161,896	6.0%	135	8.1%	\$208,802	5.3%	142	8.6%	\$226,245	6.0%
\$2,500 - \$4,999	65	4.3%	\$225,558	8.4%	76	4.6%	\$279,940	7.1%	65	3.9%	\$238,140	6.3%
\$5,000 - \$9,999	58	3.9%	\$423,899	15.7%	75	4.5%	\$521,270	13.2%	70	4.2%	\$521,246	13.7%
\$10,000 - \$14,999	25	1.7%	\$299,682	11.1%	28	1.7%	\$341,032	8.6%	27	1.6%	\$343,700	9.1%
\$15,000 - \$19,999	7	0.5%	\$113,909	4.2%	11	0.7%	\$188,946	4.8%	14	0.8%	\$253,060	6.7%
\$20,000 - \$24,999	8	0.5%	\$177,151	6.6%	11	0.7%	\$245,692	6.2%	9	0.5%	\$199,778	5.3%
\$25,000 - \$49,999	13	0.9%	\$466,289	17.3%	15	0.9%	\$537,474	13.6%	15	0.9%	\$522,990	13.8%
\$50,000 - \$74,999	2	0.1%	\$136,895	5.1%	8	0.5%	\$491,192	12.5%	7	0.4%	\$404,381	10.7%
\$75,000 - \$99,999	1	0.1%	\$79,776	3.0%	3	0.2%	\$280,563	7.1%	7	0.4%	\$600,539	15.8%
\$100,000 - \$249,999	3	0.2%	\$418,598	15.5%	4	0.2%	\$618,581	15.7%	1	0.1%	\$176,240	4.6%
TOTAL	1,495	100%	\$2,695,582	101%	1,663	100%	\$3,944,528	100%	1,657	100%	\$3,796,785	100%

78.4% of HSA Members spent < \$1,000 in 2020

Paid Distribution of Claims – HDHP & PPO Combined

	JAN 18 - DEC 18				JAN 19 - DEC 19				JAN 20 - DEC 20			
	CLAIMANTS		PAID		CLAIMANTS		PAID		CLAIMANTS		PAID	
TOTAL PAID	#	%	\$	%	#	%	\$	%	#	%	\$	%
< \$0	7	0.4%	(\$10,019)	0.3%	6	0.3%	(\$19,039)	0.4%	12	0.7%	(\$8,394)	0.2%
\$0	557	32.2%	\$0	0%	604	31.7%	\$0	0%	355	19.3%	\$0	0%
\$0.01 - \$499	638	36.9%	\$124,049	3.3%	679	35.6%	\$148,188	2.8%	782	42.5%	\$170,872	2.3%
\$500 - \$999	142	8.2%	\$101,578	2.7%	155	8.1%	\$105,824	2.0%	244	13.2%	\$169,149	3.2%
\$1,000 - \$2,499	129	7.5%	\$203,577	5.5%	160	8.4%	\$248,929	4.6%	175	9.5%	\$278,905	5.3%
\$2,500 - \$4,999	95	5.5%	\$329,404	8.9%	103	5.4%	\$374,864	7.0%	85	4.6%	\$309,523	5.9%
\$5,000 - \$9,999	77	4.5%	\$553,450	14.9%	92	4.8%	\$647,608	12.1%	84	4.6%	\$613,614	11.7%
\$10,000 - \$14,999	33	1.9%	\$402,634	10.8%	37	1.9%	\$459,297	8.6%	34	1.8%	\$437,003	8.3%
\$15,000 - \$19,999	11	0.6%	\$185,659	5.0%	17	0.9%	\$294,463	5.5%	17	0.9%	\$309,297	5.9%
\$20,000 - \$24,999	13	0.8%	\$287,655	7.7%	14	0.7%	\$314,313	5.9%	12	0.7%	\$269,024	5.1%
\$25,000 - \$49,999	18	1.0%	\$642,349	17.3%	19	1.0%	\$660,203	12.3%	21	1.1%	\$700,554	13.4%
\$50,000 - \$74,999	4	0.2%	\$247,865	6.7%	9	0.5%	\$562,188	10.5%	10	0.5%	\$584,336	11.2%
\$75,000 - \$99,999	1	0.1%	\$79,776	2.1%	3	0.2%	\$280,563	5.2%	7	0.4%	\$600,539	11.5%
\$100,000 - \$249,999	4	0.2%	\$568,080	15.3%	7	0.4%	\$1,030,599	19.2%	3	0.2%	\$524,570	10.0%
\$250,000 - \$499,999	-	-	-	-	1	0.1%	\$255,727	4.8%	1	0.1%	\$279,704	5.3%
TOTAL	1,729	100%	\$3,716,054	101%	1,906	100%	\$5,363,745	101%	1,842	100%	\$5,238,697	100%

