



MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: Jimmy L. Morales, City Manager 

DATE: July 8, 2013

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for July 8, 2013, at 2:00 P.M. in the City Manager's Large Conference Room.

The agenda is as follows:

OLD BUSINESS

NEW BUSINESS

1. Discussion: Status Update on FY 2013/14 General Fund Operating Budget
2. Review of Budget Advisory Committee Recommendations for Health Insurance Plans

Finance and Citywide Projects Committee Meetings for 2013:

July 08, 2013 (Budget)

July 10, 2013 (Budget)

July 25, 2013

August 21, 2013 (Budget)

September 19, 2013

October 24, 2013

November 14, 2013

December 19, 2013

PDW/rs/kd

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Cc. Mayor and Members of the City Commission
Management Team

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COMMITTEE MEMORANDUM

TO: Members of the Finance & City Wide Projects Committee

FROM: Jimmy Morales, City Manager

DATE: July 8, 2013

SUBJECT: PRELIMINARY GENERAL FUND FY 2013/14 CURRENT SERVICE LEVEL BUDGET

Please find attached a summary of the FY 2013/14 Current Service Level (CSL) budget for the General Fund. This summary shows the current year's FY 2012/13 budget and compares it to the FY 2013/14 CSL budget. The CSL budget reflects budget increases or decreases necessary to provide the current level of services in the coming year.

INITIAL GENERAL FUND BUDGET GAP

On the revenue side for FY 2013/14, based on the July 1, 2013 Certification of Taxable Value from the Miami-Dade County Property Appraiser, values of existing properties increased by 6.9 percent from the July 1, 2012 tax roll certification.

In total, revenues are expected to increase by \$6.1 million for FY 2013/14 principally due to increased property tax as a result of higher property values as well as increased licenses and permits revenue offset by decreases across a number of categories. Property taxes are projected to increase \$7.6 million due to a 6.7 percent increase in taxable values, once City Center Redevelopment Area (RDA) tax increment revenues are excluded. Licenses and permits increased \$2.4 million with the majority coming from increases in Building Department revenues and Rents and Leases are projected to be \$0.55 million over the FY 2012/13 budget. Building revenues can only be used to offset Building Department expenditures. Over the summer we will reconcile Building Department related revenues versus expenditures which may or not be available to offset the projected gap in the General Fund.

These revenue increases were offset by \$2.5 million revenue decreases in other categories including other taxes due to declining telephone utility tax revenue and lower than budgeted electric franchise fee revenue in FY 2012/13, lower than budgeted fines & forfeits, and a decrease in investment interest due to market conditions.

Further, CSL revenues reflect the use of \$2.7 million in prior year surplus specifically set aside for this purpose and \$0.8 million set aside to offset pension increases (a decline from the \$3.4 million and \$2.2 million, respectively, set aside for FY 2012/13), along with \$7.2 million in prior year Parking Fund operating surplus and Building Department reserves of \$1.5 million are also included.

On the expenditure side, CSL expenditures typically have increased between 6 percent and 8 percent annually due to salary and benefit increases and other normal cost of living adjustments. However, FY 2013/14, increases are estimated to result in an approximately

\$11.0 million (4.3 percent) increase in expenditures, similar to the FY 2012/13 CSL increase of 4.6 percent, the majority of which is due to the following:

- A \$2.6 million increase to reflect the impact of a 5 percent step increases for members not at the maximum of their range in the FOP and IAFF bargaining units; and a maximum of 2 percent performance-based merit increase for members of the Government Supervisor's Association (GSA) bargaining unit, the American Federation of State, County and Municipal Employees bargaining unit (AFSCME), Communications Workers of America (CWA) bargaining unit, and unclassified employees. These increases are status quo contract increases, except for CWA members and unclassified employees whose merits have been frozen for the last 3 and 4 years, respectively. There is no Cost of Living Adjustment (COLA) included for any employees.
- A \$0.8 million increase primarily due to Police Department overtime costs increasing over the FY 2012/13 budget amount that anticipated aggressive savings in overtime, to actual needs.
- A \$5.5 million increase in pension costs, which includes an increase of \$2.2 million in Fire and Police and \$3.3 million in the General Fund share of the \$5 million increase Miami Beach Employee Retirement Plan (MBERP) annual required contributions.
- A \$0.2 million increase in health care costs, which reflects lower than budgeted health insurance costs in FY 2012/13. The FY 2013/14 CSL Budget assumes an increase of 10 percent over the FY 2012/13 projected experience as determined by actuarial assumptions based on the claims expenses.
- A \$0.9 million increase in operating costs, a 3.5 percent increase from FY 2012/13 budget.
- A \$1.8 million increase in Internal Service Fund charge-backs to Departments primarily due to similar increases in salary and pension costs as described above that are then charged back to the General Fund, as well as equivalent increases in health insurance costs for retirees, and increases in debt service for fleet vehicles. It is important to note that fuel prices in FY 2013/14 are budgeted at current prices. Should prices increase further, the General Fund will need to fund these increases.
- A \$0.8 million decrease due to the elimination of setting funds aside for future pension increases

The resulting gap between General Fund CSL expenditures and CSL revenues as of the July 1, 2012 Certified values is approximately \$4.9 million. Attachment 1 summarizes the revenues and expenditures.

ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH

On July 1, 2013, the City received the "2013 Certification of Taxable Value" from the Property Appraiser's Office stating that the taxable value for the City of Miami Beach is \$24.7 billion including \$78.1 million in new construction. The preliminary 2013 value represents an increase of \$1.6 billion or 6.9 percent more than the July 1, 2012 Certification of Taxable Value of \$23.1 billion and an increase of 6.5 percent excluding new construction.

The comparative assessed values for the Miami Beach Redevelopment Agency City Center redevelopment district increased from \$3.6 billion to \$3.9 billion an increase of \$263 million or a 7.3 percent increase over 2012 certified values. In addition, assessed values within the geographic area formerly known as the South Pointe redevelopment district increased from

\$3.6 billion to \$3.9 billion an increase of \$297 million, or an 8.2 percent increase in values over 2012 certified values. As a result, taxable values in the areas outside the City Center RDA/South Pointe area increased by 6.3 percent, from \$15.4 billion to \$16.4 billion, an increase of \$974 million.

Citywide values excluding City Center increased from \$19.5 billion to \$20.8 billion, an increase of \$1.3 billion or 6.8 percent. Values outside the City Center area determine General Fund revenues. Adjusting for the base value Center City RDA which remains in the General Fund, the increase is actually 6.7 percent.

COMPARATIVE ASSESSED VALUES

	Jan. 1 2012 Value (in billions)				Jan. 1 2013 Value (in billions)	Change from 2012 Value (Budget)	
	As of July 1 2012 (For FY 2012/13 Budget)	Revised Value (For FY 2012/13 Projection)	Change in 2012 Values	% Chg.		As of July 1 2013 (For 2012/13 Budget)	\$ (in billions)
RDA – City Ctr	\$ 3.6087	\$ 3.4072	\$(0.2015)	-6%	\$ 3.8714	\$ 0.2627	7.3%
South Pointe	3.6181	3.4734	(0.1447)	-4%	3.9148	\$ 0.2967	8.2%
General Fund excl S.Pte	15.8455	15.1414	(0.7041)	-4%	16.8704	\$ 1.0249	6.5%
Total Citywide	\$23.0723	\$22.0220	(1.0503)	-5%	\$ 24.6566	\$ 1.5843	6.9%
Citywide Net of City Ctr	\$ 19.464	\$ 18.615	\$(0.849)	-4%	\$ 20.785	\$ 1.3216	6.8%

DETERMINING THE OPERATING MILLAGE LEVY

The first building block in developing a municipal budget is the establishment of the value of one mill of taxation, wherein the mill is defined as \$1.00 of ad valorem tax for each \$1,000 of property value. For the City of Miami Beach, the value for each mill is determined by the 2013 Certification of Taxable Value and has been set at \$24.6 million. Florida Statutes permit a discount of up to five percent for early payment discounts, delinquencies, etc. Therefore, the 95 percent value of the mill is \$23.4 million. Net of Center City RDA tax increment available to the General Fund, the value of one mill at 95 percent is \$20.0 million.

HISTORICAL PERSPECTIVE

It is important to remember that in prior years, the City of Miami Beach significantly reduced tax rates as property values increased. Between FY 1999/00 and FY 2009/10, total combined City of Miami Beach property tax rates declined approximately 2.8 mills. In FY 2007/08 alone, the millage rate declined by approximately 1.8 mills, with annual savings to

the average homesteaded property of over \$400. Further, despite an adjustment of 0.56 mills in the operating tax rate in FY 2010/11, City of Miami Beach proposed combined millage rates today remain more than 2.3 mills lower than in FY 1999/00 (25 percent), and approximately 1.3 mills lower than 2006/07 when property values were similar to today's values.

BALANCING STRATEGIES

As with the preparation of budgets for the last five years, departments are continuing to analyze and present their budget from two perspectives: 1) a review for potential efficiencies, reorganizations to reduce cost, etc. without impacting services; and 2) performing a modified zero-based analysis of each department budget, identifying potential service reduction alternatives versus core functions. For each of the potential service reductions, departments provided the type of impact and the magnitude of the impact. Core functions were defined as those functions which, if cut, render it impossible for the department to provide basic service at a reasonable level. However, based on my review of department budgets to date, and given the extensive reductions in recent years, I am not expecting to generate significant cost reductions through efficiencies and service reductions.

One of the priorities for cost reduction categories under consideration is reform of the Fire and Police pension plan. This has been a priority during ongoing labor negotiations and I am hopeful that we will be able to incorporate significant reductions in the City's annual required contribution for the FY 2013/14 budget.

The budget development process is still underway, and the City's Proposed Work Plan and Budget will be released later this summer. However, at this point in time, the gap between current service level revenues and expenditures is estimated at \$4.9 million. Through refinements to revenue projections that typically occur over the summer, and use of increased Resort Tax revenues which have been experienced during the current FY 2012/13 fiscal year, this gap is anticipated to be reduced by at least \$2 million. Every million is equivalent to approximately 0.05 mills.

NEXT STEPS IN THE BUDGET PROCESS

After the July 8, FCWPC meeting, the FCWPC will meet on July 10, 2013 to discuss the proposed Capital Improvement Program (CIP), and on July 17, 2013 the Commission will set the preliminary millage rate as part of the annual Truth-in-Millage (TRIM) process.

In August, the FCWPC will meet on the 21st and 22nd to review potential efficiencies, potential service reductions and revenue enhancements, as well as finalize approaches to balance the budget. The FY 2013/14 budget will be adopted in September, 2013 after two budget hearings.

KGB:JW

Attachment



FY 2013/14 GENERAL FUND CURRENT SERVICE LEVEL BUDGET

PRELIMINARY ESTIMATE WITH JULY 1 VALUES

GENERAL FUND REVENUES

CARRYFORWARD TO OFFSET PENSION COSTS LOSS of \$2.2M CARRYFORWARD IN FY 2012/13 - FY 2013/14 \$831,000
OTHER CARRYOVER FROM PRIOR YEAR DECREASED FROM \$3.4 MILLION to \$2.7 MILLION

	FY 2012/13 Adopted Budget	FY 2013/14 Prelim. Est. as of July 1 - Current Millage	\$ Change from Budget	% Change from Budget
GENERAL FUND REVENUES				
Property Taxes	\$114,317,000	\$ 121,965,000	\$7,648,000	6.7%
Property Taxes - Normandy Shores	129,000	147,000	18,000	14.0%
Other Taxes	24,023,000	22,207,000	(1,816,000)	-7.6%
Licenses & Permits	20,033,000	22,421,000	2,388,000	11.9%
Intergovernmental	9,827,000	9,907,000	80,000	0.8%
Charges For Services	10,668,000	10,629,000	(39,000)	-0.4%
Fines and Forfeits	2,199,000	2,019,000	(180,000)	-8.2%
Interest	2,983,000	2,477,000	(506,000)	-17.0%
Rents and Leases	6,464,000	7,014,000	550,000	8.5%
Miscellaneous	11,830,000	11,903,000	73,000	0.6%
Resort Taxes	30,965,000	30,965,000	-	0.0%
Other Non-Operating Revenues	8,532,000	8,532,000	-	0.0%
Reserves - Bldg Dept	1,500,000	1,500,000	-	0.0%
Parking Surplus Transfer	7,200,000	7,200,000	-	0.0%
Prior year set aside	3,400,000	2,700,000	(700,000)	-20.6%
Prior year set aside for Pension	2,210,000	831,000	(1,379,000)	-62.4%
Total	\$ 256,280,000	\$ 262,417,000	\$ 6,137,000	2.4%

GENERAL FUND EXPENDITURES

COLA 0%

MERIT (ASFCME, GSA, CWA, UNCLASSIFEDS, OTHERS) 2% Max

STEP (IAFF & FOP) 5% To Max of Ranges

PENSION COSTS - GF INCREASE IMPACT

FY 2012/13 ARC Estimate

F&P Pension (98% of \$2.2M increase) \$ 2,156,000

MBERP (67% of \$5M increase) \$ 3,350,000

Total Net Pension Cost for F&P and MBERP \$ 5,506,000

HEALTH & LIFE INS 10% Increase from FY 2012/13 projected

	FY 2012/13 Budget	FY 2013/14 Prelim. Est. as of July 1	\$ Change from Budget	% Change from Budget
Salaries	\$ 100,083,000	\$ 102,685,000	\$ 2,602,000	2.6%
Overtime/Other Wages	\$ 10,392,000	\$ 11,218,000	\$ 826,000	7.9%
Benefits				
Pension - F&P	\$ 38,532,000	\$ 40,688,000	\$ 2,156,000	5.6%
Pension - MBERP	13,756,000	17,106,000	3,350,000	24.4%
Other Pension Costs	5,913,000	5,917,000	4,000	0.1%
Health and Life	10,875,000	11,067,000	192,000	1.8%
Other Benefits	4,343,000	4,368,000	25,000	0.6%
Total Benefits	\$ 73,419,000	\$ 79,146,000	\$ 5,727,000	7.8%
Total Salary and Benefits	\$ 183,894,000	\$ 193,049,000	\$ 9,155,000	5.0%
Operating	\$ 26,343,000	\$ 27,269,000	\$ 926,000	3.5%
Internal Service Funds	39,446,000	41,220,000	1,774,000	4.5%
Capital & Debt	5,766,000	5,799,000	33,000	0.6%
Set Aside for Future Year	831,000		(831,000)	-100.0%
Total	\$ 256,280,000	\$ 267,337,000	\$ 11,057,000	4.3%
Net Revenues Less Expenditures	\$ -	\$ (4,920,000)	\$ (4,920,000)	

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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jimmy Morales, City Manager

DATE: July 8, 2013

SUBJECT: **DISCUSSION REGARDING THE RECOMMENDATIONS OF THE BUDGET ADVISORY COMMITTEE (BAC) REGARDING THE CITY OF MIAMI BEACH SELF-INSURED HEALTH CARE INSURANCE PLANS FOR ACTIVE EMPLOYEES AND RETIREES.**

BACKGROUND

On August 29, 2012, the premiums paid by the City and its enrolled active employees and retirees for health care insurance was discussed by the Committee of the Whole as part of the Mayor's and Commissioner's proposed budget for FY 2012/13. On October 9, 2012, the City Administration also provided members of the Commission information through Letter to Commission (LTC) #259-2012 (Attachment A) regarding the City's self-funded healthcare plans' experience from inception in 2010 through August 2012. The information for each individual plan and enrollment group included: medical plan enrollment by active employees, pre-65 and post-65 retirees; total monthly medical plan premiums; total claims paid; medical plans' fixed costs; total medical plan expenses and the loss ratio (the percentage of claims paid and plan costs for the premium collected).

In LTC #309-2012 dated November 28, 2012, (Attachment B) City Administration reported on the effects a premium rebate could have on the City's group health plans. The concept was to award participants in plans with a relatively low loss ratio a reduced premium or a partial premium refund for the plan year. The City's benefit consultant, Gallagher Benefit Services (Gallagher) advised against such a rebate primarily for two reasons: (1) enrollment in most of the City's plans is too small to be statistically sound with few participants and high claims expenses leading to fluctuating loss ratios; and (2) such a premium rebate could violate Federal laws, such as the Americans with Disabilities Act, as we would be penalizing employees who need medical care and rewarding those who did not.

City Administration reported in LTC3 069-2013 dated February 28, 2013, (Attachment C) on the anticipated impact of the Patient Protection and Affordable Care Act (PPACA) on the City's medical insurance plans. To date, the PPACA has: (1) removed lifetime dollar limits from all plans; (2) increased the dependent child coverage age to 26; (3) eliminated pre-existing conditions as a reason to deny coverage to dependent children to age 19; (4) provided for in-network preventive care coverage at no cost; (5) required Form W-2 reporting of the employers' share of health care insurance premium costs; (6) provided for simple language benefit summaries; (7) decreased Flexible Spending Account maximums; (8) imposed the Comparative Effectiveness Fee, effective

July 31, 2013, which requires employers to pay \$1.00 per covered individual based on the average number of covered individuals in the previous plan year; and (9) requires employers to provide employees with information regarding the Insurance Exchanges as soon as they are available.

The Committee of the Whole referred the matter to the Budget Advisory Committee (BAC) for their review and to make recommendations regarding efficiencies and cost savings. The Administration and Gallagher provided the BAC with alternatives to the City's current medical insurance plan options. They reviewed the cost components of the medical insurance plans to identify where they could be reduced. They identified options such as changes in plan benefits coverage to reallocate cost sharing between the City and enrollees; compared the City's medical plans to other employers (both in the private and public sectors) to search for other plan efficiencies and reviewed the self-funded plan experience of other employers based on their filings with the State.

UPDATED PLAN STATUS

The information in the October 9, 2012, LTC reflected the effect of an unusually high claims experience from September 2011, through August 2012. The claims experience from September 2011, through December 2011, was 28 percent higher than the rest of calendar year 2011, and 22 percent higher than the experience from January 2012, through August 2012. Such a high claims experience, if it continued as an ongoing trend would indicate that significant premium increases would be needed to avoid future funding shortfalls. The situation was anticipated to be further aggravated due to a delay in implementing premium increases pending the outcome of the BAC review.

However, based on subsequent experience, Gallagher projected the total medical insurance plan costs for the 2013 Plan Year (January through December) at \$17.8 million as of June 14, 2013, based on the prior twelve months of actual claims experience: April 2012, through March 2013. This \$17.8 million cost resulted in a projected overfunding of \$71,811 for the plan year, despite the fact that premiums were not increased in January 2013.

None the less, even with this recent performance improvement, Gallagher estimates that an increase in premiums between ten to 13 percent will be necessary for Fiscal Year 2013/14.

The table below shows the employee and City current premium rates versus those projected for FY2013/14.

Active Employees							
		Employee			City		
	Coverage Level	2012/2013	2013/2014	Increase (Decrease)	2012/2013	2013/2014	Increase (Decrease)
Premium HMO	EE only	\$381.74	\$431.37	\$49.63	\$381.74	\$431.37	\$49.63
	Family	\$945.50	\$1,069.43	\$123.93	\$945.50	\$1,069.43	\$123.93
Standard HMO	EE only	\$134.72	\$152.23	\$17.51	\$329.84	\$372.72	\$42.88
	Family	\$472.26	\$533.65	\$61.39	\$679.60	\$767.95	\$88.35
Premium PPO	EE Only	\$763.90	\$863.21	\$99.31	\$763.90	\$863.21	\$99.31
	Family	\$1,874.46	\$2,118.14	\$243.68	\$1,874.46	\$2,118.14	\$243.68
Standard PPO	EE only	\$261.70	\$295.72	\$34.02	\$640.72	\$724.01	\$83.29
	Family	\$908.00	\$1,026.04	\$118.04	\$1,306.64	\$1,476.50	\$169.86
POS	EE Only	\$431.06	\$487.10	\$56.04	\$431.06	\$487.10	\$56.04
	Family	\$1,054.86	\$1,191.99	\$137.13	\$1,054.86	\$1,191.99	\$137.13

Pre-65 Retirees							
		Retiree			City		
	Coverage Level	2012/2013	2013/2014	Increase (Decrease)	2012/2013	2013/2014	Increase (Decrease)
Premium HMO	EE only	\$378.84	\$428.09	\$49.25	\$378.84	\$428.09	\$49.25
	Family	\$939.01	\$1,061.08	\$122.07	\$939.01	\$1,061.08	\$122.07
Standard HMO	EE only	\$229.38	\$259.20	\$29.82	\$229.38	\$259.20	\$29.82
	Family	\$568.54	\$642.45	\$73.91	\$568.54	\$642.45	\$73.91
Premium PPO	EE Only	\$761.00	\$859.93	\$98.93	\$761.00	\$859.93	\$98.93
	Family	\$1,867.06	\$2,109.78	\$242.72	\$1,867.06	\$2,109.78	\$242.72
Standard PPO	EE only	\$448.32	\$506.60	\$58.28	\$448.32	\$506.60	\$58.28
	Family	\$1,099.93	\$1,242.92	\$142.99	\$1,099.93	\$1,242.92	\$142.99
POS	EE Only	\$422.16	\$477.04	\$54.88	\$422.16	\$477.06	\$54.90
	Family	\$1,047.48	\$1,183.65	\$136.17	\$1,047.48	\$1,183.65	\$136.17

		Post-65 Retirees					
		Retiree			City		
	Coverage Level	2012/2013	2013/2014	Increase (Decrease)	2012/2013	2013/2014	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Premium PPO	EE only	\$582.11	\$657.78	\$75.67	\$582.11	\$657.78	\$75.67
	Family	\$1,495.48	\$1,689.89	\$194.41	\$1,309.76	\$1,480.03	\$170.27
Standard PPO	EE only	\$342.95	\$387.53	\$44.58	\$342.95	\$387.53	\$44.58
	Family	\$881.01	\$995.54	\$114.53	\$771.60	\$871.91	\$100.31
POS	EE only	\$327.89	\$370.52	\$42.63	\$327.89	\$370.52	\$42.63
	Family	\$737.75	\$833.66	\$95.91	\$737.75	\$833.66	\$95.91

BUDGET ADVISORY COMMITTEE REVIEW

On October 16, 2012, the BAC met and to facilitate their discussion, Gallagher provided Committee members with the findings associated with the aforementioned.

Gallagher also provided the BAC members with a synopsis of the City's five medical insurance plans, as well as the plans' history from participating in a fully insured health care plan implemented in the late 1980's, to the current self-funded plans that were implemented in 2010. The Administration also apprised the BAC of the medical plans' challenges with an aging employee population and the large number of retiree participants.

The BAC concluded that an in depth review of the City's medical insurance plan offerings was required. The members unanimously approved the creation of a subcommittee of two to work with Gallagher and City staff to review and recommend options. The subcommittee examined the feasibility of:

- Reverting to a fully-insured medical insurance plan;
- Reducing the number of medical insurance plans offered;
- Restructuring medical plan benefits to parallel private sector plans;
- Changing the City's premium subsidy for pre-Medicare retirees; and
- Reducing the plans' administrative costs.

The Administration and Gallagher met with the subcommittee on November 8, 2012. At the meeting, Gallagher and staff addressed questions related to the current plans and anticipated impact of the Affordable Care Act.

At the conclusion of the meeting, the subcommittee instructed Gallagher and City staff to issue a Request for Proposal (RFP) to address:

- Underutilization of "Employee Only" coverage due to high premium costs;
- High claims costs;
- A pharmacy benefit carrier separate from the medical plan carrier;
- A comparison between fully-insured health plans and self-funded plans;

- Reduction in the number of plans offered;
- The addition of a high deductible plan to provide an option with a low premium cost and high out of pocket expenses;
- Feasibility of offering Medicare eligible retirees a Medicare supplement or Medicare Advantage plans;
- Additional employee premium tiers, moving from the current two tier plan into either three or four premium tiers based on the dependent relationship and number of dependents; and
- Reduction of the plans' administrative fees.

The subcommittee met again on November 27, 2012, to review the final Scope of Services in the RFP. Upon their direction, Gallagher released the RFP on February 8, 2013, with a proposal due date of March 15, 2013.

On May 7, 2013, Gallagher and City staff met with the BAC to review the results of the RFP process. Gallagher received responses from Aetna, Humana Cigna and United Healthcare for fully-insured and self-funded health care plans including prescription coverage, Medicare Advantage plans, Employee Assistance Program (EAP), Wellness and Stop Loss coverage. The following single quotes were also received: Prescription Corporation of America for prescription benefits; Engagement Health for Wellness; Ulliance for EAP and Symetra for Stop Loss.

FULLY INSURED VERSUS SELF-INSURED

Reviewed first were the proposals for fully-insured health plans. The proposed fully-insured plans would increase current City and employee premiums between 34 percent and 72 percent.

Including a Medicare Advantage plan to retirees age 65 and over, reduced the increase in premium to between 28 percent and 59 percent.

Reducing the number of plan options from five to two and increasing the employees' out of pocket expenses reduced City and employee premium increases to between 2 percent and 46 percent.

Gallagher also explained that costs for fully insured plans are rarely reduced during good plan years when claims expenses are low and that premium increases are compounded over time, so a few bad claim years may severely affect premiums.

Based on the increase in costs to both the City and employees, the recommendation was that the City remain self-funded.

PHARMACY BENEFITS MANAGER

Currently prescription benefits are provided by the City's medical plan carrier. At the recommendation of the subcommittee, the RFP included a request for a pharmacy benefit manager. Under this arrangement, the City could take advantage of their negotiated discounts with pharmacy manufactures and rebates from pharmaceutical companies. In addition, a pharmacy benefit manager provides guidance to employees on medication compliance and helps manage drug formularies. Also, they help control spending on expensive specialty drugs.

Based on the cost savings to the City, the members of the BAC recommended that the City move its pharmacy benefit to a pharmacy benefit manager.

MEDICARE ADVANTAGE PLANS

Offering a Medicare Advantage plan for the post-65 retirees was considered. The costs for these plans are significantly lower as the plans only provide coverage for deductibles, copayments and coinsurance. However, under current Florida statutes, the City must provide retirees with the same plan offerings it provides active employees. So, although the City could offer a Medicare Advantage Plan, it would need to continue to offer the comprehensive plans. Because the medical plan currently provided to retirees by the City coordinate their payment with Medicare (the City's plans only pay what Medicare does pay) these plans have very low loss ratios (the total premium paid is more than the total plan costs for administration and claims) and fundamentally help offset the cost of coverage for the active employees and pre-65 retirees. Offering a low cost Medicare Advantage Plan to the post-65 retirees could cause a substantial number of them to move to a lower cost plan, creating an increased loss ratio for the plans provided to active employees and retirees, negating the offset the post-65 retiree plan currently provide. For this reason, offering a Medicare Advantage Plan to post-65 retirees was not recommended.

PLANS OFFERED

To help reduce the City's high claims costs and the number of medical plans offered, Gallagher proposed eliminating the City's three premium plans, the Premium HMO, Premium Preferred Provider Option (PPO) and Point of Service (POS) and recommended changes to the Standard HMO that increased the employees' out of pocket expenses. They also recommended that the City offer a high deductible plan.

The members of the BAC and the subcommittee reviewed the three recommended plans, compared them to the City's current Standard HMO and PPO Plans and concurred with Gallagher's recommendation with some minor changes in the employees' out of pocket expenses. A comparison of the City's current Standard HMO and Standard PPO versus the HMO and PPO plans recommended by the members of the BAC can be found in Attachment D.