**75.7% of all members
Members spent
< \$1,000 in 2020**



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Medical Renewal – PPO

Rate Exhibit								
Group Name	City of Fayetteville_Fayetteville Public Library					Age/Gender Factor	0.869	
Group Number(s)	028723 , 028724					Area Factor	1.054	
Effective Date	1/1/2022					Industry Factor	1.150	
	Current	Renewal	4	5	6	7	8	
Line Of Business	BC	BC	BC					
Plan Type	PPO	PPO	PPO					
Group/Benefit	Custom 1000 PPO	Custom 1000 PPO	ALT_OPTION1					
Plan Description			PPO					
Grandfathered Status	Non-Grandfathered	Non-Grandfathered	Non-Grandfathered					
<u>In-Network Benefits</u>								
Deductible - Individual	\$1,000	\$1,000	\$1,500					
Deductible - Family	\$2,000	\$2,000	\$3,000					
Coinsurance	80.0%	80.0%	80.0%					
Individual Coinsurance Max	N/A	N/A	N/A					
Family Coinsurance Max	N/A	N/A	N/A					
Individual True Out Of Pocket	\$3,000	\$3,000	\$4,500					
Family True Out Of Pocket	\$6,000	\$6,000	\$9,000					
Primary Care Office Visits	Coins after Ded	Coins after Ded	\$40					
Specialist Office Visits	Coins after Ded	Coins after Ded	\$80					
Urgent Care Clinic Visits	Coins after Ded	Coins after Ded	\$80					
Emergency Room Visits	Coins after Ded	Coins after Ded	Coins after Ded					
Inpatient Services	Coins after Ded	Coins after Ded	Coins after Ded					
Outpatient Surgical Services	Coins after Ded	Coins after Ded	Coins after Ded					
Wellness Included	Yes	Yes	Yes					
<u>Out of Network Benefits</u>								
Deductible - Individual	\$1,000	\$1,000	\$1,500					
Deductible - Family	\$2,000	\$2,000	\$3,000					
Coinsurance	60.0%	60.0%	60.0%					
Individual Coinsurance Max	\$4,000	\$4,000	\$6,000					
Family Coinsurance Max	\$8,000	\$8,000	\$12,000					
<u>Pharmacy</u>								
Rx Deductible (Before Copays Non-HSA Plans)			\$0					
Generic	\$10	\$10	\$10					
Preferred Brand	\$40	\$40	\$40					
Non-Preferred Brand	\$60	\$60	\$60					
Specialty	\$150	\$150	\$150					
Deductible Type	Fulfillment	Fulfillment	Fulfillment					
TMJ	No	No	No					
Hearing Aid	Yes	Yes	Yes					
Coverage Tier	Employees	Current Rates	Renewal Rates	Rates: Option 4	Rates: Option 5	Rates: Option 6	Rates: Option 7	Rates: Option 8
Employee Only	48	\$678.44	\$719.14	\$674.32		\$0.00	\$0.00	\$0.00
Employee + Spouse	7	\$1,479.32	\$1,568.08	\$1,470.37		\$0.00	\$0.00	\$0.00
Employee + Child(ren)	3	\$1,221.16	\$1,294.42	\$1,213.76		\$0.00	\$0.00	\$0.00
Employee + Spouse + Child(ren)	5	\$2,013.42	\$2,134.22	\$2,001.22		\$0.00	\$0.00	\$0.00
Total Employees / Monthly Premium	63	\$56,650.94	\$60,049.44	\$56,307.25		\$0.00	\$0.00	\$0.00
Annual Premium		\$679,811.28	\$720,593.24	\$675,686.98		\$0.00	\$0.00	\$0.00
Increase/Decrease			6.0%	-0.6%				