PLAN YEAR

City staff also asked the BAC to consider changing the City's plan year from the current calendar plan year to a fiscal year plan. Changing the plan year will simplify budgeting and assist in projecting the plans' yearly financial needs more accurately.

SUMMARY OF BAC RECOMMENDATIONS

As a result of the May 7, 2013, presentation of the RFP results, the BAC made the following recommendations:

The plans should remain self-funded.

- The City's three premium plans, (Premium HMO, Premium PPO and POS) should be eliminated.
- The Standard HMO and Standard PPO should be replaced with the HMO and PPO plans recommended by Gallagher, including the changes recommended by the members of the BAC which increase the employee's out of pocket expenses resulting in lower annual plan costs.

- The plan year should be changed from the current calendar year to the fiscal year to help simplify and provide accurate budget projections.
- Humana should continue to provide the medical plan administration, Wellness Program and the City's Employee Assistance Program (EAP);
- A Medicare advantage plan should not be offered to post-65 retirees;
- Symetra should continue to provide reinsurance coverage for the medical plan.

In their proposal, Symetra stated that if Scenario B was chosen and they were selected, further rate relief was possible. In addition, since the current reinsurance period may be short (1/1/13 – 9/30/13), a premium reduction may be possible as well. Gallagher is exploring this and other options that may mitigate the City's costs with Symetra.

- Prescription plan coverage should be "carved out" of the medical plan and provided by a separate prescription benefit manager, Prescription Corporation of America (PCA).
- The City should offer a high deductible plan.

To comply with the Affordable Healthcare Act, which requires employers to enroll all benefit eligible employees automatically in a health care insurance plan effective January 1, 2014, this plan would provide a cost effective option to both the employee and the City.

A full copy of Gallagher's presentation including their recommendations to the BAC is included in Attachment E.

As noted before, the current medical plans are projected to incur at least a 10 percent, or \$1.7 million cost increase for Fiscal Year 2013/14. With the implementation of the recommended changes, the City's medical plan costs would decrease 4.3 percent, or \$718,794. These changes represent a total savings to the City of 14.3 percent, or \$2.4 million for Fiscal Year 2013/2013 and are illustrated in the table below.

Self-Funded	Fiscal Year 2014 Projections		Difference (Savings)
	Current Plan Design No Changes	BAC Recommended Changes	
Projected Medical Claims ¹	\$12,496,696	\$10,777,714	\$1,719,254
Projected Pharmacy Claims ²	\$4,230,904	\$3,368,614	\$862,291
Administration/Disease Management ³	\$714,454	\$894,885	-\$177,772
Reinsurance – Specific & Aggregate ⁴	\$1,099,065	\$1,098,092	\$973
Total Estimated Self-Funded Expense	\$18,541,393	\$16,139,305	\$2,404,747
Current Funding	\$16,858,099	\$16,858,099	\$0
\$ Increase / Decrease	\$1,683,294	-\$718,794	\$2,404,747
% Increase / Decrease	10.0%	-4.3%	14.3%

¹ Gallagher's claims projections based on proprietary discount tables and adjusted for the proposed plan designs.

² Prescription Corporation of America identified as the pharmacy benefit administrator under the proposal under a transparent pass through arrangement of all pharmacy rebates and ingredient cost savings.

³ Humana continues to be the medical benefit administrator but with no rebate offset producing a slightly higher administrative fee.

⁴ Symetra continues to provide reinsurance coverage.

ANALYSIS OF IMPACT

The plan structure recommended by the BAC provides significant savings in overall premium payments. The allocation of these savings to employees is an additional policy decision. Allocating all the savings to the City will result in higher premiums for those employees who previously participated in the City's Standard HMO Plan (approximately 89% of all plan participants are in this plan) while also providing a reduction in the plan benefits. Allocating the majority of the savings to the employee will result in an increase in plan costs to the City, essentially eliminating any benefit to the City for the revised plans.

A number of scenarios were evaluated by Gallagher, reflecting varied savings between the City and employee premiums. In all of these scenarios, all plan costs are projected to be \$16.13 million. (See Exhibit 1 for benefits comparison.)

Scenario 1

Scenario 1 compares the FY 2013/14 projected costs for the City's current medical plans versus the BACs recommended plans, sharing the projected plan costs equally between the City and enrollees. Currently the City subsidy for the employee only is 75 percent and 60 percent for family coverage. In this scenario, the subsidy is reduced to 50 percent for the employee only and 50 percent for family coverage. The subsidy for retirees remains at 50%. This proposed subsidy level under this scenario results in an overall premium increase of 10.4 percent to the employee and an overall premium decrease of 15.5 percent to the City.

	Active Employees						
	Coverage Level	Employee			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO*	EE only	\$152.23	\$310.41	\$158.18	\$372.72	\$310.41	(\$62.31)
	Family	\$533.65	\$769.66	\$236.01	\$767.95	\$769.66	\$1.71
Premium PPO	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO	EE only	\$295.72	\$271.85	(\$23.87)	\$724.01	\$271.85	(\$452.16)
	Family	\$1,026.04	\$673.97	(\$352.07)	\$1,476.50	\$673.97	(\$802.53)
POS	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$180.54	N/A	N/A	\$180.54	N/A
	Family	N/A	\$447.64	N/A	N/A	\$447.64	N/A

*Participants in the Premium HMO, Premium PPO and POS plans are assumed to move to the Standard HMO and Standard PPO plans, respectively. They may incur substantial savings, but for plans with significantly reduced coverage.

**The High Deductible plan is a new plan and therefore has no comparable.

Pre-65 Retirees							
	Coverage Level	Retiree			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO	EE only	\$262.48	\$310.41	\$47.93	\$262.48	\$310.41	\$47.93
	Family	\$650.80	\$769.66	\$118.86	\$650.80	\$769.66	\$118.86
Premium PPO	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO	EE only	\$509.87	\$271.85	(\$238.02)	\$509.87	\$271.85	(\$238.02)
	Family	\$1,251.27	\$673.97	(\$577.30)	\$1,251.27	\$673.97	(\$577.30)
POS	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$180.54	N/A	N/A	\$180.54	N/A
	Family	N/A	\$447.64	N/A	N/A	\$447.64	N/A

Post-65 Retirees							
	Coverage Level	Retiree			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Premium PPO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO*	EE only	\$387.53	\$437.91	\$50.38	\$387.53	\$437.91	(\$50.38)
	Family	\$995.54	\$1,124.96	\$129.42	\$995.54	\$1,124.96	(\$129.42)
POS	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$138.02	N/A	N/A	\$138.02	N/A
	Family	N/A	\$277.86	N/A	N/A	\$277.86	N/A

*Participants in the Premium HMO, Premium PPO and POS plans are assumed to move to the Standard HMO and Standard PPO plans, respectively. They may incur substantial savings, but for plans with significantly reduced coverage.

**The High Deductible plan is a new plan and therefore has no comparable.

Scenario 2

Scenario 2 compares the FY 2013/14 projected costs for the City's current medical plans versus the BACs recommended plans, sharing the costs so the employee realizes a 15 percent savings and the City incurs a 3.9 percent cost increase. The premium subsidy remains as is with the 75 percent for the employee only, 60 percent for family coverage and 50 percent for retirees. These subsidies result in an overall premium cost increase to the City of 3.9 percent and an overall premium decrease of 15 percent for active employees and retirees.

		Active Employees					
		Employee			City		
	Coverage Level	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO	EE only	\$152.23	\$186.25	(\$34.02)	\$372.72	\$434.58	\$61.86
	Family	\$533.65	\$553.65	(\$20.00)	\$767.95	\$985.68	\$217.73
Premium PPO*	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO	EE only	\$295.72	\$163.11	(\$132.61)	\$724.01	\$380.59	(\$343.42)
	Family	\$1,026.04	\$484.80	(\$541.24)	\$1,476.50	\$863.13	(\$613.37)
POS*	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$108.32	N/A	N/A	\$180.54	N/A
	Family	N/A	\$322.01	N/A	N/A	\$447.64	N/A

*Participants in the Premium HMO, Premium PPO and POS plans are assumed to move to the Standard HMO and Standard PPO plans, respectively. They may incur substantial savings, but for plans with significantly reduced coverage.

**The High Deductible plan is a new plan and therefore has no comparable.

Pre-65 Retirees							
	Coverage Level	Retiree			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO	EE only	\$262.48	\$310.41	(\$47.93)	\$262.48	\$310.41	(\$47.93)
	Family	\$650.80	\$769.66	(\$118.86)	\$650.80	\$769.66	(\$118.86)
Premium PPO*	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO	EE only	\$509.87	\$271.85	(\$238.02)	\$509.87	\$271.85	(\$238.02)
	Family	\$1,251.27	\$673.97	(\$577.30)	\$1,251.27	\$673.97	(\$577.30)
POS*	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$180.54	N/A	N/A	\$180.54	N/A
	Family	N/A	\$447.64	N/A	N/A	\$447.64	N/A

Post-65 Retirees							
	Coverage Level	Retiree			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Premium PPO*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO	EE only	\$387.53	\$207.83	(\$179.70)	\$387.53	\$207.83	(\$179.70)
	Family	\$995.54	\$539.71	(\$455.83)	\$995.54	\$539.71	(\$455.83)
POS*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$138.02	N/A	N/A	\$138.02	N/A
	Family	N/A	\$277.86	N/A	N/A	\$277.86	N/A

*Participants in the Premium HMO, Premium PPO and POS plans are assumed to move to the Standard HMO and Standard PPO plans, respectively. They may incur substantial savings, but for plans with significantly reduced coverage.

**The High Deductible plan is a new plan and therefore has no comparable.

Scenario 3

Scenario 3 compares the FY 2013/14 projected costs for the City's current medical plans versus the

BACs recommended plans, sharing the costs so the employee realizes a 14.7 percent savings and the City incurs a 3.7 percent cost increase.

The current City premium subsidy of 75 percent for the employee only and 60 percent for family coverage is revised to provide the most savings to employees enrolled in the HMO plan. In this scenario, the subsidy for the HMO plan remains the same. The premium subsidy for the PPO plan is reduced to 65 percent for the employee only and 50 percent for family coverage. These subsidies result in an overall premium cost increase to the City of 3.7 percent and an overall premium decrease of 14.7 percent for active employees and retirees. Due to the changes in both plans which increase co-payments, coinsurance and deductible, (actually adding a deductible to the HMO plan), this cost sharing helps to provide a more affordable option to the employee.

		Active Employees					
		Employee			City		
	Coverage Level	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO*	EE only	\$152.23	\$125.13	(\$27.10)	\$372.72	\$375.39	\$2.67
	Family	\$533.65	\$475.49	(\$58.16)	\$767.95	\$900.93	\$132.98
Premium PPO	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO*	EE only	\$295.72	\$262.77	(\$32.95)	\$724.01	\$488.00	(\$236.01)
	Family	\$1,026.04	\$919.70	(\$106.34)	\$1,476.50	\$1,144.93	(\$331.57)
POS	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$81.33	N/A	N/A	\$244.00	N/A
	Family	N/A	\$309.07	N/A	N/A	\$525.60	N/A

*Participants in the Premium HMO, Premium PPO and POS plans are assumed to move to the Standard HMO and Standard PPO plans, respectively. They may incur substantial savings, but for plans with significantly reduced coverage.

**The High Deductible plan is a new plan and therefore has no comparable.

Pre-65 Retirees							
	Coverage Level	Retiree			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO*	EE only	\$262.48	\$250.26	(\$12.22)	\$262.48	\$250.26	(\$12.22)
	Family	\$650.80	\$688.21	\$37.41	\$650.80	\$688.21	\$37.41
Premium PPO	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO*	EE only	\$509.87	\$375.39	(\$134.48)	\$509.87	\$375.39	(\$134.48)
	Family	\$1,251.27	\$1,032.31	(\$218.96)	\$1,251.27	\$1,032.31	(\$218.96)
POS	EE Only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$162.67	N/A	N/A	\$162.67	N/A
	Family	N/A	\$447.33	N/A	N/A	\$447.33	N/A

Post-65 Retirees							
	Coverage Level	Retiree			City		
		2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)	2012/2013 Current Plans	2013/2014 Proposed Plans	Increase (Decrease)
Premium HMO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard HMO*	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Premium PPO	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
Standard PPO*	EE only	\$387.53	\$343.29	(\$44.24)	\$387.53	\$343.29	(\$44.24)
	Family	\$995.54	\$981.41	(\$14.13)	\$995.54	\$795.62	(\$199.92)
POS	EE only	N/A	N/A	N/A	N/A	N/A	N/A
	Family	N/A	N/A	N/A	N/A	N/A	N/A
High Deductible**	EE Only	N/A	\$148.76	N/A	N/A	\$148.76	N/A
	Family	N/A	\$344.77	N/A	N/A	\$344.77	N/A

*Participants in the Premium HMO, Premium PPO and POS plans are assumed to move to the Standard HMO and Standard PPO plans, respectively. They may incur substantial savings, but for plans with significantly reduced coverage.

**The High Deductible plan is a new plan and therefore has no comparable.

CONCLUSION

After working closely with the BAC and Gallagher, the Administration believes these recommended changes help to reduce the plans' administrative fees, increase cost-sharing with employees and retirees and provide affordable health insurance plan options to the City's active employees and retirees. Because of the significant changes to the plan's coverage and increase in the employee's out of pockets expenses, the Administration recommends implementation of Scenario 3, which provides some premium relief to the employee.

The Administration also recommends that the City change its plan year from the current Calendar Plan Year (January 1 through December 31) to a Fiscal Plan Year (October 1 to September 30) to match the City's fiscal year. This change will provide the Administration the opportunity to forecast the City's liability better during its annual budget process.

Should the Finance and Citywide Projects Committee accept the BAC's recommendations and instruct the Administration to move forward, the Administration will present a resolution amending the proposed health plan changes at the July 17, 2013, City Commission meeting for their discussion. If approved, the Administration will begin the implementation of the plan changes with the selected medical plan carrier. This implementation will include a communication campaign for employee and retirees as well as working with the selected medical plan to make the appropriate changes.

Attachments

JLM/KGB/SC-T

Comparison Chart

Current vs Health Care Insurance Proposed Benefits

HMO

Benefit	Standard HMO	Premium HMO	Proposed – Open Access In Network
Annual Deductible (Individual/Family)	\$0	\$0	\$100
Family Annual Deductible	\$0	\$0	\$300
Out of Pocket Maximum (Individual/ Family)	\$1500/\$3000	\$1500/\$3000	\$3000/\$6,000
In Network Physician Office Visits (Primary Care Provider)	\$25	\$5	\$30
In Network Physician Office Visits (Specialists)	\$40	\$0	\$50
Preventive Care – Annual Exam			
<i>Adult</i>	\$0	\$0	\$0
<i>Child Health</i>	\$0	\$0	\$0
OB/GYN (Specialist)	\$40	\$0	\$0
Infertility Services – Treatment Plans			\$30/\$50
Physical/Speech/Occupational Therapy - Total 60 visits			\$30
Chiropractic Services			\$30 – 25 visits
Allergy Testing and Treatment			\$30/\$50
Outpatient Hospital Surgery	\$200	\$0	Deductible plus 80%
Outpatient Diagnostic Services/Imaging	\$200	\$0	\$30/\$50
Advanced Imaging (PET, MRI, MRA, CAT)			\$100 free standing, \$200 outpatient facility, \$300 hospital
Emergency Room	\$200	\$25	
Emergency Room/Hospital			
<i>Illness</i>			\$200
<i>Accidents</i>			\$200
<i>Ambulance</i>			\$0
<i>In-patient Hospital</i>	\$300/5 days	\$100	Deductible plus \$300 x 3 day
<i>Home Health Care</i>			\$0

Comparison Chart Current vs Health Care Insurance Proposed Benefits

Benefit	Standard HMO	Premium HMO	Proposed – Open Access In Network
<i>Durable Medical Equipment</i>			\$30, must be cheaper than rental
Urgent Care Facility	\$40	\$25	\$50
Maternity			
<i>Physician</i>			\$30/\$50 Preferred Care Provider/Specialist
<i>Hospital</i>			Deductible plus \$300 x 3 days
<i>In-patient mental/nervous</i>			Deductible plus \$300 x 3 days
<i>Out-patient mental/nervous</i>			\$50
<i>In-patient substance abuse</i>			Deductible plus \$300 x 3 days
<i>Out-patient substance abuse</i>			\$50
In Network Prescription Drug Coverage			
<i>Generic/Brand/Brand Non-Pref/Specialty</i>	\$7/\$40/\$60 Month x3	\$5/\$5/\$5 Month x3	
Prescription Drug/Retail			
<i>Generic</i>			\$7
<i>Brand</i>			\$40
<i>Non-preferred Brand</i>			\$60
<i>Retail Maximum Supply</i>			30 days
<i>Prescription Card</i>			Yes
Prescription Drug/Mail Order			
<i>Generic</i>			\$14
<i>Brand</i>			\$80
<i>Non-formulary</i>			\$120
<i>Mail Order Maximum Supply</i>			90 days

Comparison Chart

Current vs Health Care Insurance Proposed Benefits

PPO

Benefit	Standard PPO	Premium PPO	Proposed PPO	
			In Network	Out of Network
Annual Deductible (Individual/Family)	In/Out - \$500/\$1,500	In/Out - \$200/600	\$750/\$2,500	\$1,000/\$3,000
Out of Pocket Maximum (Individual/ Family)	In/Out - \$3,500/\$10,500	In/Out - \$1,000/\$3,000	\$5,000/\$15,000	\$10,000/\$30,000
Physician Office Visits (Primary Care Provider)	\$35	\$10	\$35	Deductible plus 60%
Physician Office Visits (Specialists)	\$35	\$10	\$50	Deductible plus 60%
Preventive Care Annual Physicals – Adults/Children			\$0/\$0	Deductible plus 60%
Physical/Speech/Occupational Therapy – Total 60 visits			Deductible plus 80%	Deductible plus 60%
OB/GYN			\$0	Deductible plus 60%
Chiropractic Service			\$35/\$50	Deductible plus 60%
Allergy Testing and Treatment			\$35 total 25 visits	Deductible plus 60%
Outpatient Hospital Surgery	In 20% after deductible, Out 40% after deductible	In-\$100, admission 10%; Out - \$500, admission 30% after deductible	\$200 plus deductible plus 80%	Deductible plus 60%
Outpatient Diagnostic Services/Imaging	In 20% after deductible, Out 40% after deductible	In 10% after \$25; Out 30% after deductible	\$35/\$50 primary care provider and specialist	Deductible plus 60%
Advanced Imaging (PET,MRI,MRA,CAT)			Deductible plus 80%	Deductible plus 60%
Emergency Room	In/Out 20% after \$200	In/Out 10% after \$25	\$200 plus 80%	Deductible plus 60%
Accidents			\$200 plus 80%	Deductible plus 60%
Ambulance			Deductible plus 80%	Deductible plus 60%
In-patient Hospital	In-20% after deductible; Out 40% after deductible	In-\$100, admission 10%; Out - \$500, admission 30% after deductible	Deductible plus 80%	
Urgent Care Facility	In \$35; Out 30% after deductible	In \$10; Out 20% after deductible	\$50	Deductible plus 60%
Home Health Care			Deductible plus 80%	Deductible plus 60%
Durable Medical Equipment			Deductible plus 80%	Deductible plus 60%
Maternity				
<i>Physician</i>			\$35/\$50	Deductible plus 60%
<i>Hospital</i>			Deductible plus 80%	Deductible plus 60%

Comparison Chart Current vs Health Care Insurance Proposed Benefits

Benefit	Standard PPO	Premium PPO	Proposed PPO	
<i>In-patient mental/nervous</i>			Deductible plus 80%	Deductible plus 60%
<i>Out-patient mental/nervous</i>			\$50	Deductible plus 60%
<i>In-patient substance abuse</i>			Deductible plus 80%	Deductible plus 60%
<i>Out-patient substance abuse</i>			\$50	
In Network Prescription Drug Coverage				
<i>Generic/Brand/Brand Non-Pref/Specialty</i>	\$10/\$40/\$60 months x 3	\$10/\$10/\$10 months x 3		
Prescription Drug Retail				
<i>Generic</i>			\$10	Not covered
<i>Brand</i>			\$50	Not covered
<i>Non-preferred Brand</i>			\$75	Not covered
<i>Retail Maximum Supply</i>			30 days	Not covered
<i>Prescription Card</i>			Yes	N/A
Prescription Drug/Mail Order				
<i>Generic</i>			\$30	Not covered
<i>Brand</i>			\$150	Not covered
<i>Non-formulary Brand</i>			\$225	Not covered
<i>Mail Order Maximum Supply</i>			90 days	N/A

Comparison Chart Current vs Health Care Insurance Proposed Benefits

POS

Benefit	POS
Annual Deductible (Individual/Family)	In - \$0 – Out - \$400/\$800
Out of Pocket Maximum (Individual/ Family)	In - \$0 – Out - \$2,500/\$5,000
Physician Office Visits (Primary Care Provider)	\$5
Physician Office Visits (Specialists)	\$5
Hospital Inpatient	In - \$100/admission - Out - \$500/admission, 30% after deductible
Outpatient Hospital Surgery	In -\$0 - Out – 30% after deductible
Outpatient Diagnostic Services/Imaging	In -\$0 - Out – 30% after deductible
Emergency Room	In/Out - \$50
Urgent Care Facility	In - \$5 - Out – 3-% after deductible
In Network Prescription Drug Coverage	
<i>Generic/Brand/Brand Non-Pref/Specialty</i>	\$10/\$10/\$10 Month x3

Comparison Chart Current vs Health Care Insurance Proposed Benefits

HIGH DEDUCTIBLE PLAN

Benefit	Current	Proposed High Deductible Plan	
		In Network	Out of Network
Annual Deductible (Individual/Family)		\$5,000/\$10,000	\$15,000/\$30,000
Out of Pocket Maximum (Individual/ Family)		\$10,000/20,000	\$20,000/40,000
Physician Office Visits (Primary Care Provider)		\$35 plus deductible plus 70%	Deductible plus 50%
Physician Office Visits (Specialists)		\$35 plus deductible plus 70%	Deductible plus 50%
Preventive Care Annual Physicals – Adult/Children		100%	Deductible plus 50%
Physical/Speech/Occupational Therapy - Total 60 visits		Deductible plus 70%	Deductible plus 50%
OB/GYN		100%	Deductible plus 50%
Chiropractic Service		Deductible plus 70%	Deductible plus 50%
Allergy Testing and Treatment		Deductible plus 70%	Deductible plus 50%
Hospital Inpatient		Deductible plus 70%	Deductible plus 50%
Outpatient Hospital Surgery		Deductible plus 70%	Deductible plus 50%
Outpatient Diagnostic Services/Imaging		Deductible plus 70%	Deductible plus 50%
Advanced Imaging (PET, MRI, MRA, CAT)		Deductible plus 70%	Deductible plus 50%
Emergency Room/Hospital		Deductible plus 70%	Deductible plus 50%
<i>Illness</i>		Deductible plus 70%	Deductible plus 50%
<i>Accidents</i>		Deductible plus 70%	Deductible plus 50%
<i>Ambulance</i>		Deductible plus 70%	Deductible plus 50%
<i>In-patient Hospital</i>		Deductible plus 70%	Deductible plus 50%
<i>Urgent Care Facility</i>		\$60 plus deductible plus 70%	Deductible plus 50%
<i>Home Health Care</i>		Deductible plus 70%	Deductible plus 50%
<i>Durable Medical Equipment</i>		Deductible plus 70%	Deductible plus 50%
Maternity		Deductible plus 70%	Deductible plus 50%
<i>Physician</i>		Deductible plus 70%	Deductible plus 50%
<i>Hospital</i>		Deductible plus 70%	Deductible plus 50%
<i>In-patient mental/nervous</i>		Deductible plus 70%	Deductible plus 50%
<i>Out-patient mental/nervous</i>		Deductible plus 70%	Deductible plus 50%
<i>In-patient substance abuse</i>		Deductible plus 70%	Deductible plus 50%

Comparison Chart Current vs Health Care Insurance Proposed Benefits

Benefit	Current	Proposed High Deductible Plan	
		In Network	Out of Network
<i>Out-patient substance abuse</i>		Deductible plus 70%	Deductible plus 50%
Prescription Drug/Retail			
<i>Generic</i>		Deductible plus 70%	Deductible plus 50%
<i>Brand</i>		Deductible plus 70%	Deductible plus 50%
<i>Non-preferred Brand</i>		Deductible plus 70%	Deductible plus 50%
<i>Retail Maximum Supply</i>		30-day supply	
<i>Prescription Card</i>		Yes	
Prescription Drug/Mail Order			
<i>Generic</i>		Deductible plus 70%	Not covered
<i>Brand</i>		Deductible plus 70%	Not covered
<i>Non-formulary</i>		Deductible plus 70%	Not covered
<i>Mail Order Maximum Supply</i>		90-day supply	

Attachment A

LTC # 272-2012

Health Care Costs



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 259-2012

LETTER TO COMMISSION

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie G. Brooks, Interim City Manager

DATE: October 9, 2012

SUBJECT: Health Care Costs

RECEIVED
2012 OCT 11 PM 5:32
CITY CLERK'S OFFICE

This Letter to Commission is to provide an update on the City's medical plan costs, in particular, an analysis of the individual medical plan costs versus the premiums paid by both the employees and the City as requested during the Committee of the Whole on August 29, 2012.

The plan premium costs for the 2012 Plan Year, January 1 through December 31, 2012, were determined using the medical plan's total costs for the twelve month period beginning September 2010 and ending August 2011, including a 10% adjustment for cost increases. These premiums are supposed to provide all funding for the medical plan. This projected premium cost was determined by actuarial assumptions based on the claims expense; fixed costs paid to the plan administrator, Humana, which include claim administration, provider network, and disease management fees; and stop-loss premiums paid to insure that the City's individual per participant costs are capped at \$230,000 annually. For the 2012 Plan Year, the total premium cost was projected to be \$17.9 million.

For your reference, Attachment A reflects the City's self-funded medical plan experience for each of the City's self-funded years, beginning in 2010 and ending in August 2012. The Attachment reflects the medical plan enrollment by active employees, pre-65 retirees and post-65 retirees, the total monthly medical plan premium, the total claims paid, the medical plan's fixed costs, the total medical plan expense and the loss ratio (the percentage of claims paid and plan costs over the premium collected) for each individual plan, and enrollment group.

The issue of the premiums paid for each plan offered by the City has been referred to the Budget Advisory Committee (BAC) for their review and recommendation. The Administration is working with our benefit plan consultant to provide the BAC with alternatives to the City's current medical plan options, including reviewing the cost components of the current medical plan to determine areas of cost reduction; changes in plan benefit coverage that share more of the plan costs with employees, therefore reducing premium costs; comparing the City's plans to other employers (both in the private and public sectors) to determine plan efficiencies; and reviewing the self-funded plan experience of other employers based on their filing with the State.

In addition, for the 2012 Plan Year, the City's benefit plan consultant, Gallagher Benefit Services, has projected total medical plan costs of \$19.1 million as of September 24, 2012,

based on the prior twelve months of actual claims experience from September 2011 through August 2012. It is important to note that this includes the impact of the claim experience from September 2011 through December 2011, which was 28% higher than the rest of Calendar year 2011, and 22% higher than the experience of January 2012 through August 2012. If this end of year large claim trend continues, there will be a significant deviation from the current plan projections and the medical plan will experience a shortfall in funding that will need to be made up through additional charge backs to departments. A review of projected claims vs. 2013 premiums will also be discussed with the BAC on October 16, 2012.

Should you have any questions, or need additional information, please feel free to contact me.

Attachment

KGB/sr

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Attachment A

City of Miami Beach
Medical Plan Experience by Plan and Enrollee Class

City of Miami Beach
Medical Plan Experience by Plan and Enrollee Class

Plan	Class	Period	Average Enrollees		Premium Rate		Premium	Claims	Fixed Costs	Total Expense	Total Loss Ratio	
			EE	Family	EE	Family						
Standard HMO	Active	2010	505	364	\$ 357.59	\$ 886.31	\$6,044,617	\$5,718,301	\$742,583	\$6,460,884	106.9%	
		2011	485	375	\$ 393.35	\$ 974.94	\$6,670,677	\$8,664,637	\$802,399	\$9,467,036	141.9%	
		2012 YTD	496	381	\$ 458.76	\$ 1,137.07	\$4,622,428	\$4,031,576	\$646,149	\$4,677,726	101.2%	
		Subtotal	496	378			\$17,337,722	\$18,414,514	\$2,191,131	\$20,605,645	118.8%	
	Pre 65 Retiree	2010	48	24	\$ 357.59	\$ 886.31	\$462,629	\$362,160	\$59,616	\$421,777	91.2%	
		2011	50	36	\$ 393.35	\$ 974.94	\$62,498	\$1,277,341	\$79,260	\$1,356,601	207.9%	
		2012 YTD	59	39	\$ 458.76	\$ 1,137.07	\$502,621	\$984,017	\$71,562	\$1,055,579	210.0%	
		Subtotal	52	33			\$1,617,747	\$2,628,518	\$210,439	\$2,833,957	175.2%	
	Premium HMO	Active	2010	67	53	\$ 590.59	\$ 1,463.86	\$1,400,842	\$1,892,387	\$102,803	\$1,995,190	142.4%
			2011	61	48	\$ 649.65	\$ 1,610.25	\$1,402,398	\$1,535,101	\$101,872	\$1,636,973	116.7%
2012 YTD			53	32	\$ 757.68	\$ 1,878.02	\$704,411	\$1,016,874	\$61,466	\$1,078,340	153.1%	
Subtotal			60	44			\$3,507,652	\$4,444,362	\$266,141	\$4,710,508	134.3%	
Pre 65 Retiree		2010	76	42	\$ 590.59	\$ 1,463.86	\$1,279,897	\$1,642,260	\$98,631	\$1,740,892	136.0%	
		2011	70	40	\$ 649.65	\$ 1,610.25	\$1,311,197	\$2,373,096	\$99,354	\$2,472,450	188.6%	
		2012 YTD	65	35	\$ 757.68	\$ 1,878.02	\$807,132	\$1,042,423	\$71,567	\$1,113,990	138.0%	
		Subtotal	70	39			\$3,398,226	\$5,057,779	\$269,553	\$5,327,332	156.8%	
Standard PPO		Active	2010	33	11	\$ 698.90	\$ 1,714.73	\$507,489	\$202,216	\$35,422	\$237,638	46.8%
			2011	31	17	\$ 768.79	\$ 1,886.20	\$663,579	\$851,407	\$43,018	\$894,425	134.8%
	2012 YTD		28	8	\$ 896.63	\$ 2,199.86	\$302,841	\$226,130	\$24,481	\$250,610	82.8%	
	Subtotal		30	12			\$1,473,909	\$1,279,753	\$102,921	\$1,382,673	93.8%	
	Pre 65 Retiree	2010	25	16	\$ 698.90	\$ 1,714.73	\$529,943	\$395,265	\$34,129	\$429,394	81.0%	
		2011	21	16	\$ 768.79	\$ 1,886.20	\$554,419	\$283,729	\$34,505	\$318,235	57.4%	
		2012 YTD	23	14	\$ 896.63	\$ 2,199.86	\$357,337	\$465,710	\$26,600	\$492,311	137.8%	
		Subtotal	23	15			\$1,441,699	\$1,144,705	\$95,234	\$1,239,939	86.0%	
	Post 65 Retiree	2010	37	33	\$ 534.63	\$ 1,155.88	\$689,410	\$427,301	\$60,385	\$487,686	70.7%	
		2011	42	39	\$ 588.09	\$ 1,283.58	\$891,174	\$527,086	\$76,554	\$603,640	67.7%	
2012 YTD		43	43	\$ 685.89	\$ 1,489.89	\$654,342	\$353,083	\$64,864	\$417,948	63.9%		
Subtotal		41	38			\$2,234,926	\$1,307,470	\$201,803	\$1,509,273	67.5%		
Premium PPO	Active	2010	19	5	\$ 1,186.55	\$ 2,910.64	\$441,567	\$567,976	\$18,808	\$586,784	132.9%	
		2011	14	3	\$ 1,304.99	\$ 3,201.70	\$326,670	\$100,597	\$13,927	\$114,524	35.1%	
		2012 YTD	8	3	\$ 1,522.00	\$ 3,734.12	\$163,649	\$99,396	\$7,601	\$106,997	65.4%	
		Subtotal	13	4			\$931,885	\$767,968	\$40,336	\$808,305	86.7%	
	Pre 65 Retiree	2010	36	11	\$ 1,186.55	\$ 2,910.64	\$886,789	\$992,858	\$37,230	\$1,090,088	116.2%	
		2011	31	8	\$ 1,304.99	\$ 3,201.70	\$767,084	\$559,523	\$32,348	\$591,871	77.2%	
		2012 YTD	25	4	\$ 1,522.00	\$ 3,734.12	\$380,586	\$329,715	\$19,223	\$348,937	81.7%	
		Subtotal	30	8			\$2,034,459	\$1,882,096	\$88,801	\$1,970,897	96.9%	
	Post 65 Retiree	2010	110	61	\$ 907.46	\$ 1,962.05	\$2,636,644	\$1,694,247	\$143,047	\$1,837,294	69.7%	
		2011	102	53	\$ 998.21	\$ 2,178.82	\$2,614,255	\$1,411,705	\$139,827	\$1,551,532	59.3%	
2012 YTD		97	45	\$ 1,164.21	\$ 2,529.03	\$1,584,613	\$698,729	\$99,784	\$798,513	50.4%		
Subtotal		103	59			\$6,835,513	\$3,804,681	\$382,658	\$4,187,339	61.3%		
POS	Active	2010	5	6	\$ 658.12	\$ 1,632.95	\$161,958	\$137,926	\$10,060	\$147,986	91.4%	
		2011	2	8	\$ 723.93	\$ 1,796.25	\$186,249	\$273,620	\$10,567	\$284,187	152.6%	
		2012 YTD	3	6	\$ 844.31	\$ 2,094.95	\$106,156	\$152,254	\$7,364	\$159,618	150.4%	
		Subtotal	4	7			\$454,364	\$563,799	\$27,991	\$591,791	130.2%	
	Pre 65 Retiree	2010	8	5	\$ 658.12	\$ 1,632.95	\$166,055	\$352,731	\$11,222	\$363,958	219.2%	
		2011	9	4	\$ 723.93	\$ 1,796.25	\$161,509	\$308,157	\$11,290	\$319,446	197.8%	
		2012 YTD	9	4	\$ 844.31	\$ 2,094.95	\$113,539	\$271,685	\$9,288	\$280,974	247.5%	
		Subtotal	9	4			\$441,103	\$932,573	\$31,800	\$964,373	218.6%	
	Post 65 Retiree	2010	12	7	\$ 511.15	\$ 1,105.17	\$168,816	\$113,989	\$16,035	\$130,023	77.0%	
		2011	14	8	\$ 562.27	\$ 1,227.27	\$215,961	\$132,215	\$20,263	\$152,478	70.6%	
2012 YTD		14	12	\$ 655.77	\$ 1,424.54	\$184,469	\$129,422	\$19,500	\$148,922	80.7%		
Subtotal		13	9			\$569,247	\$375,626	\$55,797	\$431,424	75.8%		

City of Miami Beach
Medical Plan Experience by Plan and Enrollee Class

Plan	Class	Period	Average Enrollees		Premium Rate		Premium	Claims	Fixed Costs	Total Expense	Total Loss Ratio
			EE	Family	EE	Family					
Total By Year											
Total 2010		2010	979	639			\$15,376,656	\$14,499,616	\$1,369,971	\$15,869,586	103.2%
Total 2011		2011	931	653			\$16,417,671	\$18,298,213	\$1,465,185	\$19,763,398	120.4%
Total 2012 YTD		2012 YTD	924	626			\$10,484,125	\$9,801,015	\$1,129,451	\$10,930,466	104.3%
2010 - 2012 YTD		Total	945	639			\$42,278,452	\$42,598,844	\$3,964,607	\$46,563,451	110.1%

Subtotal By Plan											
Standard HMO		2010	553	389			\$6,507,246	\$6,080,461	\$802,199	\$6,882,660	105.8%
		2011	535	410			\$7,323,175	\$9,941,978	\$881,659	\$10,823,637	147.8%
		2012 YTD	555	420			\$5,125,049	\$5,015,593	\$717,712	\$5,733,305	111.9%
		Subtotal		548	406			\$18,955,470	\$21,038,032	\$2,401,570	\$23,439,602
Premium HMO		2010	142	95			\$2,680,739	\$3,534,647	\$201,434	\$3,736,082	139.4%
		2011	131	88			\$2,713,595	\$3,908,197	\$201,227	\$4,109,423	151.4%
		2012 YTD	119	67			\$1,511,544	\$2,059,297	\$133,033	\$2,192,331	145.0%
		Subtotal		130	83			\$6,905,877	\$9,502,141	\$535,694	\$10,037,836
Standard PPO		2010	94	60			\$1,726,841	\$1,024,782	\$129,935	\$1,154,717	66.9%
		2011	94	71			\$2,109,172	\$1,662,222	\$154,078	\$1,816,300	86.1%
		2012 YTD	93	65			\$1,314,521	\$1,044,924	\$115,945	\$1,160,869	88.3%
		Subtotal		94	65			\$5,150,534	\$3,731,927	\$399,958	\$4,131,886
Premium PPO		2010	165	77			\$3,965,001	\$3,255,081	\$199,085	\$3,454,166	87.1%
		2011	146	64			\$3,708,009	\$2,071,825	\$186,102	\$2,257,928	60.9%
		2012 YTD	130	52			\$2,128,847	\$1,127,839	\$126,608	\$1,254,447	58.9%
		Subtotal		147	64			\$9,801,857	\$6,454,745	\$511,796	\$6,966,541
POS		2010	25	19			\$496,830	\$604,645	\$37,317	\$641,962	129.2%
		2011	25	20			\$563,719	\$713,992	\$42,119	\$756,111	134.1%
		2012 YTD	27	22			\$404,164	\$553,362	\$36,153	\$589,514	145.9%
		Subtotal		26	20			\$1,464,714	\$1,871,998	\$115,589	\$1,987,587

Total By Enrollee Class											
Active		2010	628	440			\$8,556,474	\$8,518,805	\$909,675	\$9,428,480	110.2%
		2011	593	450			\$9,249,573	\$11,425,361	\$971,784	\$12,397,145	134.0%
		2012 YTD	588	430			\$5,899,486	\$5,526,230	\$747,061	\$6,273,291	106.3%
		Subtotal		603	440			\$23,705,532	\$25,470,397	\$2,628,520	\$28,098,917
Pre MC Retirees		2010	192	98			\$3,325,313	\$3,745,274	\$240,829	\$3,986,103	119.9%
		2011	180	103			\$3,446,707	\$4,801,845	\$256,758	\$5,058,604	146.8%
		2012 YTD	182	96			\$2,161,215	\$3,093,551	\$198,241	\$3,291,791	152.3%
		Subtotal		185	99			\$8,933,234	\$11,640,670	\$695,827	\$12,336,498
MC Retirees		2010	159	101			\$3,494,870	\$2,235,536	\$219,467	\$2,455,003	70.2%
		2011	158	100			\$3,721,391	\$2,071,006	\$236,643	\$2,807,650	62.0%
		2012 YTD	154	100			\$2,423,425	\$1,181,234	\$184,149	\$1,365,383	56.3%
		Subtotal		157	100			\$9,639,686	\$5,487,777	\$640,259	\$6,128,036

Attachment B

LTC # 305-2012

Health Care Premium Rebates



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC #

309-2012

LETTER TO COMMISSION

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie G. Brooks, Interim City Manager

DATE: November 28, 2012

SUBJECT: Health Care Premium Rebates

RECEIVED
Dec 3 2012
11:33 AM
CITY CLERK'S OFFICE

This Letter to the Commission is in response to members of the City Commission who have inquired as to why those health plans with low loss ratios do not provide a premium rebate to the plan participants when the premium paid for coverage exceeds the amount of claim cost incurred by the plan.

To determine what affects a premium rebate may have on the City's group health plan, and if a premium rebate is a viable option for the City, the Administration contacted the City's Benefit Consultant, Gallagher Benefit Services (Gallagher), for guidance. The plan actuary assigned to the City indicated that while employers have the ability to set prospective premium and contribution rates that reflect experience by plan, they have uniformly avoided retroactively rebating contribution dollars by plan based on claim experience. Gallagher is concerned that such practice would violate Federal laws, such as the Americans with Disabilities Act (ADA), by rewarding employees for not seeking or receiving medical care, yet penalizing employees with illnesses. The City, however, may prospectively incentivize good behavior, for example, by rewarding employees for having a variety of vital signs tested and then giving discounts for hitting goals for things like blood pressure, body mass index and cholesterol. As part of the Budget Advisory Committee's review of healthcare costs, the City will request that it recommend a program to encourage healthy behaviors and target specific health actions using customized information, financial incentives and ongoing support for employees.

More specific to the City, there are a few reasons the actuary has advised us a premium rebate would not be feasible. First, the enrollment in most of the plans is too small to be statistically sound. You can see a very good illustration of this when you look at the enrollment and the associated loss ratios by year and by plan provided in the attachment. As you can see, many plans have few participants and have high claim expenses. When looking at the plan's loss ratio, the percentage of claim cost paid versus plan premium collected from those enrolled, the loss ratios for the plans fluctuate from year to year; one year having a relatively high loss ratio and a subsequent year with a much lower loss ratio. Even when the plan's enrollment is quite small, the plan's cost may be quite significant.

As an example, in 2009, the Premium PPO had twenty-four (24) active employees, and experienced a claim loss ratio of nearly 130%. In 2010, there were seventeen (17) enrollees with a claim loss ratio of only 31%. The Premium PPO currently has eleven (11) active employees in the plan. Through August of 2012, the eleven (11) enrollees had averaged a

loss ratio of just over 60%. As this shows, with such a small enrolment, even a few moderate claims can cause huge swings in the plan's cost. We see similar results for the other plans as well, especially for the plans with lower enrollments. Even if we combine the enrolment across actives, pre-Medicare retirees and Medicare retirees, we see significant variation from year to year for any given plan.

Beginning with the City's 2006 Annual Open Enrollment, the Administration has been educating employees of the premium cost saving provided by Standard HMO and PPO medical plans. This employee education has been successful in moving the majority of employees to the City's two lower cost Standard medical plans. This change in coverage not only provides the employee savings, but also the City, as the premium rates for the Standard plans are lower than those for the Premium plan. For example, for an employee enrolled in the Premium PPO plan, the City's premium subsidy is \$1,874.46 versus \$1,306.64 for the Standard Plan, providing a monthly savings to the City of \$567.82. The 2012 monthly premium cost for the employee and City are included in Attachment B.

Currently of the nine hundred seventy three (973) active employees participating in the City's medical plan, nine hundred twenty four (924), or 95%, have elected medical coverage in one of the City's two Standard plans.

Additionally, the City subsidizes coverage at no less than fifty percent (50%) of premium cost for the Premium HMO, the Premium PPO and the POS plans. The City subsidy for the Standard HMO and Standard PPO is more, 75% for employee only coverage and 60% for family coverage. So conversely, employees pay no more than fifty percent (50%) of the premium of any plan. Unless a loss ratio, including the administrative fees, drops below fifty percent (50%), the City is still subsidizing the cost of the coverage. Even if experience on any one plan is consistently good, the City is still subsidizing the cost of that plan and employees are not being charged more than fifty percent (50%) of the cost of the coverage.

KGB/RG/sr

Attachment

Attachment A

**City of Miami Beach
Medical Plan Experience by Plan and Enrollee Class**

City of Miami Beach
Health Plan Experience by Plan and Enrollee Class

Plan	Class	Period	Average Enrollees		Premium Rate		Premium	Claims	Fixed Costs	Total Expense	Total Loss Ratio	Total Monthly Premium				
			EE	Family	EE	Family						Employee Only Coverage		Family Coverage		
												Employee	City	Employee	City	
Standard HMO	Active	2010	505	364	\$ 357.59	\$ 886.31	\$6,044,617	\$5,718,301	\$742,583	\$6,460,884	106.9%	\$89.40	\$268.19	\$354.52	\$531.79	
		2011	485	375	\$ 393.35	\$ 974.94	\$6,670,677	\$8,664,637	\$802,399	\$9,467,036	141.9%	\$99.79	\$299.36	\$395.89	\$593.83	
		2012 YTD	496	381	\$ 458.76	\$1,137.07	\$4,622,428	\$4,031,576	\$646,149	\$4,677,726	101.2%	\$134.72	\$329.84	\$472.26	\$679.60	
		Subtotal	496	373			\$17,337,722	\$18,414,514	\$1,291,131	\$20,605,645	118.8%					
	Pre 65 Retiree	2010	48	24	\$ 357.59	\$ 886.31	\$462,629	\$362,160	\$59,616	\$421,777	91.2%	\$178.80	\$178.80	\$443.16	\$443.16	
		2011	50	36	\$ 393.35	\$ 974.94	\$652,498	\$1,277,341	\$79,260	\$1,356,601	207.9%	\$196.68	\$196.68	\$487.47	\$487.47	
		2012 YTD	59	39	\$ 458.76	\$1,137.07	\$502,621	\$984,017	\$71,562	\$1,055,579	210.0%	\$229.38	\$229.38	\$568.54	\$568.54	
		Subtotal	52	33			\$1,617,747	\$2,623,518	\$210,439	\$2,833,957	175.2%					
	Premium HMO	Active	2010	67	53	\$ 590.59	\$1,463.86	\$1,400,842	\$1,892,387	\$102,803	\$1,995,190	142.4%	\$295.30	\$295.30	\$731.93	\$731.93
			2011	61	48	\$ 649.65	\$1,610.25	\$1,402,398	\$1,535,101	\$101,872	\$1,636,973	116.7%	\$327.72	\$327.72	\$812.52	\$812.52
2012 YTD			53	32	\$ 757.68	\$1,878.02	\$704,411	\$1,016,874	\$61,466	\$1,078,340	153.1%	\$381.74	\$381.74	\$946.40	\$946.40	
Subtotal			60	44			\$3,507,652	\$4,444,362	\$266,141	\$4,710,503	134.3%					
Pre 65 Retiree		2010	76	42	\$ 590.59	\$1,463.86	\$1,279,897	\$1,642,260	\$98,631	\$1,740,892	136.0%	\$295.30	\$295.30	\$731.93	\$731.93	
		2011	70	40	\$ 649.65	\$1,610.25	\$1,311,197	\$2,373,096	\$99,354	\$2,472,450	188.6%	\$324.83	\$324.83	\$805.13	\$805.13	
		2012 YTD	65	35	\$ 757.68	\$1,878.02	\$807,132	\$1,042,423	\$71,567	\$1,113,990	138.0%	\$378.84	\$378.84	\$939.01	\$939.01	
		Subtotal	70	39			\$3,398,226	\$5,057,779	\$269,553	\$5,327,332	156.8%					
Standard PPO		Active	2010	33	11	\$ 698.90	\$1,714.73	\$507,489	\$202,216	\$35,422	\$237,638	46.8%	\$174.73	\$524.18	\$685.89	\$1,028.84
			2011	31	17	\$ 768.79	\$1,886.20	\$663,579	\$851,407	\$43,018	\$894,425	134.8%	\$193.65	\$580.94	\$760.39	\$1,140.59
	2012 YTD		28	8	\$ 896.63	\$2,199.86	\$302,841	\$226,130	\$24,481	\$250,610	82.8%	\$261.70	\$640.72	\$908.00	\$1,306.64	
	Subtotal		30	12			\$1,473,909	\$1,279,753	\$102,921	\$1,382,673	93.8%					
	Pre 65 Retiree	2010	25	16	\$ 698.90	\$1,714.73	\$529,943	\$395,265	\$34,129	\$429,394	81.0%	\$349.45	\$349.45	\$857.37	\$857.37	
		2011	21	16	\$ 768.79	\$1,886.20	\$554,419	\$283,729	\$34,505	\$318,235	57.4%	\$384.40	\$384.40	\$943.10	\$943.10	
		2012 YTD	23	14	\$ 896.63	\$2,199.86	\$357,337	\$465,710	\$26,600	\$492,311	137.8%	\$448.32	\$448.32	\$1,099.93	\$1,099.93	
		Subtotal	23	15			\$1,441,699	\$1,144,705	\$95,234	\$1,239,939	86.0%					
	Post 65 Retiree	2010	37	33	\$ 534.63	\$1,155.88	\$689,410	\$427,301	\$60,385	\$487,646	70.7%	\$267.32	\$267.32	\$577.94	\$577.94	
		2011	42	39	\$ 588.09	\$1,283.58	\$891,174	\$527,086	\$76,554	\$603,640	67.7%	\$294.05	\$294.05	\$641.79	\$641.79	
2012 YTD		43	43	\$ 685.89	\$1,489.89	\$654,342	\$353,083	\$64,864	\$417,948	63.9%	\$342.95	\$342.95	\$744.95	\$744.95		
Subtotal		41	38			\$2,234,926	\$1,307,470	\$201,803	\$1,509,273	67.5%						
Premium PPO	Active	2010	19	5	\$1,186.35	\$2,910.64	\$441,567	\$567,976	\$18,088	\$586,784	132.9%	\$593.18	\$593.18	\$1,455.32	\$1,455.32	
		2011	14	3	\$1,304.99	\$3,201.70	\$326,670	\$100,597	\$13,928	\$114,524	35.1%	\$652.50	\$652.50	\$1,600.85	\$1,600.85	
		2012 YTD	8	3	\$1,522.00	\$3,734.12	\$163,649	\$99,396	\$7,601	\$106,997	65.4%	\$763.90	\$763.90	\$1,874.46	\$1,874.46	
		Subtotal	13	4			\$931,885	\$767,968	\$40,336	\$808,305	86.7%					
	Pre 65 Retiree	2010	36	11	\$1,186.35	\$2,910.64	\$886,789	\$992,858	\$37,230	\$1,030,088	116.2%	\$593.18	\$593.18	\$1,455.32	\$1,455.32	
		2011	31	8	\$1,304.99	\$3,201.70	\$767,084	\$559,523	\$32,348	\$591,871	77.2%	\$652.50	\$652.50	\$1,600.85	\$1,600.85	
		2012 YTD	25	4	\$1,522.00	\$3,734.12	\$380,586	\$329,715	\$19,223	\$348,937	91.7%	\$761.00	\$761.00	\$1,867.06	\$1,867.06	
		Subtotal	30	8			\$2,034,459	\$1,882,096	\$88,801	\$1,970,897	96.9%					
	Post 65 Retiree	2010	110	61	\$ 907.46	\$1,962.05	\$2,636,644	\$1,694,247	\$143,047	\$1,837,294	69.7%	\$453.73	\$453.73	\$981.03	\$981.03	
		2011	102	53	\$ 998.21	\$2,178.82	\$2,614,255	\$1,411,705	\$139,827	\$1,551,532	59.3%	\$499.11	\$499.11	\$1,089.41	\$1,089.41	
2012 YTD		97	45	\$1,164.21	\$2,529.03	\$1,584,613	\$698,729	\$99,784	\$798,513	50.4%	\$582.11	\$582.11	\$1,264.51	\$1,264.51		
Subtotal		103	53			\$6,835,513	\$3,804,681	\$382,658	\$4,187,339	61.3%						

Plan	Class	Period	Average Enrollees		Premium Rate		Premium	Claims	Fixed Costs	Total Expense	Total Loss Ratio	Total Monthly Premium			
			EE	Family	EE	Family						Employee Only Coverage		Family Coverage	
												Employee	City	Employee	City
POS	Active	2010	5	6	\$ 658.12	\$1,632.95	\$161,958	\$137,926	\$10,060	\$147,986	91.4%	\$329.06	\$329.06	\$816.48	\$816.48
		2011	2	8	\$ 723.93	\$1,796.25	\$186,249	\$273,620	\$10,567	\$284,187	152.6%	\$361.97	\$361.97	\$898.13	\$898.13
		2012 YTD	3	6	\$ 844.31	\$2,094.95	\$106,156	\$152,254	\$7,364	\$159,618	150.4%	\$425.06	\$425.06	\$1,054.86	\$1,054.86
		Subtotal	4	7			\$454,364	\$563,799	\$27,991	\$591,791	130.2%				
	Pre 65 Retiree	2010	8	5	\$ 658.12	\$1,632.95	\$166,055	\$352,731	\$11,222	\$363,953	219.2%	\$329.06	\$329.06	\$816.48	\$816.48
		2011	9	4	\$ 723.93	\$1,796.25	\$161,509	\$308,157	\$11,290	\$319,446	197.8%	\$361.97	\$361.97	\$898.13	\$898.13
		2012 YTD	9	4	\$ 844.31	\$2,094.95	\$113,539	\$271,685	\$9,288	\$280,974	247.5%	\$422.16	\$422.16	\$1,047.48	\$1,047.48
		Subtotal	9	4			\$441,103	\$932,573	\$31,800	\$964,373	218.6%				
	Post 65 Retiree	2010	12	7	\$ 511.15	\$1,105.17	\$168,816	\$113,989	\$16,035	\$130,023	77.0%	\$255.58	\$255.58	\$552.59	\$552.59
		2011	14	8	\$ 562.27	\$1,227.27	\$215,961	\$132,215	\$20,263	\$152,478	70.6%	\$281.14	\$281.14	\$613.64	\$613.64
		2012 YTD	14	12	\$ 655.77	\$1,424.54	\$184,469	\$129,422	\$19,500	\$148,922	80.7%	\$327.89	\$327.89	\$712.27	\$712.27
		Subtotal	13	9			\$569,247	\$375,626	\$55,797	\$431,424	75.8%				

Total By Year		Period	EE	Family	Premium	Claims	Fixed Costs	Total Expense	Total Loss Ratio
Total 2010		2010	979	639	\$15,376,656	\$14,499,616	\$1,369,971	\$15,869,586	103.2%
Total 2011		2011	931	653	\$16,417,671	\$18,298,213	\$1,465,185	\$19,973,398	121.7%
Total 2012 YTD		2012 YTD	924	626	\$10,484,125	\$9,801,015	\$1,129,451	\$10,930,466	104.3%
2010 - 2012 YTD		Total	945	639	\$42,278,452	\$42,598,844	\$3,964,607	\$46,563,451	110.1%

Subtotal By Plan		Period	EE	Family	Premium	Claims	Fixed Costs	Total Expense	Total Loss Ratio
Standard HMO		2010	553	389	\$6,507,246	\$6,080,461	\$802,199	\$6,882,660	105.8%
		2011	535	410	\$7,323,175	\$9,941,978	\$881,659	\$10,823,637	147.8%
		2012 YTD	555	420	\$5,125,049	\$5,015,593	\$717,712	\$5,733,305	111.9%
		Subtotal	548	406	\$18,955,470	\$21,038,032	\$2,401,570	\$23,439,602	123.7%
Premium HMO		2010	142	95	\$2,680,739	\$3,534,647	\$201,434	\$3,736,082	139.4%
		2011	131	88	\$2,713,595	\$3,908,197	\$201,227	\$4,109,423	151.4%
		2012 YTD	119	67	\$1,511,544	\$2,059,297	\$133,033	\$2,192,331	145.0%
		Subtotal	130	83	\$6,905,877	\$9,502,141	\$535,694	\$10,037,836	145.4%
Standard PPO		2010	94	60	\$1,726,841	\$1,024,782	\$129,935	\$1,154,717	66.9%
		2011	94	71	\$2,109,172	\$1,662,222	\$154,078	\$1,816,300	86.1%
		2012 YTD	93	65	\$1,314,521	\$1,044,924	\$115,945	\$1,160,869	88.3%
		Subtotal	94	65	\$5,150,534	\$3,731,927	\$399,958	\$4,131,886	80.2%
Premium PPO		2010	165	77	\$3,965,001	\$3,255,081	\$149,908	\$3,454,166	87.1%
		2011	146	64	\$3,708,009	\$2,071,825	\$186,102	\$2,257,928	60.9%
		2012 YTD	130	52	\$2,128,847	\$1,127,839	\$126,608	\$1,254,447	58.9%
		Subtotal	147	64	\$9,801,857	\$6,454,745	\$511,796	\$6,966,541	71.1%
POS		2010	25	19	\$496,830	\$604,645	\$37,317	\$641,963	129.2%
		2011	25	20	\$563,719	\$713,992	\$42,119	\$756,111	134.1%
		2012 YTD	27	22	\$404,164	\$553,362	\$36,153	\$589,514	145.9%
		Subtotal	26	20	\$1,464,714	\$1,871,998	\$115,589	\$1,987,587	135.7%

Total By Enrollee Class									
Active	2010	628	440		\$8,556,474	\$8,518,805	\$909,675	\$9,428,480	110.2%
	2011	593	450		\$9,249,573	\$11,425,361	\$971,784	\$12,397,145	134.0%
	2012 YTD	588	430		\$5,899,486	\$5,526,230	\$747,061	\$6,273,291	106.3%
	Subtotal	603	440		\$23,705,532	\$25,470,397	\$2,628,520	\$28,098,917	118.5%
Pre MC Retirees	2010	192	98		\$3,325,313	\$3,745,274	\$240,829	\$3,986,103	119.9%
	2011	180	103		\$3,446,707	\$4,801,845	\$256,758	\$5,058,604	146.8%
	2012 YTD	182	96		\$2,161,215	\$3,093,551	\$198,241	\$3,291,791	152.3%
	Subtotal	185	99		\$8,933,234	\$11,640,670	\$695,827	\$12,336,498	138.1%
MC Retirees	2010	159	101		\$3,494,870	\$2,235,536	\$219,467	\$2,455,003	70.2%
	2011	158	100		\$3,721,391	\$2,071,006	\$236,649	\$2,307,650	62.0%
	2012 YTD	154	100		\$2,423,425	\$1,181,234	\$184,149	\$1,365,383	56.3%
	Subtotal	157	100		\$9,639,686	\$5,487,777	\$640,259	\$6,128,036	63.6%

Attachment C

LTC # 069-2013

**Impact of the Patient Protection and Affordable Care Act to the
City of Miami Beach for the 2013 Plan Year**



MIAMI BEACH

OFFICE OF THE CITY MANAGER
NO. LTC # 069-2013

LETTER TO COMMISSIONERS

RECEIVED
2013 MAR -1 AM 9:25
CITY CLERK'S OFFICE

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie G. Brooks, Interim City Manager 

DATE: February 28, 2012

SUBJECT: Impact of the Patient Protection and Affordable Care Act to the City of Miami Beach for the 2013 Plan Year

We have now entered into the third year of the Patient Protection and Affordable Care Act (PPACA). In order to comply with mandates of the PPACA, the City made the following changes to its health plans during the previous two years which, resulted in little, if any, cost impacts to the City's medical plans. The following outlines the revised provisions of the PPACA and the impacts associated with these changes to the City's medical plans.