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Medical Renewal - HDHP

Rate Exhibit										
Group Name	City of Fayetteville_Fayetteville Public Library							Age/Gender Factor	0.869	
Group Number(s)	028723 , 028724							Area Factor	1.054	
Effective Date	1/1/2022							Industry Factor	1.150	
	Current	Renewal	Options							
			1	2	3	4	5	6	7	8
Line Of Business	BC	BC	BC							
Plan Type	STANDARD HSA	STANDARD HSA	STANDARD HSA							
Group/Benefit	BC 3000-100_HDHP_E	BC 3000-100_HDHP_E	BC 2800-80_HDHP_E							
Plan Description			BC 2800-80_HDHP_E							
Grandfathered Status	Non-Grandfathered	Non-Grandfathered	Non-Grandfathered							
<u>In-Network Benefits</u>										
Deductible - Individual	\$3,000	\$3,000	\$2,800							
Deductible - Family	\$6,000	\$6,000	\$5,600							
Coinsurance	100.0%	100.0%	80.0%							
Individual Coinsurance Max	N/A	N/A	N/A							
Family Coinsurance Max	N/A	N/A	N/A							
Individual True Out Of Pocket	\$3,000	\$3,000	\$5,600							
Family True Out Of Pocket	\$6,000	\$6,000	\$11,200							
Primary Care Office Visits	Coins after Ded	Coins after Ded	Coins after Ded							
Specialist Office Visits	Coins after Ded	Coins after Ded	Coins after Ded							
Urgent Care Clinic Visits	Coins after Ded	Coins after Ded	Coins after Ded							
Emergency Room Visits	Coins after Ded	Coins after Ded	Coins after Ded							
Inpatient Services	Coins after Ded	Coins after Ded	Coins after Ded							
Outpatient Surgical Services	Coins after Ded	Coins after Ded	Coins after Ded							
Wellness Included	Yes	Yes	Yes							
<u>Out of Network Benefits</u>										
Deductible - Individual	\$6,000	\$6,000	\$8,400							
Deductible - Family	\$12,000	\$12,000	\$16,800							
Coinsurance	80.0%	80.0%	60.0%							
Individual Coinsurance Max	\$12,000	\$12,000	\$16,800							
Family Coinsurance Max	\$24,000	\$24,000	\$33,600							
<u>Pharmacy</u>										
Rx Deductible (Before Copays Non-HSA Plans)			N/A							
Generic	Coins after Ded	Coins after Ded	Coins after Ded							
Preferred Brand	Coins after Ded	Coins after Ded	Coins after Ded							
Non-Preferred Brand	Coins after Ded	Coins after Ded	Coins after Ded							
Specialty	Coins after Ded	Coins after Ded	Coins after Ded							
Deductible Type	Embedded	Embedded	Embedded							
TMI	No	No	No							
Hearing Aid	No	No	N/A							
Coverage Tier	Employees	Current Rates	Renewal Rates	Rates: Option 1	Rates: Option 2	Rates: Option 3	Rates: Option 4	Rates: Option 5	Rates: Option 6	Rates: Option 7
Employee Only	304	\$352.98	\$374.16	\$328.98		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employee + Spouse	105	\$761.28	\$806.96	\$705.20		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employee + Child(ren)	61	\$576.68	\$611.28	\$534.20		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employee + Spouse + Child(ren)	236	\$1,069.04	\$1,133.18	\$990.30		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Employees / Monthly Premium	706	\$474,711.24	\$503,193.91	\$439,746.01		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Premium		\$5,696,534.88	\$6,038,326.97	\$5,276,952.07		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Increase/Decrease			6.0%	-7.4%						