Revised Provisions Effective in the 2011 Plan Year

- Lifetime dollar limits removed from all plans**
This mandate eliminated the City's \$2M lifetime limits on its Standard HMO and Standard PPO plans and eliminated the \$5 million lifetime limit on its Premium HMO, Premium PPO and POS plans.
- Dependent coverage increased from age 25 to age 26**
The Administration monitored the enrollment of dependent coverage for those over age 25 during the 2011 Annual Open Enrollment period. There were no new enrollments of dependents who were age 25 during the 2011 enrollment period. There were some previously enrolled dependents who attained age 25 during the plan year whose coverage was extended to age 26. At this time, no perceptible cost impact to the plan has been determined.
- Elimination of pre-existing condition limitations for enrollees up to age 19**
Previously, employees would have provided a HIPPA Certification indicating that their dependent had health coverage in the prior 18 months. This certification removed the pre-existing limitation for the dependent. At this time, no perceptible cost impact to the plan has been determined.
- No recessions, meaning an employer cannot retro-actively terminate an employee's coverage, unless there was an error in the employee's enrollment**
The City has not experienced a correction in an employee's enrollment that has created a retroactive termination of benefit coverage. Plan enrollments are audited annually to ensure that the employee is enrolled in the plan option elected.

- **Coverage for preventative care received by network physicians provided at no cost sharing by the plan participant**
In reviewing claims costs, we have not recognized a significant impact to the cost of preventative care to the plans.
- **New requirements for appeals to the plan for coverage of services not covered by the plan, including plan response deadlines and final, external review from an outside, third party were required**
The City is contracted with the benefits plan carrier which requires the plan carrier to act as the Plan Fiduciary, eliminating the responsibility from the City to make coverage determinations based on a participant's benefit appeal. The expenses for these required changes were the responsibility of the benefits carrier as Plan Fiduciary and not the City and thus, were absorbed by the City's current plan carrier, Humana.

Effective in the 2012 Plan Year

- **W-2 Form reporting for the employer cost share of the employees elected health care coverage**
This information is included on the 2012 W-2 Forms received by all employees. Changes were made internally to the City's computer system providing for the printing of the information on the employee's W-2. The City did not incur a cost.
- **Distribution of a uniform summary of benefits reflecting the scope of coverage by the plan, provided in a 12-page document, written in simple language to be distributed no later than March 2013**
Humana is providing the summaries of benefits to the City at no additional cost. These summaries of benefits will be electronically available to all employees in March 2013.

Effective in the 2013 Plan Year

- **The plan year limit for Health Care Flexible Spending Accounts reduced to \$2,500 from \$5,000**
Flexible Spending Accounts are funded solely from employee contributions; therefore, there is no cost impact to the City.
- **Annual dollar limits on essential health benefits cannot be lower than \$2M**
The City's plans did not have dollar limits on the benefits provided, (all of the plans have a limitation on the number of annual visits per year) therefore, there is no cost impact to the City.
- **Comparative Effectiveness Fees for group health plans**
PPACA imposes a new fee on group health plans to promote research comparing effectiveness and risks of medical treatments. The initial fee is due by July 31, 2013. For the 2013 plan year, the fee is \$1.00 multiplied by the average number of covered lives (based on enrollment for the previous year). For the 2014 plan year, the fee increases to \$2.00 per average covered life. For later years, the fee will increase in accordance with medical inflation. The fee will only apply through the 2019 plan year. Currently, the average enrollment for all active employees in the City's five medicals, including the FOP and IAFF

Health Trusts, is 1,494 lives. For 2013, the City's cost for the Comparative Effectiveness Fee will be \$1,494.

- **FICA Tax Increase**

Effective January 1, 2013, the Medicare withholding increased from 1.45% to 2.35% for wages over \$200k (or \$250k for married couples filing jointly).

- **Notice of Insurance Exchanges**

Employers must provide notice to all employees explaining their right to purchase healthcare coverage through an exchange, their right to possible eligibility for potential government subsidies for healthcare coverage purchased through an exchange, and other features of the exchange. However, as of this date, no guidance has been provided to employers as to what information to share with their employees. The Department of Labor (DOL) has postponed distribution of this notice to employees until the notice can be coordinated with the Health and Human Services (HHS) educational efforts and the Internal Revenue Service (IRS) guidance regarding the minimum value that can be provided. The DOL expects that the timing of distribution of these notices will be in late summer or fall of 2013, coordinating with the open enrollment period for the exchanges.

The Administration is currently working closely with its benefit consultants, Gallagher Benefits Services, to monitor any changes in the current mandates, to comply, implement and determine the cost impact of future mandates of the PPACA for plan year 2014 through 2018. Information regarding future impacts to the City's medical plan, including the estimated cost impact to the plans, will be provided to the members of the City Commission as soon as they are available.

Should you have any questions, or need additional information, please feel free to contact me.

KGB/CG/sr

Attachment D

Comparison of Current Standard HMO and Standard PPO Plans

Versus

BAC Recommended HMO and PPO Plans

**Comparison of Recommended Plan Design Changes
HMO**

	Standard HMO Current Plan Employee Pays	HMO Proposed Plan Employee Pays
Annual Deductible	\$0.00	\$100 Individual \$300 Family
Annual Out of Pocket Maximum (deductible, copays, coinsurance)	\$1,500 Individual \$3,000 Family	\$3,000 Individual \$6,000 Family
Primary Care Physician Office Visit	\$25 co-pay	\$30 co-pay
Specialist Office Visit	\$40 co-pay	\$50 co-pay
Outpatient Surgery	\$200 co-pay	Deductible then employee pays 20%
Advanced Imaging (PET, MRI, MRA, CAT)	\$200 co-pay	\$100 co-pay free standing facility
		\$200 co-pay outpatient facility
		\$300 co-pay hospital
Inpatient Hospital	\$200 co-pay each day for the first five days	Deductible then \$300 a day for the first 3 days
Urgent Care Services	\$40 co-pay	\$50 co-pay
Durable Medical Equipment	\$0.00	\$30 co-pay
Prescription Drugs	90 days through Mail Order option	90 through Mail Order mandatory for maintenance medications

**Comparison of Recommended Plan Design Changes
PPO**

	Standard PPO Current Plan		PPO Proposed Plan	
	In Network Employee Pays	Out of Network Employee Pays	In Network Employee Pays	Out of Network Employee Pays
Annual Deductible	\$500 Individual \$1,500 Family	\$500 Individual \$1,500 Family	\$750 Individual \$2,250 Family	\$1,000 Individual \$3,000 Family
Annual Out of Pocket Maximum (deductible, copays, coinsurance)	\$3,500 Individual \$10,500 Family	\$7,000 Individual \$21,000 Family	\$5,000 Individual \$15,000 Family	\$10,000 Individual \$30,000 Family
Primary Care Physician Office Visit	\$35 co-pay	Deductible then 30%	\$35 co-pay	Deductible then 40%
Specialist Office Visit	\$35 co-pay	Deductible then 30%	\$50 co-pay	Deductible then 40%
Outpatient Surgery	Deductible then 20%	Deductible then 40%	\$200 co-pay and Deductible then 20%	Deductible then 40%
X-Ray and Laboratory Testing	\$0 Physician Office	Deductible then 40%	Deductible then 20%	Deductible then 40%
	Deductible then 20% Outpatient Facility or hospital			
Urgent Care Services	\$35 co-pay	Deductible then 30%	\$50 co-pay	Deductible then 40%
Prescription Drugs - Retail	\$10 for Generic	30% after co-pay plus the cost difference between generic and brand name	\$10 for Generic	Not covered
30 day supply	\$40 co-pay Formulary		\$50 co-pay Formulary	
	\$60 co-pay Brand Name		\$75 co-pay Brand Name	
Prescription Drugs - Mail Order	90 days through Mail Order option		90 through Mail Order mandatory	
90 day supply	\$30 for Generic	30% after co-pay plus the cost difference between generic and brand name	\$30 for Generic	Not covered
	\$120 co-pay Formulary		\$150 co-pay Formulary	
	\$180 co-pay Brand Name		\$225 co-pay Brand Name	

Attachment E

Gallagher Presentation to BAC

Results of RFP No. 2013-08

MIAMI BEACH

City of Miami Beach
Budget Advisory
Committee Meeting
REFP No. 2013-08

Health Plan Services
May 7th, 2013

The information contained herein is subject to the disclosures and disclaimers on the final page of this report.

Agenda

1. Current Health Plan Overview
2. Overview of RFP Process
 - a) RFP Timeline
 - b) Deficiencies Letters
3. Responding Vendors
 - a) Lines of Coverage Quoted per Vendor
 - b) A.M Best Financial Ratings
4. Disruption & Geo Access
5. Medicare Advantage Analysis
6. Fully-Insured Marketing Analysis
 - a) Scenario A Plan Designs
 - i. Financial Summary
 - b) Scenario B Plan Designs
 - i. Financial Summary
7. Self-Funded Marketing Analysis
 - a) Plan Designs & Methodology
 - b) Administrative Services Only (ASO) Fees
 - c) Reinsurance Quotes
 - d) Reinsurance Terms & Caveats
8. Pharmacy (Self Funded) Marketing Analysis
 - a) Pharmacy Marketing Methodology
 - b) PBM / PBA Analysis
 - i. Total Population
 - ii. Total Excludes Post-65 Retirees
 - iii. Full Truveris Analysis (under separate cover)
9. Overall Financial Summary
 - a) Scenario A
 - b) Scenario B
 - c) Claim Runout Scenarios
10. EAP Marketing Analysis
 - a) Premium Rates
 - b) Benefits Summary
11. Wellness
 - a) Benefits & Cost
12. Next Steps
13. Appendix
 - a) Contingencies, Exclusions, & Limitations



CURRENT HEALTH PLAN OVERVIEW



Gallagher Public Entity & Scholastic Group
a Division of Gallagher Benefit Services, Inc.

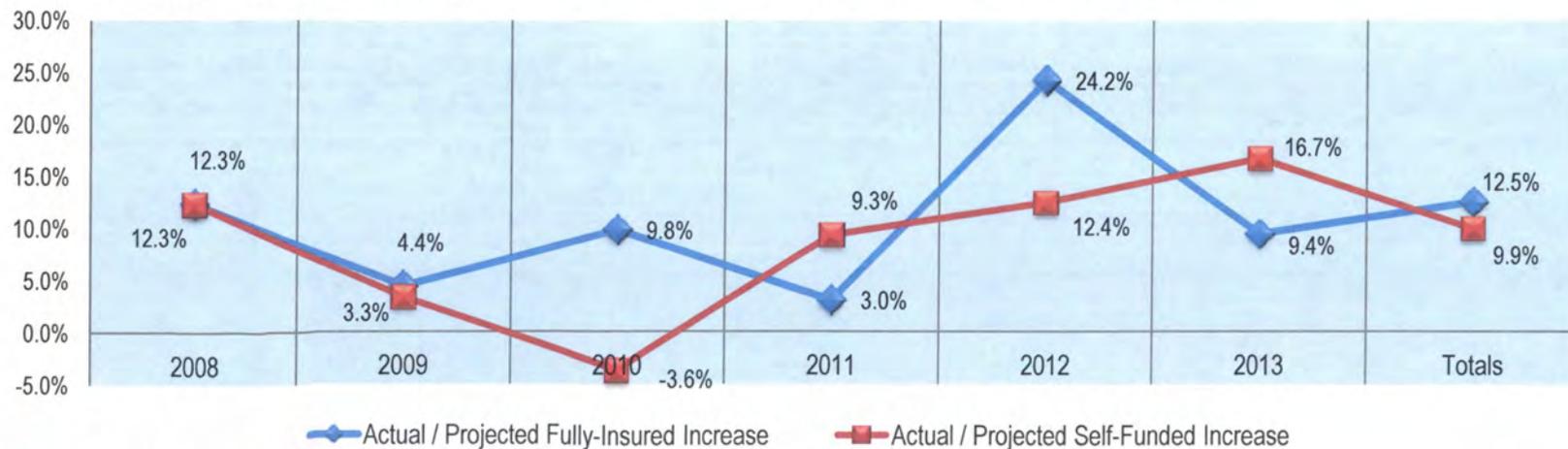
The City of Miami Beach

Health Plan Self-Funding Analysis – Plan Year

Plan Year ¹	Actual / Projected Fully-Insured Increase	Actual / Projected Self-Funded Increase	Enrollment	Actual / Projected Fully-Insured Premium	Actual Self-Funded Expense	Difference
2008	12.3%	12.3%	1,639	\$15,586,760	\$15,586,760	\$0
2009	4.4%	3.3%	1,637	\$16,256,857	\$15,484,667	\$772,190
2010	9.8%	-3.6%	1,624	\$17,248,591	\$16,219,484	\$1,029,107
2011	3.0%	9.3%	1,586	\$17,351,316	\$18,517,167	(\$1,165,851)
2012	24.2%	12.4%	1,541	\$19,866,823	\$19,144,875	\$721,948
2013	9.4%	16.7%	1,541	\$21,734,304	\$20,923,320	\$810,984
Totals	12.5%	9.9%	1,595	\$108,044,651	\$105,876,272	\$2,168,379

¹2008 was fully-insured. Projected fully-insured increases in 2009 - 2013 are estimations based off past experience and projections.

²Fully-insured increases projected above assume that current plan designs were not changed and insurer factors continued to be used



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The City of Miami Beach

Current Health Plan Benefits

	Standard HMO	Premium HMO	PPO Standard	PPO Premium	POS
Employee Monthly Premium					
Employee Only	\$134.72	\$381.74	\$261.70	\$763.90	\$425.06
Employee + Spouse or 1 Dependent	--	--	--	--	--
Employee + Child(ren)	--	--	--	--	--
Employee + Family	\$472.26	\$946.40	\$908.00	\$1,874.46	\$1,054.86
Plan Deductible and Maximum OOP					
Annual Deductible (Individual / Family)	\$0	\$0	In/Out - \$500 / \$1,500	In/Out - \$200 / \$600	In - \$0, Out - \$400 / \$800
Out of Pocket Maximum (Individual / Family)	\$1,500 / \$3,000	\$1,500 / \$3,000	In/Out - \$3,500 / \$10,500	In/Out - \$1,000 / \$3,000	In - None, Out - \$2,500 / \$5,000
Physician Services - In Network					
Office Visit PCP	\$25	\$5	\$35	\$10	\$5
Office Visit Specialist	\$40	\$0	\$35	\$10	\$5
Facility Services					
Hospital Inpatient	\$300 / 5 days	\$100	In - 20% after ded Out - 40% after ded	In - \$100 / admit, 10% Out - \$500 / admit 30% after ded	In - \$100 / admit Out - \$500 / admit 30%, after ded
Outpatient Hospital Surgery	\$200	\$0	In - 20% after ded Out - 40% after ded	In - \$100 / admit, 10% Out - \$500 / admit 30% after ded	In - \$0 Out - 30% after ded
Outpatient Diagnostic Services / Imaging	\$200	\$0	In - 20% after ded Out - 40% after ded	In - 10% after \$25 Out - 30% after ded	In - \$0 Out - 30% after ded
Emergency Room	\$200	\$25	In/Out - 20% after \$200	In/Out - 10% after \$25	In / Out - \$50
Urgent Care Facility	\$40	\$25	In - \$35 Out - 30% after ded	In - \$10 Out - 20% after ded	In - \$5 Out - 30% after ded
Prescription Drug Coverage - In Network					
Generic / Brand / Brand Non-Pref / Specialty	\$7 / \$40 / \$60 MO x2	\$5 / \$5 / \$5 MO x3	\$10 / \$40 / \$60 MO x3	\$10 / \$10 / \$10 MO x3	\$10 / \$10 / \$10 MO x3



Current Health Plan Rates and Contributions

Active Employee Monthly Rates		Standard HMO	Premium HMO	POS	Standard PPO	Premium PPO
Employee Only	Employee	\$134.72	\$381.74	\$425.06	\$261.70	\$763.90
	City	\$329.84	\$381.74	\$425.06	\$640.72	\$763.90
	Total	\$464.56	\$763.48	\$850.12	\$902.42	\$1,527.80
Family	Employee	\$472.26	\$946.40	\$1,054.86	\$908.00	\$1,874.46
	City	\$679.60	\$946.40	\$1,054.86	\$1,306.64	\$1,874.46
	Total	\$1,151.86	\$1,892.80	\$2,109.72	\$2,214.64	\$3,748.92

% Employee / City Cost Share		Standard HMO	Premium HMO	POS	Standard PPO	Premium PPO
Employee Only	Employee	29%	50%	50%	29%	50%
	City	71%	50%	50%	71%	50%
	Total	100%	100%	100%	100%	100%
Family	Employee	41%	50%	50%	41%	50%
	City	59%	50%	50%	59%	50%
	Total	100%	100%	100%	100%	100%

Pre-65 Retirees Monthly Rates		Standard HMO	Premium HMO	POS	Standard PPO	Premium PPO
Pre-65 Retiree Only	Retiree	\$134.72	\$381.74	\$425.06	\$261.70	\$763.90
	City	\$329.84	\$381.74	\$425.06	\$640.72	\$763.90
	Total	\$464.56	\$763.48	\$850.12	\$902.42	\$1,527.80
Family	Retiree	\$472.26	\$946.40	\$1,054.86	\$908.00	\$1,874.46
	City	\$679.60	\$946.40	\$1,054.86	\$1,306.64	\$1,874.46
	Total	\$1,151.86	\$1,892.80	\$2,109.72	\$2,214.64	\$3,748.92

% Pre-65 Retiree / City Cost Share		Standard HMO	Premium HMO	POS	Standard PPO	Premium PPO
Pre-65 Retiree Only	Retiree	29%	50%	50%	29%	50%
	City	71%	50%	50%	71%	50%
	Total	100%	100%	100%	100%	100%
Family	Retiree	41%	50%	50%	41%	50%
	City	59%	50%	50%	59%	50%
	Total	100%	100%	100%	100%	100%

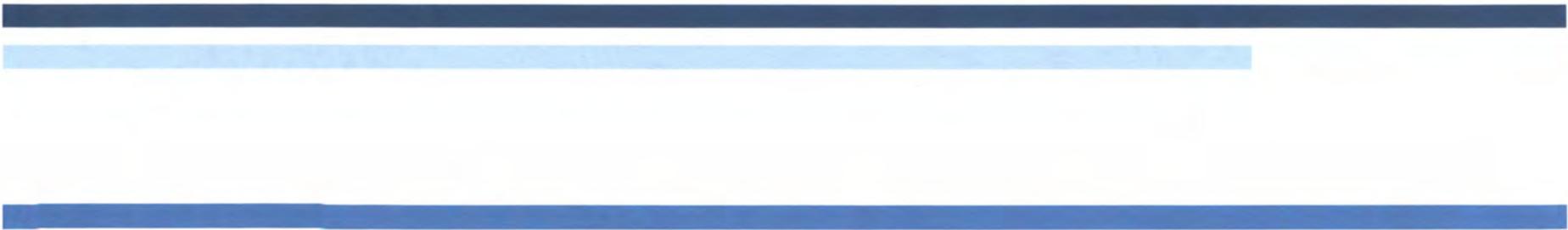


Current Health Plan Rates and Contributions

Post-65 Retirees Monthly Rates		POS	Standard PPO	Premium PPO
Single	Retiree	\$327.89	\$342.95	\$582.11
	City	\$327.89	\$342.95	\$582.11
	Total	\$655.77	\$685.89	\$1,164.21
Retiree/Spouse (O/U)	Retiree	\$737.75	\$771.60	\$1,309.76
	City	\$737.75	\$771.60	\$1,309.76
	Total	\$1,475.50	\$1,543.19	\$2,619.51
Ret/Spouse (O/O)	Retiree	\$655.77	\$685.86	\$1,164.21
	City	\$655.77	\$685.86	\$1,164.21
	Total	\$1,311.54	\$1,371.71	\$2,328.42
Ret/Child	Retiree	\$737.75	\$771.60	\$1,309.76
	City	\$737.75	\$771.60	\$1,309.76
	Total	\$1,475.50	\$1,543.19	\$2,619.51
Ret/Sp/Child (O/U)	Retiree	\$1,085.38	\$966.74	\$1,640.99
	City	\$1,085.38	\$966.74	\$1,640.99
	Total	\$2,170.75	\$1,933.48	\$3,281.97
Ret/Sp/Child (O/O)	Retiree	\$853.01	\$881.01	\$1,495.48
	City	\$853.01	\$881.01	\$1,495.48
	Total	\$1,706.02	\$1,762.01	\$2,990.96

% Post-65 Retiree / City Cost Share		POS	Standard PPO	Premium PPO
Single	Retiree	50%	50%	50%
	City	50%	50%	50%
	Total	100%	100%	100%
Retiree/Spouse (O/U)	Retiree	50%	50%	50%
	City	50%	50%	50%
	Total	100%	100%	100%
Ret/Spouse (O/O)	Retiree	50%	50%	50%
	City	50%	50%	50%
	Total	100%	100%	100%
Ret/Child	Retiree	50%	50%	50%
	City	50%	50%	50%
	Total	100%	100%	100%
Ret/Sp/Child (O/U)	Retiree	50%	50%	50%
	City	50%	50%	50%
	Total	100%	100%	100%
Ret/Sp/Child (O/O)	Retiree	50%	50%	50%
	City	50%	50%	50%
	Total	100%	100%	100%





OVERVIEW OF RFP PROCESS



RFP Timeline

- GBS to release RFP - February 8, 2013
- Pre-Proposal Submission meeting – February 14, 2013
- Release answers to carrier questions – February 27, 2013
- Vendor proposal due date – March 15, 2013
- Analysis by GBS – March 18 thru March 29, 2013
 - GBS identified significant proposal deficiencies
- Vendors notified of proposal deficiencies – April 2, 2013
- Vendors provided additional week to rectify proposal deficiencies
- Vendor proposal due date – April 10, 2013
- Round 2 of GBS analysis – April 11 thru May 1, 2013
- Analysis of Pharmacy RFP (Truveris) – May 1, 2013
- GBS completes initial analysis



Deficiencies Letters

- Based upon the responses received after the release of the initial RFP, the deficiencies in each vendor's proposal would have disqualified all responses
- GBS informed the City of the results and the decision was made to re-open the bidding to RFP No. 2013-08 in order to receive thorough, well thought out responses
- Subsequently, deficiencies letters were prepared for each vendor that submitted an initial proposal in order to correct and/or identify issues that required correction or clarification
- Vendors that did not submit a second proposal were:
 - Interactive Health (Wellness)
 - HM Insurance (Reinsurance)
- The vendor deficiencies letters have been brought with this presentation under separate cover for your review



RESPONDING VENDORS



Lines of Coverage Quoted per Vendor

- Aetna
 - Fully-Insured
 - Self-Funded
 - Stop Loss
 - Medicare Advantage
 - EAP
 - Wellness
- Cigna
 - Fully-Insured
 - Self-Funded
 - Stop Loss
 - Medicare Supplement
 - EAP
 - Wellness
- Engagement Health
 - Wellness
- Humana
 - Fully-Insured
 - Self-Funded
 - Stop Loss
 - Medicare Advantage
 - EAP
 - Wellness
- Symetra
 - Stop Loss
- Ulliance
 - EAP
- United Healthcare
 - Fully-Insured
 - Self-Funded
 - Stop Loss
 - Medicare Advantage
 - EAP
 - Wellness



A.M. Best Financial Ratings

A.M. Best Financial Strength Rating Reference Guide - 2013													
Entity	A.M. Best #	Financial Strength Rating											
		Month	Rating	Size									
Aetna Life	006006	1	A (Excellent)	XV	2	A (Excellent)	XV	3	A (Excellent)	XV	4	A (Excellent)	XV
Aetna Health Inc	060120	1	A (Excellent)	XV	2	A (Excellent)	XV	3	A (Excellent)	XV	4	A (Excellent)	XV
Aetna Health Insurance	007443	1	A (Excellent)	XV	2	A (Excellent)	XV	3	A (Excellent)	XV	4	A (Excellent)	XV
Cigna Healthcare of Florida Inc.	068860	1	A (Excellent)	XV	2	A (Excellent)	XV	3	A (Excellent)	XV	4	A (Excellent)	XV
Humana Health Insurance Co of FL Inc	009494	1	A- (Excellent)	XIV	2	A- (Excellent)	XIV	3	A- (Excellent)	XIV	4	A- (Excellent)	XIV
Symetra Life Insurance Company	007017	1	A (Excellent)	IX	2	A (Excellent)	IX	3	A (Excellent)	IX	4	A (Excellent)	XV
United Healthcare Insurance Company	008290	1	A (Excellent)	XV	2	A (Excellent)	XV	3	A (Excellent)	XV	4	A (Excellent)	XV



DISRUPTION & GEOACCESS ANALYSIS



Disruption Analysis

Top 100 HMO Providers by Category	Humana	Aetna Choice POS II (SI)	Aetna Select (SI)	Aetna Open Access Managed Choice POS (FI)	Aetna Managed Choice (FI)	Aetna Health Network Only (FI)	Cigna	United Healthcare
HMO Providers In-Network	89	99	96	99	99	96	92	95
% of Total HMO Providers	89%	99%	96%	99%	99%	96%	92%	95%
HMO \$'s In-Network	\$5,938,085	\$6,335,086	\$6,179,924	\$6,335,086	\$6,335,086	\$6,179,924	\$6,118,966	\$6,104,133
% of Total HMO \$'s	93.5%	99.8%	97.3%	99.8%	99.8%	97.3%	96.4%	96.1%

Top 50 PPO Providers by Category	Humana	Aetna Choice POS II (SI)	Aetna Select (SI)	Aetna Open Access Managed Choice POS (FI)	Aetna Managed Choice (FI)	Aetna Health Network Only (FI)	Cigna	United Healthcare
PPO Providers In-Network	43	48	46	48	48	45	43	45
% of Total PPO Providers	86%	96%	92%	96%	96%	90%	86%	90%
PPO \$'s In-Network	\$1,953,693	\$2,032,042	\$2,002,527	\$2,032,042	\$2,032,042	\$1,956,284	\$1,981,950	\$1,989,710
% of Total PPO \$'s	95.3%	99.2%	97.7%	99.2%	99.2%	95.5%	96.7%	97.1%



GeoAccess Analysis

County	Entire Population Including Post-65 Retirees 2 Primary Care Physicians within 10 Miles								Total
	Humana NPPO Choice Care		Aetna Choice POS II		Cigna OAP*		UHC Choice Plus		
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	
Miami-Dade	1911	100%	1911	100%	1120	59%	1911	100%	1911
Broward	509	100%	508	100%	231	45%	508	100%	509
Palm Beach	69	99%	70	100%	19	27%	70	100%	70
Brevard	20	100%	20	100%	10	50%	20	100%	20
St. Lucie	18	100%	18	100%	7	39%	18	100%	18
Martin	17	100%	17	100%	6	35%	17	100%	17
Highlands	15	94%	15	94%	12	75%	15	94%	16
Lake	13	100%	12	92%	8	62%	12	92%	13
Marion	10	83%	12	100%	8	67%	12	100%	12
Indian River	10	100%	10	100%	5	50%	10	100%	10
Clark, NV	10	100%	10	100%	3	30%	10	100%	10
Sumter	9	100%	9	100%	6	67%	9	100%	9
Orange	7	100%	8	114%	5	71%	8	114%	7
Volusia	8	100%	8	100%	4	50%	8	100%	8
Monroe		0%	7	100%	3	43%	7	100%	7
Total	2626	99.58%	2635	99.92%	1447	54.87%	2635	99.92%	2637

County	Entire Population Including Post-65 Retirees 2 Pediatricians within 10 Miles								Total
	Humana NPPO Choice Care		Aetna Choice POS II		Cigna OAP*		UHC Choice Plus		
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	
Miami-Dade	1911	100%	1911	100%	1120	59%	1911	100%	1911
Broward	509	100%	508	100%	231	45%	508	100%	509
Palm Beach	69	99%	70	100%	19	27%	70	100%	70
Brevard	20	100%	20	100%	10	50%	20	100%	20
St. Lucie	18	100%	18	100%	7	39%	18	100%	18
Martin	17	100%	17	100%	6	35%	17	100%	17
Highlands	15	94%	15	94%	12	75%	15	94%	16
Lake	12	92%	11	85%	7	54%	12	92%	13
Marion	10	83%	9	75%	6	50%	9	75%	12
Indian River	10	100%	10	100%	5	50%	10	100%	10
Clark, NV	10	100%	10	100%	3	30%	10	100%	10
Sumter	3	33%	9	100%	6	67%	9	100%	9
Orange	7	100%	8	114%	5	71%	8	114%	7
Volusia	8	100%	8	100%	4	50%	8	100%	8
Monroe		0%	5	71%	3	43%	0	0%	7
Total	2619	99.32%	2629	99.70%	1444	54.76%	2625	99.54%	2637

County	Entire Population Including Post-65 Retirees 2 Obstetricians / Gynecologists within 10 Miles								Total
	Humana NPPO Choice Care		Aetna Choice POS II		Cigna OAP*		UHC Choice Plus		
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	
Miami-Dade	1911	100%	1911	100%	1120	59%	1911	100%	1911
Broward	509	100%	508	100%	231	45%	508	100%	509
Palm Beach	68	97%	70	100%	19	27%	70	100%	70
Brevard	20	100%	20	100%	10	50%	19	95%	20
St. Lucie	18	100%	18	100%	7	39%	18	100%	18
Martin	17	100%	17	100%	6	35%	17	100%	17
Highlands	13	81%	12	75%	9	56%	13	81%	16
Lake	13	100%	12	92%	8	62%	12	92%	13
Marion	6	50%	9	75%	6	50%	9	75%	12
Indian River	10	100%	10	100%	5	50%	10	100%	10
Clark, NV	10	100%	10	100%	3	30%	10	100%	10
Sumter	9	100%	9	100%	6	67%	9	100%	9
Orange	7	100%	8	114%	5	71%	8	114%	7
Volusia	8	100%	8	100%	4	50%	8	100%	8
Monroe		0%	9	129%		0%	0	0%	7
Total	2619	99.32%	2631	99.77%	1439	54.57%	2622	99.43%	2637

County	Entire Population Including Post-65 Retirees 2 Primary Care Physicians within 10 Miles								Total
	Humana NPOS		Aetna OA Choice POS		Cigna OAP*		UHC Choice Plus**		
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911
Broward	509	100%	508	100%	231	45%	N/A	N/A	508
Palm Beach	69	99%	70	100%	19	27%	N/A	N/A	70
Brevard	20	100%	20	100%	10	50%	N/A	N/A	20
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18
Martin	17	100%	17	100%	6	35%	N/A	N/A	17
Highlands	15	94%	15	94%	12	75%	N/A	N/A	16
Lake	13	108%	12	100%	8	67%	N/A	N/A	12
Marion	10	83%	12	100%	8	67%	N/A	N/A	12
Indian River	10	100%	10	100%	5	50%	N/A	N/A	10
Clark, NV	10	100%	10	100%	3	30%	N/A	N/A	10
Sumter	9	100%	9	100%	6	67%	N/A	N/A	9
Orange	7	100%	8	114%	5	71%	N/A	N/A	7
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8
Monroe		0%	7	100%	3	43%	N/A	N/A	7
Total	2626	99.66%	2635	100.00%	1447	54.91%	N/A	N/A	2635

County	Entire Population Including Post-65 Retirees 2 Pediatricians within 10 Miles								Total
	Humana NPOS		Aetna OA Choice POS		Cigna OAP*		UHC Choice Plus**		
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911
Broward	509	100%	508	100%	231	45%	N/A	N/A	508
Palm Beach	69	99%	70	100%	19	27%	N/A	N/A	70
Brevard	20	100%	20	100%	10	50%	N/A	N/A	20
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18
Martin	17	100%	17	100%	6	35%	N/A	N/A	17
Highlands	15	94%	15	94%	12	75%	N/A	N/A	16
Lake	12	100%	11	92%	7	58%	N/A	N/A	12
Marion	10	83%	9	75%	6	50%	N/A	N/A	12
Indian River	10	100%	10	100%	5	50%	N/A	N/A	10
Clark, NV	10	100%	10	100%	3	30%	N/A	N/A	10
Sumter	3	33%	9	100%	6	67%	N/A	N/A	9
Orange	7	100%	8	114%	5	71%	N/A	N/A	7
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8
Monroe		0%	5	71%	3	43%	N/A	N/A	7
Total	2619	99.39%	2629	99.77%	1444	54.80%	N/A	N/A	2635

County	Entire Population Including Post-65 Retirees 2 Obstetricians / Gynecologists within 10 Miles								Total
	Humana NPOS		Aetna OA Choice POS		Cigna OAP*		UHC Choice Plus**		
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911
Broward	509	100%	508	100%	231	45%	N/A	N/A	508
Palm Beach	68	97%	70	100%	19	27%	N/A	N/A	70
Brevard	20	100%	20	100%	10	50%	N/A	N/A	20
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18
Martin	17	100%	17	100%	6	35%	N/A	N/A	17
Highlands	13	81%	12	75%	9	56%	N/A	N/A	16
Lake	13	108%	12	100%	8	67%	N/A	N/A	12
Marion	6	50%	9	75%	6	50%	N/A	N/A	12
Indian River	10	100%	10	100%	5	50%	N/A	N/A	10
Clark, NV	10	100%	10	100%	3	30%	N/A	N/A	10
Sumter	9	100%	9	100%	6	67%	N/A	N/A	9
Orange	7	100%	8	114%	5	71%	N/A	N/A	7
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8
Monroe		0%		0%		0%	N/A	N/A	7
Total	2619	99.39%	2622	99.51%	1439	54.61%	N/A	N/A	2635



Gallagher Public Entity & Scholastic Group
a Division of Gallagher Benefit Services, Inc.

The City of Miami Beach

GeoAccess Analysis

Entire Population Including Post-65 Retirees 2 Primary Care Physicians within 10 Miles										
County	Humana Premier		Aetna Choice POS		Cigna OAP IN*		UHC Choice Plus		Total	
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members		
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911	
Broward	509	100%	508	100%	231	45%	N/A	N/A	508	
Palm Beach	69	99%	70	100%	19	27%	N/A	N/A	70	
Brevard	3	15%	20	100%	10	50%	N/A	N/A	20	
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18	
Martin	17	100%	17	100%	6	35%	N/A	N/A	17	
Highlands	15	94%	15	94%	12	75%	N/A	N/A	16	
Lake	13	108%	12	100%	8	67%	N/A	N/A	12	
Marion	10	83%	12	100%	8	67%	N/A	N/A	12	
Indian River	10	100%	10	100%	5	50%	N/A	N/A	10	
Clark, NV	10	100%	10	100%	3	30%	N/A	N/A	10	
Sumter	9	100%	9	100%	6	67%	N/A	N/A	9	
Orange	7	100%	8	114%	5	71%	N/A	N/A	7	
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8	
Monroe	0	0%	7	100%	3	43%	N/A	N/A	7	
Total	2609	99.01%	2635	100.00%	1447	54.91%	N/A	N/A	2635	

Entire Population Including Post-65 Retirees 2 Pediatricians within 10 Miles										
County	Humana Premier		Aetna Choice POS		Cigna OAP IN*		UHC Choice Plus		Total	
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members		
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911	
Broward	509	100%	508	100%	231	45%	N/A	N/A	508	
Palm Beach	69	99%	70	100%	19	27%	N/A	N/A	70	
Brevard	2	10%	19	95%	10	50%	N/A	N/A	20	
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18	
Martin	17	100%	17	100%	6	35%	N/A	N/A	17	
Highlands	15	94%	15	94%	12	75%	N/A	N/A	16	
Lake	12	100%	11	92%	7	58%	N/A	N/A	12	
Marion	8	67%	9	75%	6	50%	N/A	N/A	12	
Indian River	10	100%	2	20%	5	50%	N/A	N/A	10	
Clark, NV	10	100%	10	100%	3	30%	N/A	N/A	10	
Sumter	3	33%	9	100%	6	67%	N/A	N/A	9	
Orange	7	100%	8	114%	5	71%	N/A	N/A	7	
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8	
Monroe	0	0%	5	71%	3	43%	N/A	N/A	7	
Total	2599	98.63%	2620	99.43%	1444	54.80%	N/A	N/A	2635	

Entire Population Including Post-65 Retirees 2 Obstetricians / Gynecologists within 10 Miles										
County	Humana Premier		Aetna Choice POS		Cigna OAP IN*		UHC Choice Plus		Total	
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members		
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911	
Broward	509	100%	508	100%	231	45%	N/A	N/A	508	
Palm Beach	68	97%	70	100%	19	27%	N/A	N/A	70	
Brevard	3	15%	18	90%	10	50%	N/A	N/A	20	
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18	
Martin	17	100%	17	100%	6	35%	N/A	N/A	17	
Highlands	13	81%	12	75%	9	56%	N/A	N/A	16	
Lake	13	108%	12	100%	8	67%	N/A	N/A	12	
Marion	5	42%	9	75%	6	50%	N/A	N/A	12	
Indian River	10	100%	8	80%	5	50%	N/A	N/A	10	
Clark, NV	10	100%	10	100%	3	30%	N/A	N/A	10	
Sumter	9	100%	9	100%	6	67%	N/A	N/A	9	
Orange	7	100%	8	114%	5	71%	N/A	N/A	7	
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8	
Monroe	0	0%	7	100%	3	43%	N/A	N/A	7	
Total	2601	98.97%	2618	99.62%	1439	54.76%	N/A	N/A	2628	

Entire Population Including Post-65 Retirees 2 Primary Care Physicians within 10 Miles										
County	Humana Select		Aetna Choice POS		Cigna OAP IN*		UHC Choice Plus		Total	
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members		
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911	
Broward	509	100%	508	100%	231	45%	N/A	N/A	509	
Palm Beach	69	99%	70	100%	19	27%	N/A	N/A	70	
Brevard	3	15%	20	100%	10	50%	N/A	N/A	20	
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18	
Martin	17	100%	17	100%	6	35%	N/A	N/A	17	
Highlands	15	94%	15	94%	12	75%	N/A	N/A	16	
Lake	13	100%	12	92%	8	62%	N/A	N/A	13	
Marion	10	83%	12	100%	8	67%	N/A	N/A	12	
Indian River	10	100%	10	100%	5	50%	N/A	N/A	10	
Clark, NV	0	0%	10	100%	3	30%	N/A	N/A	10	
Sumter	9	100%	9	100%	6	67%	N/A	N/A	9	
Orange	7	100%	8	114%	5	71%	N/A	N/A	7	
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8	
Monroe	0	0%	7	100%	3	43%	N/A	N/A	7	
Total	2599	98.56%	2635	99.92%	1447	54.87%	N/A	N/A	2637	

Entire Population Including Post-65 Retirees 2 Pediatricians within 10 Miles										
County	Humana Select		Aetna Choice POS		Cigna OAP IN*		UHC Choice Plus		Total	
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members		
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911	
Broward	509	100%	508	100%	231	45%	N/A	N/A	508	
Palm Beach	69	99%	70	100%	19	27%	N/A	N/A	70	
Brevard	0	0%	19	95%	10	50%	N/A	N/A	20	
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18	
Martin	17	100%	17	100%	6	35%	N/A	N/A	17	
Highlands	15	94%	15	94%	12	75%	N/A	N/A	16	
Lake	12	100%	11	92%	7	58%	N/A	N/A	12	
Marion	6	50%	9	75%	6	50%	N/A	N/A	12	
Indian River	6	60%	2	20%	5	50%	N/A	N/A	10	
Clark, NV	0	0%	10	100%	3	30%	N/A	N/A	10	
Sumter	2	22%	9	100%	6	67%	N/A	N/A	9	
Orange	7	100%	8	114%	5	71%	N/A	N/A	7	
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8	
Monroe	0	0%	5	71%	3	43%	N/A	N/A	7	
Total	2580	97.91%	2620	99.43%	1444	54.80%	N/A	N/A	2635	

Entire Population Including Post-65 Retirees 2 Obstetricians / Gynecologists within 10 Miles										
County	Humana Select		Aetna Choice POS		Cigna OAP IN*		UHC Choice Plus		Total	
	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members	# of Members	% of Members		
Miami-Dade	1911	100%	1911	100%	1120	59%	N/A	N/A	1911	
Broward	509	100%	508	100%	231	45%	N/A	N/A	509	
Palm Beach	68	97%	70	100%	19	27%	N/A	N/A	70	
Brevard	0	0%	18	90%	10	50%	N/A	N/A	20	
St. Lucie	18	100%	18	100%	7	39%	N/A	N/A	18	
Martin	17	100%	17	100%	6	35%	N/A	N/A	17	
Highlands	13	81%	12	75%	9	56%	N/A	N/A	16	
Lake	13	100%	12	92%	8	62%	N/A	N/A	13	
Marion	5	42%	9	75%	6	50%	N/A	N/A	12	
Indian River	7	70%	8	80%	5	50%	N/A	N/A	10	
Clark, NV	0	0%	10	100%	3	30%	N/A	N/A	10	
Sumter	9	100%	9	100%	6	67%	N/A	N/A	9	
Orange	7	100%	8	114%	5	71%	N/A	N/A	7	
Volusia	8	100%	8	100%	4	50%	N/A	N/A	8	
Monroe	0	0%	7	100%	3	43%	N/A	N/A	7	
Total	2585	98.03%	2618	99.28%	1439	54.57%	N/A	N/A	2637	

MEDICARE ADVANTAGE ANALYSIS

Medicare Advantage Disclaimer – carriers submitting Medicare Advantage proposals submitted multiple plans, rates, with/without Rx, and Medicare Supplemental plans with fully-insured PDP's. The RFP instructions to quote benefits as closely as possible to Scenarios A & B were generally followed albeit somewhat loosely. After the dissemination of this analysis, if the City intends to pursue a Medicare Advantage program for the post-65 retirees, GBS recommends that further clarifications be explored before implementation. The decision to implement a Group Medicare Advantage Plan should be made with careful planning and in consultation with the post-65 retirees.



Gallagher Public Entity & Scholastic Group
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The City of Miami Beach

Medicare Advantage Benefits

	Humana		Aetna		United Healthcare
Scenario A					
Benefits	HMO	PPO	HMO	PPO	PPO
Deductible	\$0	\$200	\$0	\$100	\$0
Out of Pocket	\$2,500	\$1,000	\$6,700	\$6,700	\$1,500
Office Visit	\$10 Copay PCP / \$25 Copay SPC	\$10 Copay PCP & SPC	\$5 Copay PCP & SPC	100%	\$10 Copay PCP / \$15 Copay SPC
Inpatient	\$250 Copay (Days 1-5)	\$100 Copay/Admission	100%	100%	\$50 Copay per Admission
Outpatient	\$200 Copay	\$100 Copay	100%	100%	\$25 Copay
Emergency Room	\$65 Copay	\$25 Copay	\$50 Copay	100%	\$65 Copay
RX	\$10/\$20/\$40/25% from \$0 to Catastrophic	\$10/\$10/\$10/\$10 from \$0 to Catastrophic	\$10/\$50/\$75	\$10/\$10	\$10/\$30/\$40/25%
	Humana		Aetna		United Healthcare
Scenario B					
Benefits	HMO	PPO	HMO	PPO	PPO
Deductible	\$0	\$750	\$0	\$100	\$0
Out of Pocket	\$2,500	\$3,450	\$6,700	\$6,700	\$1,500
Office Visit	\$10 Copay PCP / \$25 Copay SPC	\$35 Copay PCP/\$50 Copay SPC	\$5 Copay PCP & SPC	100%	\$10 PCP / \$15 SPC
Inpatient	\$250 Copay (Days 1-5)	\$100 Copay/Admission	100%	100%	\$50 Copay per Admission
Outpatient	\$200 Copay	\$200 Copay	100%	100%	\$25 Copay
Emergency Room	\$65 Copay	\$65 Copay	\$50 Copay	100%	\$65 Copay
RX	\$10/\$20/\$40/25% from \$0 to Catastrophic	\$10/\$50/\$75/\$75 from \$0 to Catastrophic	\$10/\$50/\$75	\$10/\$10	\$10/\$30/\$40/25%

- Cigna quoted Medicare Supplemental plans with a fully-insured PDP as they do not currently have a Medicare Advantage plan in S. Florida
- Cigna quoted a Medicare Supplemental Plan F and a Custom Plan with either a \$7/\$40/\$60/\$60 or \$10/\$50/\$75/\$75 fully-insured PDP
- The pricing of these plans are presented in the following slide; if the City wishes to pursue this type of arrangement GBS can prepare a benefit comparison to the Medicare Advantage plans above
- It should be noted the Medicare Supplemental plans form a wrapper around traditional Medicare and can be difficult to understand when combining them with Rx coverage



Medicare Advantage Financials

Scenario A - Current Benefits (as close as possible with assumed enrollment)								Scenario B - Proposed Benefits (as close as possible with assumed enrollment)							
Date Range		Oct '13 - Dec '13	Oct '13 - Dec '13	Jan '14 - Sept '14	Oct '13 - Sept '14	Oct '13 - Dec '13	Jan '14 - Sept '14	Date Range		Oct '13 - Dec '13	Oct '13 - Dec '13	Jan '14 - Sept '14	Oct '13 - Sept '14	Oct '13 - Dec '13	Jan '14 - Sept '14
		Humana**	Aetna		Cigna***	United Healthcare				Humana**	Aetna		Cigna***	United Healthcare	
Tier	Enrollees*	Medicare Advantage HMO	Medicare Advantage HMO		Medicare Supp Custom + PDP	Medicare Advantage HMO		Tier	Enrollees*	Medicare Advantage HMO	Medicare Advantage HMO		Medicare Supp Custom + PDP	Medicare Advantage HMO	
Retirees PMPM	18	\$0.00	\$327.13	\$319.67	\$341.03	N/A	N/A	Retirees PMPM	18	\$0.00	\$327.13	\$319.67	\$341.03	N/A	N/A
Annual Totals	18	\$0	\$17,665	\$51,787	\$73,663	N/A	N/A	Annual Totals	18	\$0	\$17,665	\$51,787	\$73,663	N/A	N/A
Tier	Enrollees*	Medicare Advantage PPO	Medicare Advantage PPO		Med Sup Plan F + PDP	Medicare Advantage PPO		Tier	Enrollees*	Medicare Advantage PPO	Medicare Advantage PPO		Med Sup Plan F + PDP	Medicare Advantage PPO	
Retirees PMPM	352	\$636.00	\$499.43	\$443.74	\$448.78	\$405.82	\$378.55	Retirees PMPM	352	\$392.00	\$499.43	\$443.74	\$448.78	\$405.82	\$378.55
Annual Totals	352	\$2,549,088	\$500,429	\$1,333,882	\$1,895,653	\$428,546	\$1,199,246	Annual Totals	352	\$1,571,136	\$500,429	\$1,333,882	\$1,895,653	\$428,546	\$1,199,246
Scenario A Annual Premium	352	\$2,549,088	\$1,903,763	\$1,969,316	\$1,627,792			Scenario B Annual Premium	352	\$1,571,136	\$1,903,763	\$1,969,316	\$1,627,792		
*Post-65 retirees that choose dependent coverage have been loaded by 1 member each to reach a member count								*Post-65 retirees that choose dependent coverage have been loaded by 1 member each to reach a member count							
**Enrollment for carriers that quoted a MA HMO has had 5% enrollment placed in this plan and 5% removed from the MA PPO								**Enrollment for carriers that quoted a MA HMO has had 5% enrollment placed in this plan and 5% removed from the MA PPO							
***Humana was unable to provide MA rates in 2014 so these numbers were annualized for comparison purposes but may change effective 1/1/14								***Humana was unable to provide MA rates in 2014 so these numbers were annualized for comparison purposes but may change effective 1/1/14							
**Humana quoted a \$0 MA HMO with Rx for Miami-Dade but \$150 MA HMO with Rx for Broward which is difficult to price with such low HMO enrollment expected								**Humana quoted a \$0 MA HMO with Rx for Miami-Dade but \$150 MA HMO with Rx for Broward which is difficult to price with such low HMO enrollment expected							
**Humana quoted benefits closely matching Scenarios A & B while the other carriers generated the same proposal for both scenarios								**Humana quoted benefits closely matching Scenarios A & B while the other carriers generated the same proposal for both scenarios							
***Cigna quoted Medicare Supplement plans with a fully-insured PDP (EGWP) for pharmacy coverage								***Cigna quoted Medicare Supplement plans with a fully-insured PDP (EGWP) for pharmacy coverage							
***Cigna's administrative fee is on a PEPM basis but the claims factor and PDP premium amount are on a PMPM basis								***Cigna's administrative fee is on a PEPM basis but the claims factor and PDP premium amount are on a PMPM basis							



FULLY-INSURED MARKETING ANALYSIS SCENARIOS A & B



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The City of Miami Beach

Plan Designs

- Scenario A
 - A1 Premium HMO (current)
 - A2 Premium PPO (current)
 - A3 POS (current)
 - A4 Proposed High Deductible Plan
- Scenario B
 - B1 Proposed HMO
 - B2 Proposed PPO
 - B3 Proposed High Deductible Plan



Plan Designs - A1 Premium HMO (current)

	Current Premium HMO	Humana (Indicate any deviations from Current Plan)	Aetna (Indicate any deviations from Current Plan)	CIGNA (Indicate any deviations from Current Plan)	United Healthcare (Indicate any deviations from Current Plan)
Maximum Lifetime Benefit	Unlimited	Confirmed	Confirmed	Confirmed	Confirmed
Annual Deductible	N/A	Confirmed	Confirmed	Confirmed	Confirmed
Family Deductible	N/A	Confirmed	Confirmed	Confirmed	Confirmed
Individual Maximum Copayments	\$1,500	Confirmed	Confirmed	Confirmed	Confirmed
Family Maximum Copayments	\$3,000	Confirmed	Confirmed	Confirmed	Confirmed
Physician Office Visit	\$5 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Specialist Office Visit	\$0 Copay	Confirmed	Confirmed	Confirmed	\$5 Copay
Preventive Care - Annual exam					
Adult	\$0 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Child health	\$0 Copay	Confirmed	Confirmed	Confirmed	Confirmed
OB/GYN	\$0 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Infertility Services/Treatment Plans	No Copay for first \$2,000, 50% of reasonable costs after	Confirmed	Member cost sharing is based on the type of service performed and the place of service where it is rendered.	Coverage is provided as any other illness for the treatment of an underlying medical condition up to the point an infertility condition is diagnosed	Confirmed
Physical Therapy	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
Speech Therapy	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
Occupational Therapy	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
Allergy Testing & Treatment	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Surgery (hospital or surgery center)	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
X-ray and Lab Outpatient - Physician's Office	\$5 Copay	Confirmed	Confirmed	PCP or Specialist Copay	Confirmed
Emergency Room/Hospital					
- Illness	\$25 Copay	Confirmed	Confirmed	\$50 Copay	Confirmed
- Accidents	\$25 Copay	Confirmed	Confirmed	\$50 Copay	Confirmed
Ambulance	No Copay	Confirmed	\$500/day max	Confirmed	\$25 Copay
Inpatient Hospital	\$100 / Admission	Confirmed	\$100/admit	Confirmed	Confirmed
Urgent Care	\$5 Copay	Confirmed	Confirmed	\$25 Copay	Confirmed
Home Health Care	\$5 Copay	Confirmed	Confirmed	No Copay	Confirmed
Durable Medical Equipment	No Copay	Confirmed	Confirmed	Deductible + Coinsurance	Confirmed
Maternity					
- Physician	\$5 Copay	Confirmed	Confirmed	PCP or Specialist Copay	Confirmed
- Hospital	\$100 / Admission	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Mental/Nervous	\$100 / Admission	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Mental/Nervous	\$5 Copay	Confirmed	\$0	Confirmed	Confirmed
Inpatient Substance Abuse	\$100 / Admission	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Substance Abuse	\$5 Copay	Confirmed	\$0	Confirmed	Confirmed
Prescription Drugs - Retail					
- Generic	\$5 Copay	Confirmed	Confirmed	Confirmed	Confirmed
- Brand	\$5 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Retail Maximum Supply*	30 day supply	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Card	Yes	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Drugs - Mail Order					
- Generic	\$15 Copay	Confirmed	Confirmed	Confirmed	Confirmed
- Brand	\$15 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Mail-Order Maximum Supply	90 day supply	Confirmed	Confirmed	Confirmed	Confirmed

*A subset of generic drugs are available through retail with a 90 day supply.