Medical Rate Comparison

Overall Comparison of 6% Renewal of Current Health Plans to Proposed Plan Design

BCBS 6% Renewal of Current HDHP Plan								BCBS Proposed HDHP Plan Design					
Rate Tier	2021 HDHP Monthly Rates	HDHP w/ 6% Renewal	# of employees	Monthly Premium cost to COF EE with renewal	Monthly Premium Cost to City w/ Renewal per EE	Total Annual Cost to Employees with 6% renewal	Total Annual Cost to COF	Proposed HDHP	# of employees	Monthly Premium cost to COF EE	Monthly Premium Cost to City	Total Annual Cost to EE w Proposed	Total Annual Cost to COF w/ Proposed
Employee Only	\$352.98	\$374.16	304	\$52.60	\$321.56	\$191,884.80	\$1,173,050.88	\$326.98	304	\$45.96	\$281.02	\$167,662.08	\$1,025,160.96
Employee + Spouse	\$761.28	\$806.96	105	\$120.08	\$686.88	\$151,300.80	\$865,468.80	\$705.20	105	\$104.92	\$600.28	\$132,199.20	\$756,352.80
Employee + Child(ren)	\$576.68	\$611.28	61	\$90.96	\$520.32	\$66,582.72	\$380,874.24	\$534.20	61	\$79.48	\$454.72	\$58,179.36	\$332,855.04
Family	\$1,069.04	\$1,133.18	236	\$168.62	\$964.56	\$477,531.84	\$2,731,633.92	\$990.30	236	\$147.36	\$842.94	\$417,323.52	\$2,387,206.08
Total Employees			706			\$887,300.16	\$5,151,027.84		706			\$775,364.16	\$4,501,574.88
Total Subscribers (EE + Dependents)			1660						1660				

BCBS 6% Renewal of Current PPO Plan								BCBS Proposed PPO Plan Design					
Rate Tier	2021 PPO Monthly Rates	PPO w/ 6% Renewal	# of employees	Monthly Premium cost to COF EE with renewal	Monthly Premium Cost to City w/ Renewal per EE	Total Annual Cost to Employees with 6% renewal	Total Annual Cost to COF	Proposed PPO	# of employees	Monthly Premium cost to COF EE	Monthly Premium Cost to City	Total Annual Cost to EE w Proposed	Total Annual Cost to COF w/ Proposed
Employee Only	\$678.44	\$719.14	48	\$183.30	\$535.84	\$105,580.80	\$308,643.84	\$674.34	48	\$171.88	\$502.46	\$99,002.88	\$289,416.96
Employee + Spouse	\$1,479.32	\$1,568.08	7	\$591.94	\$976.14	\$49,722.96	\$81,995.76	\$1,470.36	7	\$555.06	\$915.30	\$46,625.04	\$76,885.20
Employee + Child(ren)	\$1,221.16	\$1,294.42	3	\$488.64	\$805.78	\$17,591.04	\$29,008.08	\$1,213.76	3	\$458.18	\$755.58	\$16,494.48	\$27,200.88
Family	\$2,013.42	\$2,134.22	5	\$805.66	\$1,328.56	\$48,339.60	\$79,713.60	\$2,001.24	5	\$755.46	\$1,245.78	\$45,327.60	\$74,746.80
Total Employees			63			\$221,234.40	\$499,361.28		63			\$207,450.00	\$468,249.84
Total Subscribers (EE + Dependents)			92						92				

Total Cost to Employees w 6% Renewal Plans \$1,108,534.56
 Total Cost to Employees with Proposed Plans \$982,814.16