Plan Designs – A2 Premium PPO (current)

	Current Premium PPO		Humana (Indicate any deviation from current plan)		Aetna (Indicate any deviation from current plan)		CIGNA (Indicate any deviation from current plan)		United Healthcare (Indicate any deviation from current plan)	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Maximum Lifetime Benefit	Unlimited	Unlimited	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Unlimited	Unlimited
Annual Deductible	\$200	\$200	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$200	\$200
Family Deductible	\$600	\$600	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$600	\$600
Individual Maximum Out-of-Pocket	\$1,000	\$1,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$1,000	\$1,000
Family Maximum Out-of-Pocket	\$3,000	\$3,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$3,000	\$3,000
Physician Office Visit	\$10 Copay	N/A	Confirmed	Confirmed	Confirmed	Ded + 60% Coins	Confirmed	Ded + Coins	\$10	Ded + 70% Coins
Specialist Office Visit	\$10 Copay	N/A	Confirmed	Confirmed	Confirmed	Ded + 60% Coins	Confirmed	Ded + Coins	\$10	Ded + 70% Coins
Preventive Care - Annual exam										
Adult	100%	Not Covered	Confirmed	Confirmed	Confirmed	Ded + 60% Coins	Confirmed	Confirmed	Confirmed	Confirmed
Child Health	100%	80% - Ded Waived	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
OBGYN	100%	Ded + 80% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Infertility Services/Treatment Plan	Not Covered	Not Covered	Confirmed	Confirmed	Varied	Varied	Confirmed	Confirmed	Confirmed	Confirmed
Physical Therapy	Ded + 80%	Ded + 60% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Speech Therapy	Ded + 80%	Ded + 60% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Occupational Therapy	Ded + 80%	Ded + 60% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Allergy Testing & Treatment	\$3 Copay	Ded + 80% Coins	Confirmed	Confirmed	\$10 Copay	Confirmed	Testing OV \$10 Copay. Allergy Injection - can be covered under a \$3 Copay.	Confirmed	Confirmed	Confirmed
Outpatient Surgery (hospital or surgery center)	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	100% after Copay	Confirmed
X-ray and Lab Outpatient - Physician's Office	100% covered	Ded + 60% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Emergency Room/Hospital										
- Illness	\$25 Copay + 90% Coins	\$25 Copay + 90% Coins	Confirmed	Confirmed	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	\$50 Copay	\$50 Copay	\$25 Copay	Ded + 70% Coins
- Accidents			Confirmed	Confirmed	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	\$50 Copay	\$50 Copay	\$25 Copay	Ded + 70% Coins
Ambulance	Ded + 80% Coins	Ded + 80% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$100/admit IP \$25 ER \$10 UC	Ded + 70% Coins
Inpatient Hospital	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	100% after \$100 Copay	100% after \$500 Copay
Urgent Care	\$10 Copay	Ded + 80% Coins	Confirmed	Confirmed	Confirmed	Confirmed	\$25 Copay	\$25 Copay	Confirmed	Ded + 70% Coins
Home Health Care	Ded then 80%, 40 days per cal year	Ded then 60%, 40 days per cal year	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Durable Medical Equip.	Ded + 80% Coins	Ded + 60% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Maternity										
- Physician	\$10 Copay, first visit only	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
- Hospital	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	100% after Copay	Confirmed
Inpatient Mental/Nervous	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	100% after Copay	Confirmed
Outpatient Mental/Nervous	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	100% after Copay	Confirmed
Inpatient Substance Abuse	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	100% after Copay	Confirmed
Outpatient Substance Abuse	\$100 Copay + 90% Coins	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	\$10 Copay	40% after ded	Confirmed	Confirmed	100% after Copay	Confirmed
Prescription Drugs - Retail*										
- Generic	\$10 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
- Brand	\$10 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Retail Maximum Supply	30 day supply	N/A	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Card	Yes		Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Drugs - Mail Order										
- Generic	\$30 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
- Brand	\$30 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Mail-Order Maximum Supply	90 day supply	N/A	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed

*A subset of generic drugs are available through retail with a 90 day supply.



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Plan Designs - A3 POS (current)

	Current POS Plan		Humana (Indicate any deviations from current plan)		Aetna (Indicate any deviations from current plan)		CIGNA (Indicate any deviations from current plan)		United Healthcare (Indicate any deviations from current plan)	
	In-Network	Out-of Network	In-Network	Out-of Network	In-Network	Out-of Network	In-Network	Out-of Network	In-Network	Out-of Network
Maximum Lifetime Benefit	Unlimited	Unlimited	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Unlimited	Unlimited
Annual Deductible	\$0	\$400	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$400
Family Deductible	\$0	\$800	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$800
Individual Maximum Copayments/Out-of-Pocket	N/A / \$0	N/A / \$2,500	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$2,500
Family Maximum Copayments/Out-of-Pocket	N/A / \$0	N/A / \$5,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$5,000
Physician Office Visit	\$5 Copay	N/A	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Ded + Coins	70% Coins
Specialist Office Visit	\$5 Copay	N/A	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Ded + Coins	70% Coins
Preventive Care - Annual exam										
Adult	100%	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Child health	100%	70% ded waived	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
OB/GYN	100%	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Infertility Services/Treatment Plans	Not Covered	Not Covered	Confirmed	Confirmed	Varied	Varied	Confirmed	Confirmed	Confirmed	Confirmed
Physical Therapy	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Speech	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Occupational	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Allergy Testing & Treatment	100%	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Based on setting	Confirmed	\$5 Copay	Confirmed
Outpatient Surgery (hospital or surgery center)	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
X-ray and Lab Outpatient - Physician's Office	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Emergency Room/Hospital	waive if admitted	waive if admitted								
- Illness	\$50 copay	\$50 copay	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	70% Coins
- Accidents	\$50 copay	\$50 copay	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	70% Coins
Ambulance	No Copay	No Copay	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$50 Copay	70% Coins
Inpatient Hospital	\$100 per admission	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	70% Coins
Urgent Care	\$5 Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	\$25 Copay	\$25 Copay	Confirmed	70% Coins
Home Health Care	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Durable Medical Equip.	No Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Maternity										
- Physician	\$5 Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
- Hospital	\$100 per admission	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Mental/Nervous	\$100 per admission	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed with Variances	Confirmed
Outpatient Mental/Nervous	\$5 Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed with Variances	Confirmed
Inpatient Substance Abuse	\$100 per admission	Ded + \$500 Copay + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed with Variances	Confirmed
Outpatient Substance Abuse	\$5 Copay	Ded + 70% Coins	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed with Variances	Confirmed
Prescription Drugs - Retail										
- Generic	\$10 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	?	Confirmed	Confirmed	Confirmed
- Brand	\$10 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	?	Confirmed	Confirmed	Confirmed
Retail Maximum Supply*	30 day supply		Confirmed		Confirmed		?		Confirmed	
Prescription Card	Yes		Confirmed		Confirmed		?		Confirmed	
Prescription Drugs - Mail Order										
- Generic	\$30 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	?	Confirmed	Confirmed	Not Covered
- Brand	\$30 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	?	Confirmed	Confirmed	Not Covered
Mail-Order Maximum Supply	90 day supply	90 day supply	Confirmed	Confirmed	Confirmed	Confirmed	?	Confirmed	Confirmed	

*A subset of generic drugs are available through retail with a 90 day supply.



Plan Designs - A4 Proposed High Deductible

	Proposed		Humana		Aetna		CIGNA		United Healthcare	
	PPO High Deductible		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Maximum Lifetime Benefit	Unlimited	Unlimited								
Annual Deductible	\$5,000	\$15,000								
Family Deductible	\$10,000	\$30,000								
Individual Maximum Out of Pocket	\$10,000	\$20,000								
Family Maximum Out of Pocket	\$20,000	\$40,000								
Physician Office Visit	\$35 Copay - Ded then 70%	Ded + 50%				+ 7				
Specialist Office Visit	\$55 Copay - Ded then 70%	Ded + 50%				+ 7				
Preventive Care - Annual exam										
Adult	100%	Ded + 50%								
Child health	100%	50% - ded waived								
OB/GYN	100%	Ded + 50%								
Infertility Services/Treatment Plans	Not Covered	Not Covered								
Physical Therapy	Ded + 70%	Ded + 50%								
Speech	Ded + 70%	Ded + 50%								
Occupational	Ded + 70%	Ded + 50%								
Allergy Testing & Treatment	Ded + 70%	Ded + 50%								
Outpatient Surgery (hospital or surgery center)	Ded + 70%	Ded + 50%								
X-ray and Lab Outpatient - Physician's Office	Ded + 70%	Ded + 50%								
Emergency Room/Hospital										
- Illness	Ded + 70%	Ded + 50%						+ 7		
- Accidents	Ded + 70%	Ded + 50%								
Ambulance	Ded + 70%	Ded + 50%								
Inpatient Hospital										
Urgent Care	\$60 Copay - Ded + 70%	Ded + 50%				+ 7		+ 7	+ 7	
Home Health Care	Ded + 70%	Ded + 50%								
Durable Medical Equip.	Ded + 70%	Ded + 50%								
Maternity										
- Physician	Ded + 70%	Ded + 50%								
- Hospital	Ded + 70%	Ded + 50%								
Inpatient Mental/Nervous	Ded + 70%	Ded + 50%								
Outpatient Mental/Nervous	Ded + 70%	Ded + 50%								
Inpatient Substance Abuse	Ded + 70%	Ded + 50%								
Outpatient Substance Abuse	Ded + 70%	Ded + 50%								
Prescription Drugs - Retail										
Generic	Ded + 70%	Not Covered								
Brand	Ded + 70%	Not Covered								
Retail Maximum Supply*	30 day supply									
Prescription Card	Yes									
Prescription Drugs - Mail Order										
Generic	Ded + 70%	Not Covered								
Brand	Ded + 70%	Not Covered								
Mail-Order Maximum Supply	90 day supply									

*A subset of generic drugs are available through retail with a 90 day supply.



Scenario A – Fully-Insured & Medicare Advantage

No Medicare Advantage Implementation

Scenario A - Current Premium Plans + High Deductible Plan					
		Humana	Aetna	CIGNA	United Healthcare DTQ
Tier	Enrollees	Premium HMO	Premium HMO	Premium HMO	Premium HMO
Employee Only	609	\$671.56	\$713.11	\$1,071.24	\$0.00
Employee + Family	467	\$1,664.91	\$1,854.09	\$2,624.53	\$0.00
Annual Totals	1076	\$14,237,916	\$15,601,728	\$22,536,488	\$0
Tier	Enrollees	Premium PPO	Premium PPO	Premium PPO	Premium PPO
Employee Only	221	\$1,343.85	\$1,645.83	\$1,011.63	\$0.00
Employee + Family	116	\$3,297.55	\$4,279.13	\$2,478.49	\$0.00
Annual Totals	337	\$8,165,951	\$10,336,695	\$6,141,823	\$0
Tier	Enrollees	POS	POS	POS	POS
Employee Only	27	\$747.77	\$1,302.13	\$1,078.21	\$0.00
Employee + Family	21	\$1,855.71	\$3,385.53	\$2,641.63	\$0.00
Annual Totals	48	\$709,916	\$1,275,044	\$1,015,031	\$0
Tier	Enrollees	HDP	HDP	HDP	HDP
Employee Only	24	\$561.73	\$693.61	\$642.74	\$0.00
Employee + Family	19	\$1,378.38	\$1,803.38	\$1,574.71	\$0.00
Annual Totals	43	\$476,049	\$610,930	\$544,143	\$0
Scenario A Annual Premium	1,504	\$23,589,832	\$27,824,397	\$30,237,485	\$0

Medicare Advantage Implementation

Scenario A - Current Premium Plans + High Deductible Plan					
		Humana	Aetna	CIGNA	United Healthcare Disqualified*
Tier	Enrollees	Premium HMO	Premium HMO	Premium HMO	Premium HMO
Employee Only	607	\$687.82	\$729.04	\$954.25	\$870.01
Employee + Family	466	\$1,705.22	\$1,895.51	\$2,337.91	\$2,436.03
Annual Totals	1073	\$14,552,162	\$15,917,164	\$20,033,272	\$19,968,481
Tier	Enrollees	Premium PPO	Premium PPO	Premium PPO	Premium PPO
Employee Only	84	\$1,376.40	\$860.07	\$903.81	\$932.39
Employee + Family	30	\$3,377.40	\$2,236.17	\$2,214.33	\$2,610.69
Annual Totals	114	\$2,586,388	\$1,660,791	\$1,697,128	\$1,866,644
Tier	Enrollees	POS	POS	POS	POS
Employee Only	12	\$765.87	\$880.12	\$961.18	\$1,024.09
Employee + Family	10	\$1,900.65	\$2,288.31	\$2,354.88	\$2,867.45
Annual Totals	22	\$328,491	\$389,365	\$408,789	\$476,406
Tier	Enrollees	HDP	HDP	HDP	HDP
Employee Only	24	\$575.33	\$662.51	\$584.56	\$0.00
Employee + Family	19	\$1,411.75	\$1,722.52	\$1,432.18	\$0.00
Annual Totals	43	\$487,574	\$583,537	\$494,890	\$0
Scenario A Annual Premium	1,252	\$17,954,616	\$18,550,857	\$22,634,079	N/A

*United Healthcare did not provide HDP rates



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Plan Designs - B1 Proposed HMO

	Proposed HMO Open Access	Humana (Indicate any deviations from Proposed Plan)	Aetna (Indicate any deviations from Proposed Plan)	CIGNA (Indicate any deviations from Proposed Plan)	United Healthcare (Indicate any deviations from Proposed Plan)
Maximum Lifetime Benefit	Unlimited	Confirmed	Confirmed	Confirmed	Confirmed
Annual Deductible	\$200	Confirmed	Confirmed	Confirmed	Confirmed
Family Deductible	\$600	Confirmed	\$400	Confirmed	Confirmed
Individual Maximum Copayments/Coinsurance	\$3,000	Confirmed	Confirmed	Confirmed	Confirmed
Family Maximum Copayments/Coinsurance	\$6,000	Confirmed	Confirmed	Confirmed	Confirmed
Physician Office Visit	\$30 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Specialist Office Visit	\$50 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Preventive Care - Annual exam					
Adult	\$0 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Child health	\$0 Copay	Confirmed	Confirmed	Confirmed	Confirmed
OB/GYN	\$0 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Infertility Services/Treatment Plans	\$30/\$50 Copay	Confirmed	Based on setting and service	Not Covered	Confirmed
Physical Therapy (60 visits combined with Speech and Occupational Therapy)	\$30 Copay	Confirmed	Ded + \$30 Copay	\$50 Copay	Confirmed
Speech Therapy (60 visits combined with Physical and Occupational Therapy)	\$30 Copay	Confirmed	Ded + \$30 Copay	\$50 Copay	Confirmed
Occupational Therapy (60 visits combined with Physical and Speech Therapy)	\$30 Copay	Confirmed	Ded + \$30 Copay	\$50 Copay	Confirmed
Chiropractic Services	\$30 Copay - 25 Visits	Confirmed	Ded + \$30 Copay	\$50 Copay	Confirmed
Allergy Testing & Treatment	\$30/\$50 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Surgery (hospital or surgery center)	Ded then 80%	Confirmed	Confirmed	Confirmed	Confirmed
X-ray and Lab Outpatient - Physician's Office	\$30/\$50 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Advance Imaging (PET, MRI, MRA, CAT)	\$100 free standing facility; \$200 outpatient facility not tied to a hospital; \$300 outpatient hospital (waived if admitted)	Confirmed	Confirmed	Deductible applies then plan pays 80%	Confirmed
Emergency Room/Hospital					
- Illness	\$200 Copay	Confirmed	Confirmed	Confirmed	\$200
- Accidents	\$200 Copay	Confirmed	Confirmed	Confirmed	Confirmed
Ambulance	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Hospital	Ded + \$300 Copay x 3 days	Confirmed	Confirmed	Confirmed	\$300/day x 5
Urgent Care	\$50 Copay	Confirmed	Confirmed	Confirmed	\$50 Copay
Home Health Care	No Copay	Confirmed	Confirmed	Confirmed	Confirmed
Durable Medical Equip.	\$30 Copay Purchase of DME required if cheaper than rental.	Confirmed	Confirmed	Deductible applies then plan pays 80%	Our certificate supports coverage for DME from 50% - 100% coinsurance.
Maternity					
- Physician	\$30/\$50 PCP/SPC	Confirmed	Confirmed	Confirmed	Confirmed
- Hospital	Ded + \$300 Copay x 3 days	Confirmed	Confirmed	Confirmed	\$300/day x 5
Inpatient Mental/Nervous	Ded + \$300 Copay x 3 days	Confirmed	Confirmed	Confirmed	Varied Response
Outpatient Mental/Nervous	\$50 Copay	Confirmed	Confirmed	\$30 Copay	Confirmed
Inpatient Substance Abuse	Ded + \$300 Copay x 3 days	Confirmed	Confirmed	Ded + 80%	\$300/day x 5
Outpatient Substance Abuse	\$50 Copay	Confirmed	Confirmed	\$30 Copay	Confirmed
Prescription Drugs - Retail					
- Generic	\$7 Copay	Confirmed	Confirmed	?	Confirmed
- Brand	\$40 Copay	Confirmed	Confirmed	?	Confirmed
- Non-Preferred	\$60 Copay	Confirmed	Confirmed	?	Confirmed
Retail Maximum Supply*	30 day supply	Confirmed	Confirmed	?	Confirmed
Prescription Card	Yes	Confirmed	Confirmed	?	Confirmed
Prescription Drugs - Mail Order					
- Generic	\$14 Copay	Confirmed	Confirmed	?	Confirmed
- Brand	\$80 Copay	Confirmed	Confirmed	?	Confirmed
- Non-Formulary	\$120 Copay	Confirmed	Confirmed	?	Confirmed
Mail-Order Maximum Supply	90 day supply	Confirmed	Confirmed	?	Confirmed

*A subset of generic drugs are available through retail with a 90 day supply.



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Plan Designs - B2 Proposed PPO

	Proposed		Humana		Aetna		CIGNA		United Healthcare	
	PPO Plan		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Maximum Lifetime Benefit	Unlimited	Unlimited	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Unlimited	Unlimited
Annual Deductible	\$750	\$1,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$750	\$1,000
Family Deductible	\$2,250	\$3,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$2,250	\$3,000
Individual Maximum Out-of-Pocket	\$5,000	\$10,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$5,000	\$10,000
Family Maximum Out-of-Pocket	\$15,000	\$30,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$15,000	\$30,000
Physician Office Visit	\$35 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$35 Copay	60% Coinsurance
Specialist Office Visit	\$50 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$50 Copay	60% Coinsurance
Preventive Care - Annual exam										
Adult	\$0 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Child health	\$0 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
OB/GYN	\$0 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Infertility Services/Treatment Plans	Not Covered	Not Covered	Confirmed	Confirmed	Based on setting and service	Based on setting and service	Confirmed	Confirmed	Confirmed	Confirmed
Physical Therapy	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Speech Therapy	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Occupational Therapy	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Allergy Testing & Treatment	\$35/\$50 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Chiropractic Care	\$35 Copay - 25 Visits	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Surgery (hospital / surgery center)	\$200 Copay + Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
X-ray and Lab Outpatient - Physician's Office	\$35/\$50 PCP/SPC	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Advance Imaging (PET, MRI, MRA, CAT)	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Emergency Room/Hospital										
- Illness	\$200 Copay then 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$200 copay then 100%	\$200 copay then 100%
- Accidents	\$200 Copay then 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$200 copay then 100%	\$200 copay then 100%
Ambulance	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Hospital	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Urgent Care	\$50 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Home Health Care	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Durable Medical Equip.	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Maternity										
- Physician	\$35/\$50 PCP/SPC	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
- Hospital	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Mental/Nervous	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Mental/Nervous	\$50 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Substance Abuse	Ded + 80%	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Substance Abuse	\$50 Copay	Ded + 60%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Drugs - Retail										
Generic	\$10 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Brand	\$50 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Non Preferred	\$75 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Retail Maximum Supply*	30 day supply		Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Card	Yes		Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Drugs - Mail Order										
Generic	\$30 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Brand	\$150 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Non Formulary	\$225 Copay	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Mail-Order Maximum Supply	90 day supply		Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed

*A subset of generic drugs are available through retail with a 90 day supply.



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Plan Designs – B3 Proposed High Deductible

	Proposed		Humana		Aetna		CIGNA		United Healthcare	
	PPO High Deductible		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)		(Indicate any deviation from proposed plan)	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Maximum Lifetime Benefit	Unlimited	Unlimited	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Unlimited	Unlimited
Annual Deductible	\$5,000	\$15,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$5,000	\$15,000
Family Deductible	\$10,000	\$30,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$10,000	\$30,000
Individual Maximum Out of Pocket	\$10,000	\$20,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$10,000	\$20,000
Family Maximum Out of Pocket	\$20,000	\$40,000	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$20,000	\$40,000
Physician Office Visit	\$35 Copay - Ded then 70%	Ded + 50%	Confirmed	Confirmed	Ded + 70%	Confirmed	\$35 Copay only	Confirmed	\$35	50%
Specialist Office Visit	\$55 Copay - Ded then 70%	Ded + 50%	Confirmed	Confirmed	Ded + 70%	Confirmed	\$55 Copay only	Confirmed	\$55	50%
Preventive Care - Annual exam										
Adult	100%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Child health	100%	50% - ded waived	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
OB/GYN	100%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Infertility Services/Treatment Plans	Not Covered	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Physical Therapy	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Speech	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Occupational	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Allergy Testing & Treatment	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Surgery (hospital or surgery center)	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
X-ray and Lab Outpatient - Physician's Office	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Emergency Room/Hospital										
- Illness	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Ded + 70%	Ded then 100%	Ded then 100%
- Accidents	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Ded then 100%	Ded then 100%
Ambulance	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Ded then 100%	Ded then 100%
Inpatient Hospital										
Urgent Care	\$80 Copay - Ded + 70%	Ded + 50%	Confirmed	Confirmed	Ded + 70%	Confirmed	Ded + 70%	Ded + 70%	\$80 copay	50%
Home Health Care	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Durable Medical Equip.	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Maternity										
- Physician	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
- Hospital	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Mental/Nervous	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Mental/Nervous	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Inpatient Substance Abuse	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Outpatient Substance Abuse	Ded + 70%	Ded + 50%	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Prescription Drugs - Retail										
Generic	Ded + 70%	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$10	Not Covered
Brand	Ded + 70%	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	\$30/\$50	Not Covered
Retail Maximum Supply*	30 day supply		Confirmed		Confirmed		Confirmed		Confirmed	
Prescription Card	Yes		Confirmed		Confirmed		Confirmed		Confirmed	
Prescription Drugs - Mail Order										
Generic	Ded + 70%	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	2.5x Retail=\$25	Not Covered
Brand	Ded + 70%	Not Covered	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	2.5x Retail=\$75/\$125	Not Covered
Mail-Order Maximum Supply	90 day supply		Confirmed		Confirmed		Confirmed		Confirmed	

*A subset of generic drugs are available through retail with a 90 day supply.



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Scenario B – Fully-Insured & Medicare Advantage

No Medicare Advantage Implementation

Scenario B - Proposed Benefits					
		Humana	Aetna	CIGNA	United Healthcare DTQ
Tier	Enrollees	HMO	HMO	HMO	HMO
Employee Only	609	\$491.11	\$696.33	\$931.81	\$0.00
Employee + Family	467	\$1,217.56	\$1,810.46	\$2,282.92	\$0.00
Annual Totals	1076	\$10,412,238	\$15,234,597	\$19,603,151	\$0.00
Tier	Enrollees	PPO	PPO	PPO	PPO
Employee Only	248	\$1,040.73	\$1,489.22	\$826.43	\$0.00
Employee + Family	137	\$2,553.75	\$3,871.98	\$2,024.76	\$0.00
Annual Totals	385	\$7,304,771	\$10,811,393	\$5,795,450	\$0.00
Tier	Enrollees	HDP	HDP	HDP	HDP
Employee Only	24	\$572.78	\$686.07	\$644.13	\$0.00
Employee + Family	19	\$1,405.49	\$1,783.78	\$1,578.12	\$0.00
Annual Totals	43	\$485,412	\$604,290	\$545,321	\$0.00
Scenario 2 Annual Premium	1,504	\$18,202,421	\$26,650,280	\$25,943,922	\$0.00

Medicare Advantage Implementation

Scenario B - Proposed Benefits					
		Humana	Aetna	CIGNA	United Healthcare Disqualified*
Tier	Enrollees	HMO	HMO	HMO	HMO
Employee Only	607	\$512.63	\$716.18	\$834.77	\$870.01
Employee + Family	466	\$1,270.91	\$1,862.06	\$2,045.18	\$2,436.03
Annual Totals	1073	\$10,845,764	\$15,636,313	\$17,524,916	\$19,968,481
Tier	Enrollees	PPO	PPO	PPO	PPO
Employee Only	96	\$1,086.33	\$809.17	\$741.54	\$932.39
Employee + Family	39	\$2,665.65	\$2,103.85	\$1,816.76	\$2,610.69
Annual Totals	135	\$2,503,815	\$1,920,488	\$1,707,798	\$2,300,392
Tier	Enrollees	HDP	HDP	HDP	HDP
Employee Only	24	\$597.88	\$673.10	\$584.14	\$0.00
Employee + Family	19	\$1,467.07	\$1,750.05	\$1,431.15	\$0.00
Annual Totals	43	\$506,681	\$592,864	\$494,535	\$0.00
Scenario 2 Annual Premium	1,252	\$13,856,260	\$18,149,665	\$19,727,248	N/A

*United Healthcare did not provide HDP rates

SELF-FUNDED MARKETING ANALYSIS SCENARIOS A & B



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Plan Designs and Methodology

- Generally, all carriers can administer the requested plan designs under Scenarios A & B on a self-funded basis
 - There is no risk transfer and the plans do not have to be registered with the State as there is no insurance component
 - Scenario B will produce significant savings as compared to current benefits and Scenario A
- Reinsurance quotes were solicited to protect the City in the event of catastrophic large claimants and overall poor aggregate claims experience
- Administrative Services Only (ASO) quotes were solicited to ensure competitiveness within the marketplace
- Medical claims projections were prepared using GBS proprietary database of carrier discounts based upon geographic area, previous claims experience, plan designs valued (A or B), and enrollment assumptiong
- The following slides will present projected financial results with and without Medicare Advantage implementation



Self-Funded Administrative Services Fees

ASO Fee Proposal without Medicare Advantage Implementation				
	Humana	Aetna ¹	CIGNA ¹	United Healthcare
Enrolled Subscribers:	1,504	1,504	1,504	1,504
Administrative Fee	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month
Core Services	\$33.31	\$42.98	\$13.89	\$40.45
Case Management	\$0.00	\$0.00	\$0.00	\$0.00
Disease Management	\$0.00	\$0.00	\$5.25	\$2.46
Behavioral Health	\$1.21	\$0.00	\$0.00	\$0.00
Network Access	\$4.62	\$0.00	\$15.86	\$0.00
Onsite Representative / Concierge Services	\$0.00	\$0.00	\$0.00	\$0.00
GBS Consulting Fee	\$10.00	\$10.00	\$10.00	\$10.00
Subtotal Administrative Fees:	\$49.14	\$52.98	\$45.00	\$52.91
Optional Services	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month
COBRA Administration	\$0.50	Based on Occurrence	Not Included	\$0.00
HIPAA Compliance (as applicable)	\$0.25	\$0.00	\$0.00	\$0.00
24/7 Nurse Line	\$0.45	Included	Included	\$0.79
Conversion Fee	\$0.00	\$250 Per Policy	\$20,000 Fee Charged at Time of Conversion	\$0.00
Subtotal Optional Services	\$1.20	\$0.00	\$0.00	\$0.79
Total Per Subscriber Per Month	\$50.34	\$52.98	\$45.00	\$53.70
Total Annual Administrative Cost	\$908,536	\$956,183	\$812,160	\$969,178

ASO Fee Proposal without Medicare Advantage Implementation				
	Humana	Aetna ¹	CIGNA ¹	United Healthcare
Enrolled Subscribers:	1,252	1,252	1,252	1,252
Administrative Fee	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month
Core Services	\$33.31	\$39.09	\$15.32	\$37.99
Case Management	\$0.00	\$0.00	\$0.00	\$0.00
Disease Management	\$0.00	\$0.00	\$5.25	\$2.46
Behavioral Health	\$1.21	\$0.00	\$0.00	\$0.00
Network Access	\$4.62	\$0.00	\$15.86	\$0.00
Onsite Representative / Concierge Services	\$0.00	\$0.00	\$0.00	\$0.00
GBS Consulting Fee	\$11.72	\$11.72	\$11.72	\$11.72
Subtotal Administrative Fees:	\$50.86	\$50.81	\$48.15	\$52.17
Optional Services	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month	Per Subscriber Per Month
COBRA Administration	\$0.50	Based on Occurrence	Not Included	\$0.00
HIPAA Compliance (as applicable)	\$0.25	\$0.00	\$0.00	\$0.00
24/7 Nurse Line	\$0.45	Included	Included	\$0.79
Conversion Fee	\$0.00	\$250 Per Policy	\$20,000 fee Charged at time of Conversion	\$0.00
Subtotal Optional Services	\$1.20	\$0.00	\$0.00	\$0.79
Total Per Subscriber Per Month	\$52.06	\$50.81	\$48.15	\$52.96
Total Annual Administrative Cost	\$781,941	\$763,166	\$723,213	\$795,459

¹It should be noted that Aetna and Cigna provided quotes that do not include some optional services which will affect the overall administrative fee when added



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Reinsurance Quotes (Specific & Aggregate Stop Loss)

Stop Loss Fee Proposal without Medicare Advantage Implementation						
\$230,000 SSL Deductible, 10/1/13 Effective Date, PAID in 12 Month Contract						
		Symetra	Aetna	Cigna	Humana	United Healthcare
Individual Stop Loss	Enrollees	Rate	Rate	Rate	Rate	Rate
PEPM (subscriber)	1,504	\$57.73	\$53.86	\$57.44	\$66.72	\$39.25
Annual Totals	1,504	\$1,041,911	\$972,065	\$1,036,677	\$1,204,163	\$708,384
Aggregate Stop Loss	Enrollees	Rate	Rate	Rate	Rate	Rate
PEPM (subscriber)	1,504	\$4.28	\$6.55	\$7.67	\$3.78	\$5.40
Annual Totals	1,504	\$77,245	\$118,214	\$138,428	\$68,221	\$97,459
120% Corridor Requested						
Attachment Factor	Enrollees	Rate	Rate	Rate	Rate	Rate
PEPM (subscriber)	1,504	\$1,268.74	\$1,245.12	\$1,513.61	\$1,385.36	\$1,066.29
Annual Totals	1,504	\$22,898,220	\$22,471,926	\$27,317,633	\$25,002,977	\$19,244,402
Total Reinsurance Premium		\$1,119,156	\$1,090,280	\$1,175,105	\$1,272,384	\$805,843
Total Claims Liability		\$22,898,220	\$22,471,926	\$27,317,633	\$25,002,977	\$19,244,402

Stop Loss Fee Proposal with Medicare Advantage Implementation						
\$230,000 SSL Deductible, 10/1/13 Effective Date, PAID in 12 Month Contract						
		Symetra	Aetna	Cigna	Humana	United Healthcare
Individual Stop Loss	Enrollees	Rate	Rate	Rate	Rate	Rate
PEPM (subscriber)	1,252	\$62.87	\$58.13	\$48.45	\$66.72	\$39.25
Annual Totals	1,252	\$944,307	\$873,113	\$727,719	\$1,002,134	\$589,535
Aggregate Stop Loss	Enrollees	Rate	Rate	Rate	Rate	Rate
PEPM (subscriber)	1,252	\$4.28	\$7.30	\$7.97	\$3.78	\$5.41
Annual Totals	1,252	\$64,286	\$109,646	\$119,709	\$56,776	\$81,258
120% Corridor Requested						
Attachment Factor	Enrollees	Rate	Rate	Rate	Rate	Rate
PEPM (subscriber)	1,252	\$1,328.17	\$1,125.35	\$1,387.86	\$1,063.82	\$1,067.82
Annual Totals	1,252	\$19,949,113	\$16,902,757	\$20,845,657	\$15,978,576	\$16,038,656
Total Reinsurance Premium		\$1,008,593	\$982,759	\$847,428	\$1,058,910	\$670,793
Total Claims Liability		\$19,949,113	\$16,902,757	\$20,845,657	\$15,978,576	\$16,038,656

Reinsurance Terms & Caveats

	Symetra	Aetna	Cigna	Humana	United Healthcare
Contract Term	24/12	24/12	15/12	24/12	12/12
Deductible	\$230,000	\$225,000	\$230,000	\$230,000	\$230,000
Aggregate Corridor	20%	20%	20%	20%	25%
Lasering	No	No	No	No	No, pending review of the Stop Loss Disclosure Form
Actively At Work	Waived	Waived	Waived	Incurred by a covered person who is disabled on the effective date unless disclosed to us prior to the effective date.	Waived
Enrollment Change %	15%	15%	10%	10%	10%
Lifetime Maximum	Unlimited	Unlimited	Not Specified	Unlimited	Unlimited

- Reinsurance terms are just as important as the premium rates to which they are attached
- Cigna and United Healthcare were unable to comply with the RFP requested terms and conditions
- Humana was the most expensive reinsurance carrier to quote the terms and conditions requested
- Symetra and Aetna matched the terms and conditions and are within \$25k - \$29k in price differential
- Symetra is the incumbent reinsurer, understands the risk, and has always paid reinsurance claims promptly
- When switching reinsurance carriers, careful consideration should be given to all aspects of reinsurance terms, conditions, rates, and history



PHARMACY (SELF-FUNDED) MARKETING ANALYSIS



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Pharmacy Marketing Methodology

- Gallagher Benefit Services partners with a firm, Truveris, Inc., to perform many self-funded pharmacy benefit manager (“PBM”) / administrator (“PBA”) marketing's
- Truveris systems incorporates three positive tools that previously had been difficult to obtain through the traditional PBM arrangements
 - The PBM / PBA vendors must agree to the contractual terms and provisions during the RFP process or explicitly disagree with them – this allows the vendor’s response to become the contract if awarded the bid
 - The PBM / PBA must agree with full transparency which is also called a “Retail Pass Through” arrangement – this ensures that the self-funded health plan will receive the best possible ingredient cost without excess margins built into prescription drug expense
 - Truveris then scores the PBM/PBA vendors based upon the criteria mentioned above and after selection, monitors the selected vendor on a monthly basis to ensure the contractual terms are being met
- Self-funded pharmacy vendors have been queried for pricing with and without Medicare Advantage implementation (post-65 retiree exclusion)
- The following slides are a high level projection over a 3 year period with scoring based on qualitative as well as quantitative analysis per vendor
- The full analysis is being provided under separate cover and will be referenced in this discussion as disruption and formulary related to pharmacy expense are also important aspects when selecting a PBM / PBA
- The vendor with the highest overall score was PCA Pharmacy based out of Louisville, KY



PBM / PBA Analysis – Total Population

Results	Current Contract	PCA	Cigna	ESI	Aetna	Benecard	UHC	Humana
Bid Quality Score		140	121	97	112	126	102	128
Bid Financial Score		481	403	414	361	110	488	388
% Savings		8.90%	5.97%	6.27%	4.84%	0.79%	9.94%	5.55%
TruBid Total Score		621	524	511	473	236	590	516
Financial Summary: 3 Year								
Ingredient Cost	\$15,740,756	\$14,491,006	\$15,572,064	\$15,303,361	\$15,193,753	\$15,646,591	\$14,615,693	\$14,744,178
Dispensing Fee	\$259,600	\$204,818	\$153,237	\$146,034	\$196,826	\$244,281	\$168,582	\$204,299
Drug Spend	\$16,000,357	\$14,695,825	\$15,725,301	\$15,449,395	\$15,390,579	\$15,890,872	\$14,784,275	\$14,948,477
Admin Fees	\$0.00	\$278,772	\$0	\$0	\$349,740	\$203,688	\$0	\$308,414
Rebates	(\$434,643)	(\$794,681)	(\$1,088,113)	(\$860,053)	(\$927,512)	(\$651,687)	(\$765,873)	(\$555,076)
Projected Bid Cost	\$15,565,713	\$14,179,916	\$14,637,188	\$14,589,342	\$14,812,807	\$15,442,873	\$14,018,401	\$14,701,816
Projected Current Plan Cost	N/A	\$15,565,713	\$15,565,713	\$15,565,713	\$15,565,713	\$15,565,713	\$15,565,713	\$15,565,713
Savings \$\$	N/A	\$1,385,797	\$928,526	\$976,372	\$752,906	\$122,841	\$1,547,312	\$863,898
Implementation Allowance	N/A	\$10,000	\$144,000	\$105,000	\$45,000	\$5,658	\$12,000	\$0
Performance Guarantee Risk	N/A	\$75,000	\$150,000	\$525,000	\$32,000	\$50,922	\$0	\$33,000
Key Terms (Bid Quality)								
Offer made by PBM to Plan Sponsor are accepted as contract commitments.		Accept	Accept	Decline	Accept	Accept	Accept	Accept
Claim Adjudication Rate definition.		Accept	Accept	Accept	Decline	Accept	Decline	Accept
Manufacturer Derived Revenue definition		Accept	Accept	Decline	Accept	Accept	Decline	Accept
Dispensed as Written or "DAW" definition including DAW impact to Drug Classification.		Accept	Decline	Decline	Accept	Decline	Accept	Accept
PBM shall provide Plan Data to Plan Sponsor or Plan Sponsor's vendors upon request at no additional charge.		Accept	Accept	Accept	Accept	Accept	Decline	Accept
Ingredient Cost Discount Guarantee claim inclusions and exclusions		Accept	Accept	Accept	Decline	Accept	Accept	Accept
PBM shall work in good faith to resolve invoice disputes within thirty (30) days.		Accept	Accept	Decline	Decline	Accept	Accept	Accept
Drug Classification								
Multi-Source Generics		Generic	Generic	Generic	Generic	Generic	Generic	Generic
Single-Source Generics		Generic	Generic	Generic	Generic	Generic	Brand	Brand
Multi-Source Brands (Non-Innovator)		Brand	Brand	Brand	Brand	Brand	Brand	Brand
Multi-Source Brands (Innovator)		Brand	Brand	Brand	Brand	Brand	Brand	Brand
Single-Source Brands		Brand	Brand	Brand	Brand	Brand	Brand	Brand
Minimum Manufacturers for Multi-Source Generics		No	No	No	No	No	No	Yes/2



PBM / PBA Analysis – Excludes Post-65 Retirees

Results	Current Contract	PCA	Cigna	ESI	Aetna	Benecard	UHC	Humana
Bid Quality Score		140	121	97	112	126	102	128
Bid Financial Score		460	380	386	290	20	488	310
% Savings		8.33%	5.35%	5.50%	2.88%	-1.58%	10.06%	3.42%
TruBid Total Score		600	501	483	402	146	590	438
Financial Summary: 3 Year								
Ingredient Cost	\$11,447,077	\$10,586,175	\$11,330,482	\$11,176,011	\$11,138,096	\$11,577,574	\$10,585,506	\$10,863,932
Dispensing Fee	\$172,540	\$137,755	\$100,696	\$97,095	\$130,806	\$163,019	\$112,304	\$135,059
Drug Spend	\$11,619,618	\$10,723,930	\$11,431,178	\$11,273,105	\$11,268,902	\$11,740,594	\$10,697,810	\$10,998,992
Admin Fees	\$0	\$185,400	\$0	\$0	\$279,279	\$203,688	\$0	\$308,414
Rebates	(\$289,920)	(\$523,113)	(\$707,065)	(\$566,944)	(\$615,246)	(\$435,126)	(\$507,810)	(\$365,319)
Projected Bid Cost	\$11,329,698	\$10,386,217	\$10,724,114	\$10,706,162	\$11,003,396	\$11,509,155	\$10,190,000	\$10,942,087
Projected Current Plan Cost	N/A	\$11,329,698	\$11,329,698	\$11,329,698	\$11,329,698	\$11,329,698	\$11,329,698	\$11,329,698
Savings \$\$	N/A	\$943,481	\$605,584	\$623,536	\$326,302	(\$179,457)	\$1,139,698	\$387,611
Implementation Allowance	N/A	\$10,000	\$144,000	\$105,000	\$45,000	\$5,658	\$12,000	\$0
Performance Guarantee Risk	N/A	\$75,000	\$150,000	\$525,000	\$32,000	\$50,922	\$0	\$33,000
Key Terms (Bid Quality)								
Offer made by PBM to Plan Sponsor are accepted as contract commitments.		Accept	Accept	Decline	Accept	Accept	Accept	Accept
Claim Adjudication Rate definition.		Accept	Accept	Accept	Decline	Accept	Decline	Accept
Manufacturer Derived Revenue definition		Accept	Accept	Decline	Accept	Accept	Decline	Accept
Dispensed as Written or "DAW" definition including DAW impact to Drug Classification.		Accept	Decline	Decline	Accept	Decline	Accept	Accept
PBM shall provide Plan Data to Plan Sponsor or Plan Sponsor's vendors upon request at no additional charge.		Accept	Accept	Accept	Accept	Accept	Decline	Accept
Ingredient Cost Discount Guarantee claim inclusions and exclusions		Accept	Accept	Accept	Decline	Accept	Accept	Accept
PBM shall work in good faith to resolve invoice disputes within thirty (30) days.		Accept	Accept	Decline	Decline	Accept	Accept	Accept
Drug Classification								
Multi-Source Generics		Generic	Generic	Generic	Generic	Generic	Generic	Generic
Single-Source Generics		Generic	Generic	Generic	Generic	Generic	Brand	Brand
Multi-Source Brands (Non-Innovator)		Brand	Brand	Brand	Brand	Brand	Brand	Brand
Multi-Source Brands (Innovator)		Brand	Brand	Brand	Brand	Brand	Brand	Brand
Single-Source Brands		Brand	Brand	Brand	Brand	Brand	Brand	Brand
Minimum Manufacturers for Multi-Source Generics		No	No	No	No	No	No	Yes/2



PLACEHOLDER TO REVIEW TRUVERIS FULL ANALYSIS



OVERALL FINANCIAL SUMMARY



Financial Summary – Scenario A

Scenario A				
Fully-Insured w/o Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Health Plan Premium	\$23,589,832	\$27,824,397	\$30,237,485	Declined to Quote
Current Funding	\$17,581,907	\$17,581,907	\$17,581,907	Not Applicable
\$ Increase/Decrease	\$6,007,925	\$10,242,490	\$12,655,578	Not Applicable
% Increase/Decrease	34.2%	58.3%	72.0%	Not Applicable
Fully-Insured w/ Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Health Plan Premium	\$17,954,616	\$18,550,857	\$22,634,079	Disqualified ⁵
Medicare Advantage Premium ⁶	\$2,549,088	\$1,903,763	\$1,969,316	Not Applicable
Total Expense	\$20,503,704	\$20,454,620	\$24,603,394	Not Applicable
Expected Funding with MA Implementation ²	\$16,002,403	\$15,357,078	\$15,422,631	Not Applicable
\$ Increase/Decrease	\$4,501,300	\$5,097,542	\$9,180,763	Not Applicable
% Increase/Decrease	28.1%	33.2%	59.5%	Not Applicable
Self-Funded w/o Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Projected Medical Claims ¹	\$14,390,010	\$14,717,623	\$14,720,890	\$15,371,937
Projected Pharmacy Claims ³	\$4,877,693	\$4,877,693	\$4,877,693	\$4,877,693
Administration/Disease Management ⁷	\$908,536	\$956,183	\$812,160	\$969,178
Reinsurance - Specific & Aggregate ⁵	\$1,119,156	\$1,119,156	\$1,119,156	\$1,119,156
Total Estimated Self-Funded Expense	\$21,295,396	\$21,670,655	\$21,529,900	\$22,337,964
Current Funding	\$17,581,907	\$17,581,907	\$17,581,907	\$17,581,907
\$ Increase/Decrease	\$3,713,489	\$4,088,748	\$3,947,993	\$4,756,057
% Increase/Decrease	21.1%	23.3%	22.5%	27.1%
Self-Funded w/ Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Projected Medical Claims ¹	\$13,345,212	\$13,748,528	\$13,859,745	\$14,472,707
Projected Pharmacy Claims ³	\$3,516,407	\$3,516,407	\$3,516,407	\$3,516,407
Administration/Disease Management ⁷	\$781,941	\$763,166	\$723,213	\$795,459
Reinsurance - Specific & Aggregate ⁴	\$1,008,593	\$1,008,593	\$1,008,593	\$1,008,593
Medicare Advantage Premium ⁶	\$2,549,088	\$1,903,763	\$1,969,316	\$1,627,792
Total Estimated Self-Funded Expense	\$21,201,242	\$20,940,458	\$21,077,274	\$21,420,959
Expected Funding with MA Implementation ²	\$16,002,403	\$15,357,078	\$15,422,631	\$15,081,108
\$ Increase/Decrease	\$5,198,838	\$5,583,379	\$5,654,643	\$6,339,851
% Increase/Decrease	32.5%	36.4%	36.7%	42.0%

¹GBS claims projection based upon a proprietary discount database and adjusted for the proposed plan designs

²Current funding with MA implementation removes post-65 health plan contributions and adds back in the total cost of MA premium

³Assumes PCA is awarded pharmacy benefit management

⁴Assumes Symetra continues to provide reinsurance coverage

⁵United Healthcare did not quote fully-insured without MA and did not submit a HDP plan with MA implementation

⁶MA premium differs per carrier as each quote has different benefit levels; all carriers quoted varying degrees of different plan type

⁷Administrative/Disease Management expenses vary per carrier in terms of services proposed; please review the ASO exhibit for the detail



Gallagher Public Entity & Scholastic Group

a Division of Gallagher Benefit Services, Inc.

The City of Miami Beach

Financial Summary – Scenario B

Scenario B				
Fully-Insured w/o Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Health Plan Premium	\$18,202,421	\$26,650,280	\$25,943,922	Declined to Quote
Current Funding	\$17,811,851	\$17,811,851	\$17,811,851	Not Applicable
\$ Increase/Decrease	\$390,571	\$8,838,430	\$8,132,072	Not Applicable
% Increase/Decrease	2.2%	49.6%	45.7%	Not Applicable
Fully-Insured w/ Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Health Plan Premium	\$13,856,260	\$18,149,665	\$19,727,248	Disqualified ⁵
Medicare Advantage Premium ⁶	\$1,571,136	\$1,903,763	\$1,969,316	Not Applicable
Total Expense	\$15,427,396	\$20,053,428	\$21,696,564	Not Applicable
Expected Funding with MA Implementation ²	\$15,254,395	\$15,808,490	\$15,874,043	Not Applicable
\$ Increase/Decrease	\$173,001	\$4,244,938	\$5,822,521	Not Applicable
% Increase/Decrease	1.1%	26.9%	36.7%	Not Applicable
Self-Funded w/o Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Projected Medical Claims ¹	\$11,604,232	\$11,903,811	\$11,938,255	\$12,466,236
Projected Pharmacy Claims ³	\$3,636,651	\$3,636,651	\$3,636,651	\$3,636,651
Administration/Disease Management ⁷	\$908,536	\$956,183	\$812,160	\$969,178
Reinsurance - Specific & Aggregate ⁵	\$1,119,156	\$1,119,156	\$1,119,156	\$1,119,156
Total Estimated Self-Funded Expense	\$17,268,576	\$17,615,802	\$17,506,223	\$18,191,222
Current Funding	\$17,581,907	\$17,581,907	\$17,581,907	\$17,581,907
\$ Increase/Decrease	-\$313,331	\$33,895	-\$75,684	\$609,315
% Increase/Decrease	-1.8%	0.2%	-0.4%	3.5%
Self-Funded w/ Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Projected Medical Claims ¹	\$10,826,595	\$11,182,423	\$11,297,395	\$11,797,034
Projected Pharmacy Claims ³	\$2,607,130	\$2,607,130	\$2,607,130	\$2,607,130
Administration/Disease Management ⁷	\$781,941	\$763,166	\$723,213	\$795,459
Reinsurance - Specific & Aggregate ⁴	\$1,008,593	\$1,008,593	\$1,008,593	\$1,008,593
Medicare Advantage Premium ⁶	\$1,571,136	\$1,903,763	\$1,969,316	\$1,627,792
Total Estimated Self-Funded Expense	\$16,795,395	\$17,465,075	\$17,605,647	\$17,836,009
Expected Funding with MA Implementation ²	\$15,024,451	\$15,357,078	\$15,422,631	\$15,081,108
\$ Increase/Decrease	\$1,770,944	\$2,107,997	\$2,183,016	\$2,754,901
% Increase/Decrease	11.8%	13.7%	14.2%	18.3%

¹GBS claims projection based upon a proprietary discount database and adjusted for the proposed plan designs

²Current funding with MA implementation removes post-65 health plan contributions and adds back in the total cost of MA premium

³Assumes PCA is awarded pharmacy benefit management

⁴Assumes Symetra continues to provide reinsurance coverage

⁵United Healthcare did not quote fully-insured without MA and did not submit a HDP plan with MA implementation

⁶MA premium differs per carrier as each quote has different benefit levels; all carriers quoted varying degrees of different plan type

⁷Administrative/Disease Management expenses vary per carrier in terms of services proposed; please review the ASO exhibit for the detail



Claim Runout Scenarios

Runout Expenses – All Vendors – Scenarios A or B				
Fully-Insured w/o Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Self-Funded Runout Claims (estimate) ¹	\$1,295,477	\$1,295,477	\$1,295,477	Not Applicable
Self-Funded Runout Administration (estimate) ¹	\$103,638	\$103,638	\$103,638	Not Applicable
Total Runout Expense	\$1,399,115	\$1,399,115	\$1,399,115	Not Applicable
Fully-Insured w/ Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Self-Funded Runout Claims (estimate) ¹	\$1,295,477	\$1,295,477	\$1,295,477	Not Applicable
Self-Funded Runout Administration (estimate) ¹	\$103,638	\$103,638	\$103,638	Not Applicable
Total Runout Expense	\$1,399,115	\$1,399,115	\$1,399,115	Not Applicable
Self-Funded w/o Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Self-Funded Runout Claims (estimate) ²	\$0.00	\$0.00	\$0.00	\$0.00
Self-Funded Runout Administration (estimate) ²	\$0.00	\$0.00	\$0.00	\$0.00
Total Runout Expense	\$0.00	\$0.00	\$0.00	\$0.00
Self-Funded w/ Medicare Advantage	Humana	Aetna	Cigna	United Healthcare
Post-65 Runout Claims & Administration ³	\$316,305	\$316,305	\$316,305	\$316,305

¹Reserve amounts for self-funded runout claims are estimated to be \$1.4 million including administration in the event a fully-insured and/or MA plan is selected

¹It is understood that runout claims would be paid through Reserves already held by the City in a separate account and should not be a significant deterrent to selecting the best option for the City

²If the City continues to self-fund the health plan without MA implementation, there will be no runout claims as the claims projection is mature

³If the City implements MA but continues to self-fund the active and pre-65 population, runout claims are estimated to be \$320k



EAP MARKETING ANALYSIS



Gallagher Public Entity & Scholastic Group
a Division of Gallagher Benefit Services, Inc.