Total Cost to COF w/ 6% Renewal Plans \$5,650,389.12
 Total Cost to COF with Proposed Plans \$4,969,824.72

Council Member Benefits

Fayetteville City Code § 31.16

Current Benefits Offered

- Health Insurance – (BCBS)
- Health Savings Account
- Flexible Spending Account
- Accidental Death & Dismemberment – (AML)
- Supplemental Products (American Fidelity):
 - Disability Insurance
 - Whole Life Insurance
 - Term Life Insurance
 - Texas Life Insurance
 - Hospital Gap Insurance
 - Cancer Insurance
 - Accident Insurance
 - Group Critical Illness

Potential Offerings (2022)

- Dental Insurance – (Delta)
- Vision Insurance – (Superior Vision)
- Life Insurance Flat Rate of either \$5K, \$10K or \$15K - (One America)

Thank You!

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Gallagher

Insurance | Risk Management | Consulting

Actual Annual COF Claims Paid

High Deductible Health Plan 3000 (*current plan*)

# of Claimants	Amount of Claim	Amount Paid by Claimant
1484	\$3000 or less	\$3000 or less
158	\$3100 - \$50,000	\$3000
15	\$50,000 - \$250,000	\$3000

High Deductible Health Plan 2800

# of Claimants	Amount of Claim	Amount Paid by Claimant
1484	\$3000 or less	\$2840 or less
158	\$3100 - \$50,000	\$2860 - \$5600
15	\$50,000 - \$250,000	\$5600

Claims data source: BCBS for City of Fayetteville claimants January 1, 2020 – December 31, 2020

HDHP Plan Rates

High Deductible Health Plan 3000 (*current plan*)

Coverage Tier	# EE Plan	EE Monthly Premium	COF Monthly Premium (85-86% of cost)	COF Monthly Contribution to HSA Account
EE	304	\$52.60	\$321.56	\$70.80
E+S	105	\$120.08	\$686.88	\$106.66
E+C	61	\$90.96	\$520.32	\$132.50
Family	236	\$168.62	\$964.56	\$156.66
Total COF Monthly Contribution (premium + HSA)				\$507,029.08
Total COF Annualized Cost:				\$6,084,348.96

High Deductible Health Plan 2800

Coverage Tier	# EE Plan	EE Monthly Premium	COF Monthly Premium (85-86% of cost)	COF Monthly Contribution to HSA Account
EE	304	\$45.96	\$281.02	\$70.80
E+S	105	\$104.92	\$600.28	\$106.66
E+C	61	\$79.48	\$454.72	\$132.50
Family	236	\$147.36	\$842.94	\$156.66
Total COF Monthly Contribution (premium + HSA)				\$452,908.00
Total COF Annualized Cost:				\$5,434,896.00

Annual Employee Max Exposure

High Deductible Health Plan 3000 (*current plan*)

Individual Expense	Annual
Individual premium pd by EE:	\$631.20
EE Out-of-Pocket Max:	\$3000.00
HSA paid by COF:	-\$849.60
Total exposure to employee:	\$2781.60
Family Expense	Annual
Family premium pd by EE	\$2,023.44
Family Out-of-Pocket Max:	\$6000.00
HSA paid by COF:	-\$1879.92
Total exposure to family:	\$6143.52

High Deductible Health Plan 2800

Individual Expense	Annual
Individual premium pd by EE:	\$551.52
EE Out-of-Pocket Max:	\$5600.00 <i>\$2800 + 80/20 coinsurance</i>
HSA paid by COF:	-\$849.60
Total exposure to employee:	\$5301.92
Family Expense	Annual
Family premium pd by EE	\$1,768.32
Family Out-of-Pocket Max:	\$11,200.00 <i>\$5600 + 80/20 coinsurance</i>
HSA paid by COF:	-\$1879.92
Total exposure to family:	\$11,088.40

This is a one-year snapshot of annual maximum exposure and does not factor in HSA balances that employees have built over time.