The City of Miami Beach

EAP Premium Rates

EAP Fee Proposals					
	Humana	Aetna	Cigna	Ulliance	United Healthcare
Total Employees/Retirees:	2,209	2,209	2,209	2,209	2,209
EAP Fee (PEPM):					
Core Services	\$1.50	\$1.70	\$1.68	\$1.18	\$2.50
Subtotal:	\$39,762	\$45,064	\$44,533	\$31,279	\$66,270
Optional Services (PEPM):					
Telephonic Worklife	\$0.00	\$0.25	\$0.00	\$0.00	\$0.00
Enhanced Legal & Financial Services	\$0.00	\$0.00	\$0.00	\$0.05	\$0.00
Enhanced Concierge Planning Services	\$0.00	\$0.00	\$0.00	\$0.80	\$0.00
Subtotal:	\$0	\$6,627	\$0	\$22,532	\$0
Total	\$39,762	\$51,691	\$44,533	\$53,811	\$66,270



EAP Benefits Summary

	Humana	Aetna	CIGNA	Ulliance	United Healthcare
Phone Counseling:	24/7 access to telephonic services. Unlimited telephonic management consultation for referrals into the EAP workplace issues as well as consultation on critical incidents and any other organizational issues that might arise.	We offer telephonic consultation and refer to an EAP provider.	Included; Up to 5 assessment or problem resolution sessions per member per problem	Unlimited	Toll-free access to master's-level Employee Assistance Specialists 365 days a year
Face-to-Face Counseling	Initial assessment and short-term counseling for up to 5 sessions per problem per year for employees and their dependents, for marital, family, work, and other counseling issues	We are offering our 5 session model	Included; Up to 5 assessment or problem resolution sessions per member per problem	1 to 5 visits or Resolution model with flexible number of visits	Face-to-Face Counseling - 3 sessions per incident, per year. (optional buy up option of 5, 7 and 10 session models)
EAP Resolution %	For the entire book of business, resolution within EAP without additional referral runs at 63%. Please note that this includes a large percentage of business where the EAP serves as an assessment and referral function within Humana's own medical plan book of business.	Our resolution rate for a 5 session model is 61%.	Our EAP resolution rate is 89.04 percent.	94%	50% to 70% depending on session model—are able to complete treatment within the EAP without having to use the employer's behavioral health benefit)
Rate Guarantee	\$1.50 PEPM. Rates are proposed for 24 months with an optional extension for 12 months at the same fees.	3 years	We have proposed a 24-month rate guarantee.	1 year	1 year
On Site Intervention	Up to 8 on-site hours included with additional hours available for an additional fee.	We are offering unlimited CISD's up to 20 hours per incident.	Critical Incidents Response services; included in COMB's annual bank of Employer Service Hours (10 hours per 1,000 employees of Employer Services per year or 22 actual hours for 2,209 employees). Should additional hours be needed, we can make arrangements on a fee-for-service basis.	Include 16 hours annually for Critical Incident Stress Debriefings	Proactive preparative services as well as on-site services to support individuals and organizations through times of disaster. 6 hours combined training/CISM hours if less than 1000 ee's and 9 hours/1000 ee's if greater than 1000 ee's.
Utilization Reports	Provided Annually	We are offering quarterly utilization reports	Included; Quarterly	Quarterly with on-site review and analysis	Included
Promotional Materials	Includes brochures, wallet cards, and posters, in electronic format for production and distribution by the customer, explaining the program and how to access it, and providing guidance on common issues	We are offering out promotional materials at no extra cost.	Included	Brochures, wallet cards, posters and work/life materials	Included
Orientation Meetings	Monthly training webinars and up to 8 hours onsite orientation, training, and CISD hours are included. Additional hours are available at \$250 per hour.	We are offering orientation meetings at no extra cost.	Included in COMB's annual bank of Employer Service Hours (10 hours per 1,000 employees of Employer Services per year or 22 actual hours for 2,209 employees). Should additional hours be needed, we can make arrangements on a fee-for-service basis.	Include 20 hours on-site annually	Included
Additional Resources	Substance abuse professional referrals are available for \$700 per case; internet site with behavioral health tools and resources; telephonic consultation, resource identification, and web access to work-life services for child and elder-care counseling, legal and financial consultation.	We are offering our website and telephonic worklife.	Access to community resources	Website www.lifeadvisoreap.com	Free telephonic consultation and discounted rates for ongoing services by a national network of over 22,000 attorneys. Free telephonic consulting and referrals by qualified and experienced financial consultants. Referrals to community agencies of childcare centers, eldercare facilities, schools, summer camps, adoption resources, and pet care tools. Orientation, health fair, and open enrollment meeting participation to publicize the EAP and encourage utilization
Account Management	Local account management team will support the City in conjunction with EAP services and support.	We will offer a designated Account Manager locally.	Included. Dedicated account management	Assigned Account Managers, 24/7 consultations	Integrated account management solution with medical plan administrator
Locations	Local EAP affiliates will be available.	We use a virtual model for the quickest response.	Eden Prairie, Minnesota	Corp. headquarters in Troy, Michigan and office in N. Carolina	National

WELLNESS MARKETING ANALYSIS

Based upon the numerous and varied responses received for Wellness Plan program administration, GBS would recommend exploring all available options after the selection of funding arrangement, health plan redesign, and any post-65 retiree solution that is chosen for implementation. Many Wellness vendors price their services on a participating basis while others charge a per head amount on the entire population regardless of services utilized. A thorough discussion of what the City can implement, hopes to obtain, and can commit to in regards a Wellness Program should take place. Wellness Program solutions designed to improve the health of an employee population are only as successful as the commitment the organization makes from the top down to manage the Program and mandate participation.



Proposed Wellness Benefits and Cost

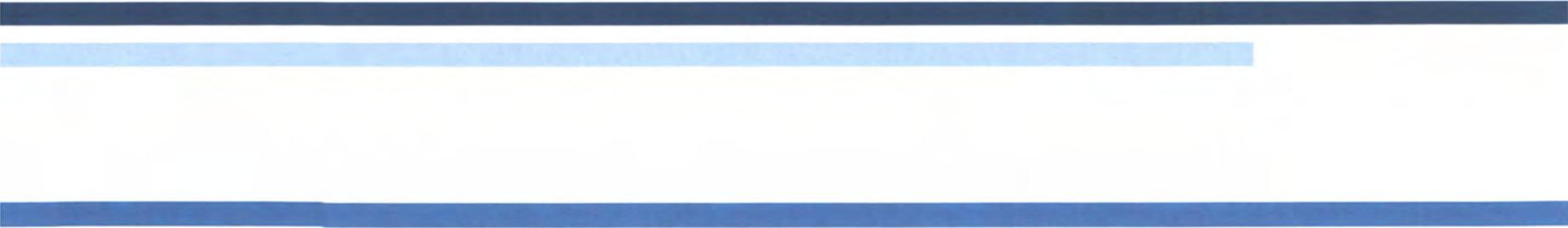
WELLNESS PROGRAMS	Humana		Aetna		Cigna		Engagement Health			United Healthcare	
	2013	2014	2013	2014	2013	2014	2013	2014	2014	2013	2014
Administrative Function											
Set-Up Fees	Not applicable	Not applicable	\$0.24	\$0.24	Not Applicable.	Not applicable	NA	NA		\$0.00	\$0.00
Renewal Fees	Not applicable	Not applicable	\$0.24	\$0.24	Negotiated at Renewal	Not applicable	NA	NA		\$0.00	\$0.00
Other (State & show PEPM cost)			\$0.24	\$0.24	Not Applicable					\$0.00	\$0.00
Wellness Programs											
Base Fee	\$4.46 PEPM	TBD at renewal	\$0.25	\$0.25	Not Applicable.	TBD at renewal	\$3100/month	\$3100/month \$3100/month		\$0.22	\$0.22
Biometric Screenings	Not included	Not included	\$0.24	\$0.24	Per person screening costs: \$42 Standard Healthy Heart Screening, or \$44 Expanded Healthy Heart Screening.	Not included in Wellness pricing	\$60 PP	\$60 PP		\$50.00	\$50.00
Health Risk Assessments (HRA's)	Included in base fee	Included in base fee	\$0.24	\$0.24	Included in base medical fee	Included in base medical fee	Included	Included		\$0.00	\$0.00
Health Fairs	Not applicable	Not applicable	\$0.24	\$0.24	Not Applicable.	Not applicable	\$750 per day + travel (1 person)	\$750 per day + travel (1 person)		\$0.00	TBD
Incentive Administration	Included in base fee	Included in base fee	\$0.24	\$0.24	Cigna offers 3 Motivate Me programs: Base - \$1.25 PEPM, Value - \$1.45 PEPM, and Engage - \$1.95 PEPM	Included in base fee	Admin. included	Admin. included		\$0.24	\$0.25
Other (State & show PEPM cost)					Not Applicable.		\$168.00 per PPPY or \$14 PEPM Or 100% of EH's Fees at Risk where EH fronts entire cost of the program and the program is paid by non-participants and claim savings, only if realized	\$168.00 per PPPY or \$14 PEPM Or 100% of EH's Fees at Risk where EH fronts entire cost of the program and the program is paid by non-participants and claim savings, only if realized		\$0.00	\$0.00
Web/Phone Based Programs											
Weight loss - Nutrition	Included in base fee	Included in base fee	\$0.25	\$0.25	Included- Standard online coaching; Also Cigna Healthy Steps to Weight LossSM = Weight Management is one of the Lifestyle Management Programs that are included with Cigna Behavioral Advantage which is part of the ASO and insured proposals.	Included in base fee	Yes	Yes		\$1.46 PEPM	\$1.50 PEPM
Walking	Included in base fee	Included in base fee	\$0.25	\$0.25	See Walking Program Onsite below	Included in base fee	Yes	Yes		\$0.00	\$0.00
Stress Reduction	Included in base fee	Included in base fee	\$0.25	\$0.25	Included- Standard online coaching; Also Strength & ResilienceSM = Stress Management is one of the Lifestyle Management Programs that are included with Cigna Behavioral Advantage which is part of the ASO and insured proposals.	Included in base fee	Yes	Yes		\$0.00	\$0.00
Smoking Cessation	Included in base fee	Included in base fee	\$0.25	\$0.25	Cigna Quit Today® = Tobacco Cessation is included as one of the Lifestyle Management Programs that are included with Cigna Behavioral Advantage which is part of the ASO and insured proposals.	Included in base fee	Yes	Yes		\$0.00	\$0.00
Physical Activity	Included in base fee	Included in base fee	\$0.25	\$0.25	Included- Standard online coaching	Included in base fee	Yes	Yes		\$0.00	\$0.00
Health Coaching (one - one)	Included in base fee	Included in base fee	\$0.25	\$0.25	Your Health First 200 (\$5.25 PEPM) is included in our proposal. Cigna also offers Your Health First 300 (\$9.32 PEPM)	Included in base fee	Quarterly telephonic	Quarterly telephonic		\$0.00	\$0.00
Other (State & show PEPM cost)					Per person fee Metabolic Syndrome Improvement 10-week Program-\$450 webinar, or \$400 online. Seminars are available in webinar format as well provided client has Flash version 10.0 software. Flat fee of \$325 per one hour seminar		Included above	Included above		\$0.00	\$0.00



Proposed Wellness Benefits and Cost

WELLNESS PROGRAMS Administrative Function	Humana		Aetna		Cigna		Engagement Health		United Healthcare	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
On-Site Components Offered										
Weight loss - Nutrition	Included in base fee	Included in base fee	\$0.25	\$0.25	1. Per person fee- Weight Management 12-week coaching program- \$250 per person, 20 person minimum, 35 person maximum 2. Per person fee- Nutrition 4-week coaching program- \$155 per person, 20 person minimum, 35 person maximum Flat fee- Seminar topics available also for \$325 per one-hour seminar	Included in base fee	Open to discussion or integration with 3rd party	Open to discussion or integration with 3rd party	\$0.00	
Walking	Included in base fee	Included in base fee	\$0.25	\$0.25	Flat fee-Cornerstone Fitness- \$2600 for 8 week program; pedometers are additional and depend on order quantity and style. Program is online for steps tracking but participants walk onsite	Included in base fee	Open to discussion or integration with 3rd party	Open to discussion or integration with 3rd party	\$0.00	\$0.00
Stress Reduction	Included in base fee	Included in base fee	\$0.25	\$0.25	Per person fee: 5-week coaching program-\$155 per person, 20 person minimum, 35 person maximum; Flat fee- Seminar topics available also for \$325 per one-hour seminar	Included in base fee	Open to discussion or integration with 3rd party	Open to discussion or integration with 3rd party	\$0.00	\$0.00
Smoking Cessation	Included in base fee	Included in base fee	\$0.25	\$0.25	Per person fee- 5-week coaching program-\$155 per person, 20 person minimum, 35 person maximum	Included in base fee	Open to discussion or integration with 3rd party	Open to discussion or integration with 3rd party	\$0.00	\$0.00
Physical Activity	Included in base fee	Included in base fee	\$0.25	\$0.25	Per person fee- 4-week coaching program-\$140 per person, 20 person minimum, 35 person maximum; Flat fee- Seminar topics available also for \$325 per one-hour seminar	Included in base fee	Open to discussion or integration with 3rd party	Open to discussion or integration with 3rd party	\$0.00	\$0.00
On-Site Coordinator	Included in base fee	Included in base fee	\$0.25	\$0.25	A Client Dedicated Onsite Well-Being Coordinator can be provided at a cost of \$124,000 for the first year with a 3% escalator applied to this for each year thereafter.	Included in base fee	Open to discussion	Open to discussion	\$0.00	\$0.00
Other (State & show PEPM cost)					1. Per person fee- Prehypertension 5-week coaching program- \$155 per person, 20 person minimum, 35 person maximum 2. Per person fee- Cholesterol 5-week coaching program- \$155 per person, 20 person minimum, 35 person maximum 3. Per person fee Metabolic Syndrome Improvement 10-week Program- \$475 onsite 4. One-on-one health coaching, \$535 flat fee per four hour block				\$0.00	\$0.00
Reporting										
Quarterly and Annual Participation & ROI	Included in base fee	Included in base fee	\$0.24	\$0.24	Quarterly and annual health advocacy program participation reports are included ROI is not available at this time	Included in base fee	Included	Included	\$0.00	\$0.00
Ad hoc Reports	\$150 per hour	\$150 per hour	\$0.24	\$0.24	Per report fee- \$300 plus \$175 for each additional hour of programming	\$150 per hour	Included	Included	\$0.00	\$0.00



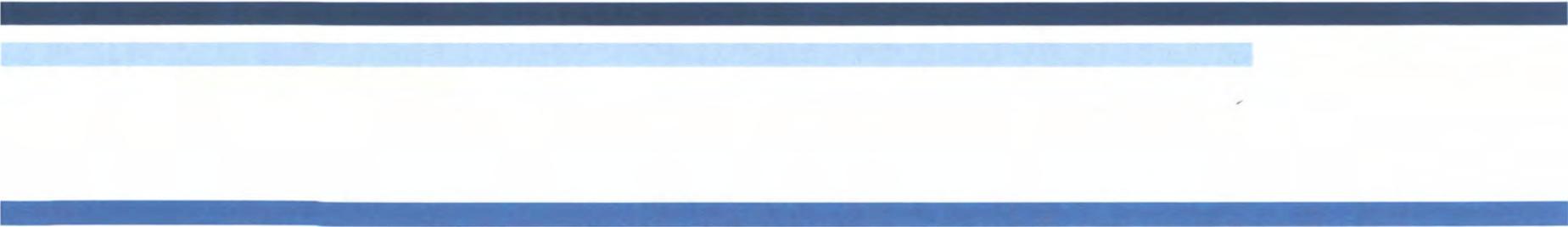


NEXT STEPS?

Questions / Clarifications / Questions / Scoring

- GBS is prepared to do the following at the BAC's direction:
 - Clarify any RFP responses that require it
 - Request any additional information and/or submit additional questions to the RFP respondents as directed
 - Score the RFP responses based on the parameters in the RFP or parameters set by the BAC
 - Assist in the presentation of findings and results to City management, an Insurance Committee, etc...
 - Re-open the bidding if it is determined that other quotes are necessary in order to make a decision
 - Anything else material to decision making regarding the City's health plan redesign





APPENDIX



Contingencies & Exclusions - Fully-Insured

Humana There were no pricing assumptions, caveats limitations or exclusions included in their proposal.

Aetna

Underwriting Assumptions and Caveats

Participation Requirement – There is a minimum requirement of 250 enrolled employees for administration of the proposed self-funded plan. However, any Performance Guarantee is contingent upon the total number of covered lives (i.e., the total number of City of Miami Beach employees enrolled for coverage) set out in our proposal.

This proposal assumes your plan is not grandfathered.

As a non-grandfathered plan, the plan will include Preventive care as defined by regulation without cost sharing on In Network services.

Aetna reserves the right to modify its products, services, rates and fees, in response to legislation, regulation or requests of government authorities resulting in changes to plan benefits and to recoup any material fees, costs, assessments, or taxes due to changes in the law even if no benefit or plan changes are mandated.

Fee Guarantee – We have provided a fee guarantee for each of the first three contract years from October 1, 2013 through September 1, 2014 for the self-funded coverages included in this proposal. The mature fees are guaranteed according to the per-employee, per-month fees as illustrated on the financial exhibit(s).

1. If for any product:

There is a 15% decrease in the number of employees in aggregate from our enrollment assumptions or from any subsequently reset enrollment assumptions.

a. The member-to-employee ratio increases by more than 15%. We have assumed a member-to-employee ratio of:

1.98 for Aetna Select Open Access

1.75 for Choice POS II

7. If City of Miami Beach places the products and services included in this multi-year fee guarantee out to bid, then this guarantee will be nullified.

Specialty Pharmaceutical Rebates – We will retain (as compensation for our efforts in administering the Preferred Specialty Pharmaceutical Program) all specialty pharmaceutical rebates earned on drug claims that we administer and pay through the medical benefit rather than the pharmacy benefit.

Pharmacy

Prescription Drug Benefits

A service fee of 0.85% was included on the proposed rates for the active only proposal as well as for the active with retiree proposal.



Contingencies & Exclusions - Fully-Insured

Cigna

Proposal Caveats

Cigna HealthCare may revise or withdraw this Proposal if:

1. There is a change to the effective date of the quote.
7. Less than 200 employees or less than 70% of total eligible employees enroll in the Plan.
8. Enrollment increases or decreases by 10% or more, by product or for the total account, from the enrollment assumptions used in establishing the rates and/or fees set forth herein.
15. Administration of the Plan will require more than the following:

Billing lines: 80

Billing and Claim Branch Benefit Options: 40

B. Scope and Application of this Proposal

3. Includes capitated charges for behavioral care services arranged by Cigna Behavioral Health, Inc. However, this may not apply in certain states.
4. Includes capitated charges for the provision of Hi-Tech Radiology services by MedSolutions, Inc. However, this may not apply in certain states.
10. Includes a maximum reimbursable charge for out-of-network coverage equal to 110% of a fee schedule developed by Cigna HealthCare based upon a methodology similar to that used by Medicare to determine the allowable fee for similar services in the geographic market OR 80th percentile of charges made by providers of such service or supply in the geographic area where the service is received.
14. Limits the total amount payable by Cigna HealthCare for failure to meet the performance commitments of the Performance Guarantees to \$101,555.53.



Contingencies & Exclusions - ASO

Humana

Humana reserves the right to change the quoted coverage terms, rates/fees/factors or withdraw quote if;
Employer contributions for all the full time employees is less than 50% of the conventional equivalent single rate
Both Administration and Stop Loss coverage(s) are not awarded to Humana
Less than 75% of all eligible employees are enrolled, excluding employees who have waived coverage for another group plan (will accept down to 50%, assuming the difference between to% and 75% is due to spousal waivers)
A signed Disclosure Statement and Application are not received within 30 days prior to the effective date.

In addition to the quoted administration fee, Humana or a designated vendor, will bill the client group separately for the following services:
For printing/mailling SPDs, if requested as follows:

- a. Print and patch mail to client at \$4.00 per SPD*, or
- b. Print and mail to an employee's home at \$5.00 per SPD*.

*The price quoted is for Humana printed SPDs and is subject to change due to increased costs in materials, postage/shipping special mailing instructions, and any special printing needs being requested.

For additional interface expenses associated with external vendors as follows:

- a. for any data feed to a non-Humana vendor(s), such as Dental or Vision carrier(s), or HSA/HRA/FSA Administrators
- b. if Humana provides COBRA notification and billing services
- c. for any data feed to a non-Humana vendor(s), such as a Stop Loss carrier or Pharmacy Benefit Manager.

If Humana is chosen to administer RX, an additional \$3.17 PEPM credit will be applied to the Administration Fee and the \$0.15 RX Data feed charge will be removed. Total credit will be \$3.32 PEPM.

External appeal expense incurred by the vendor will be billed back to the group at cost. A \$50 administration fee by Humana will also apply.

Humana's administration fee do not include the administration of claims incurred prior to the effective date of this quote.

Humana's administrative quote assumes an average number of billing units (separate bills for geographic, employee class, divisions, etc.). For groups requiring greater than five self-billed units, additional fees may apply.

Aetna

This proposal assumes your plan is not grandfathered.

As a non-grandfathered plan, the plan will include Preventive care as defined by regulation without cost sharing on In Network services.

Aetna reserves the right to modify its products, services, and rates, and to recoup any costs, taxes, fees, or assessments, in response to legislation, regulation or requests of government authorities.

3. The member-to-employee ratio increases by more than 15%. We have assumed a member-to-employee ratio of:

1.61 for Managed Choice POS

1.98 for Health Network Only

1.47 for Managed Choice POS Open Access

1.75 for Health Savings Account Managed Choice Open Access

4. At least 75% of the employees in the United States who are eligible to participate in any of the employer's comprehensive medical plans will participate, or at least 50% when adjusting for those enrolled in a spouse's comprehensive plan.

10. If maximum account structure exceeds 60 units per product. Maximum total account structure includes ERGs, controls, suffixes, billing and claim accounts.



Contingencies & Exclusions - ASO

Cigna

A. General Terms of this Proposal

Cigna HealthCare is pleased to present this Proposal for an Administrative Services Only group medical, pharmacy and behavioral health benefit plan (the "Plan") sponsored by City of Miami Beach. This proposal is valid for 120 days from its original date of release, 03/15/2013. Any revisions or updates to this proposal will not renew this valid timeframe unless expressly communicated by Cigna HealthCare.

Proposal Caveats

Cigna HealthCare may revise or withdraw this Proposal if:

1. There is a change to the effective date of the quote.

5. Less than 200 employees or less than 70% of total eligible employees enroll in the Plan.

6. Enrollment increases or decreases by 10% or more, by product or for the total account, from the enrollment assumptions used in establishing the rates and/or fees set forth herein.

13. It is requested to provide optional services beyond those listed here as being included in the quote: none specified

14. Administration of the Plan will require more than the following:

Billing lines: 80

Billing and Claim Branch Benefit Options: 40

19. The number of Covered Persons for Stop Loss coverage, in total or in any covered plan, at the beginning of the policy year or at any time during the policy year differs more than 10% from the original estimated enrollment.

B. Scope and Application of this

Proposal

Unless otherwise indicated, this Proposal:

7. Does not apply to part-time or seasonal employees for any plan.

8. Includes the Network Savings Program (NSP) and other Cost Containment programs designed to contain costs with respect to charges for health care services/supplies that are covered by the Plan. For administering these programs, Cigna retains a portion of the savings or recoveries generated.

10. Includes a maximum reimbursable charge for out-of-network coverage equal to 110% of a fee schedule developed by Cigna HealthCare based upon a methodology similar to that used by Medicare to determine the allowable fee for similar services in the geographic market OR 80th percentile of charges made by providers of such service or supply in the geographic area where the service is received.

13. Guarantees the second and third year ASO fees as outlined on the ASO Fees exhibit. All guarantees are subject to all other terms and conditions included in this document.

15. Limits the total amount payable by Cigna HealthCare for failure to meet the performance commitments of the Performance Guarantees to \$101,555.53.

United Healthcare

The quote is based on the following assumptions. Changes to these assumptions may result in an adjustment to the rates or revocation of the quote. Please refer to the Financial Commentary for further assumptions.



Contingencies & Exclusions- Stop Loss

Symetra

Contingencies

Plan Document (if plan changes are implemented)

Paid and large claim experience thru June 2013.

Exclusions and Limitations

Have been excluded under the terms described in the Excess Loss Alternate Reimbursement Endorsement.

Symetra will not reimburse the Participating Employer for Covered Expenses incurred by Covered Units or Covered Family Units that qualify as Potential Large Claims, unless disclosed and accepted by Symetra.

In the event of nondisclosure by the Participating Employer, Symetra reserves the right to:

Symetra will not reimburse any loss or expense caused by, or resulting from any of the following:

Expenses for occupational accidents or illnesses or expenses that the Employee Benefit Plan covers that are covered or eligible for coverage by Worker's Compensation, including any payments made by Worker's Compensation carrier as exception or payment with no liability concerning Worker's Compensation coverage;

Symetra will not reimburse any expenses that are:

Surcharges made on a per Covered Unit or Covered Family Unit basis; or

Penalties or fines assessed by a state against the Participating Employer.

Aetna

Contract/Policy Period: 12 months –10/01/2013 to 09/30/2014

Eligibility – Eligibility will apply to active, permanent full-time employees working in the U.S., as well as to their dependents. It will also apply to COBRA continues and those who are entitled to extended benefits under the plan following termination. For Stop Loss, eligibility applies to active, permanent full-time employees who are working at least 20 hours per week on a regularly scheduled basis.

Quote options with total lives of 1539 include Retirees under and over age 65.

Quote options with total lives of 1279 exclude post 65 Retirees.

24/12 - Run-in or claims incurred in the 12 months prior to the effective date and paid during the first Stop Loss policy period are included under the Stop Loss coverage. Run-in claims must be reported to Aetna no later than 6 months after the end of the First Policy Year.

Underwriting Rules – Our standard AAW/DNC Rules are waived on the effective date.

Preexisting Conditions Exclusion - the preexisting conditions rule has been waived for existing participants and new entrants after the effective date.

This proposal is preliminary. In order to provide you a final, firm proposal, we will need the following updated information no later than 15 days prior to the effective date:

Large claim information for the last 12 months within 120 days prior to the effective date, including diagnosis for all individuals with claims for the 12-month period in excess of 50 percent of the ISL.

Additional information may be required to validate this information.

Updated monthly claims on a rolling 12-month basis with corresponding exposures up to 120 days prior to the effective date.

We reserve the right to amend or withdraw our proposal to reflect the underwriting impact of any additional information we obtain or in the event you are unable to provide us any of the information we need to fully underwrite the risk.

We agree to offer a no laser contract. Please be aware that we will need to evaluate large claims through May 2013 to confirm there are no ongoing large claimants.



Contingencies & Exclusions- Stop Loss

Cigna

Cigna HealthCare may revise or withdraw this Proposal if:

Less than 200 employees or less than 70% of total eligible employees enroll in the Plan.

Enrollment increases or decreases by 10% or more, by product or for the total account, from the enrollment assumptions used in establishing the rates and/or fees set forth herein.

Administration of the Plan will require more than the following:

Billing lines: 60

Billing and Claim Branch Benefit Options: 30

The number of Covered Persons for Stop Loss coverage, in total or in any covered plan, at the beginning of the policy year or at any time during the policy year differs more than 10% from the original estimated enrollment.

There are changes in the benefit plan, or the addition or termination of a subsidiary, operation or class of employees, not otherwise accounted for during the Stop Loss underwriting process.

• Scope and Application of this Proposal

- Includes capitated charges for behavioral care services arranged by Cigna Behavioral Health, Inc. However, this may not apply in certain states.
- Includes capitated charges for the provision of Hi-Tech Radiology services by MedSolutions, Inc. However, this may not apply in certain states.
- Excludes charges for converting a qualified member of a group plan to an individual plan.
- Includes a maximum reimbursable charge for out-of-network coverage equal to 110% of a fee schedule developed by Cigna HealthCare based upon a methodology similar to that used by Medicare to determine the allowable fee for similar services in the geographic market OR 80th percentile of charges made by providers of such service or supply in the geographic area where the service is received.
- Requires you notify us within 30 days if any information set forth in this form changes at any time while coverage is provided to you by Cigna HealthCare.
- Does not include administration of "run out" claims incurred prior to the effective date.
- Limits the total amount payable by Cigna HealthCare for failure to meet the performance commitments of the Performance Guarantees to \$101,555.53.
- Contains a stop loss rate that will be adjusted by a savings amount of \$0.75 PEPM if both the incentive-based Cigna HealthCare Healthy Pregnancy, Healthy Babies program and Cigna HealthCare Comprehensive Oncology program are elected in conjunction with Cigna HealthCare Stop Loss.
- Includes the provision of HIPAA Certificates of Creditable Coverage to members. If you choose to opt-out of this service, \$.15 per employee per month will be deducted from your fees and you will be responsible for this function which is required under federal law.

Humana

Humana will not waive the actively at work provisions within the stop loss quote.

Rendered or received outside the United States, except as defined by the underlying plan for emergency treatments

(Such emergency treatments are limited to \$250,000 (U.S.) per individual under the stop loss coverage.)

The external stop loss interface is a monthly special bill. The charge is dependent upon whether the external stop loss carrier is preferred or non-preferred vendor. For preferred stop loss carrier the monthly fee is \$750, and the non-preferred Stop ;loss carriers the monthly fee is \$1,000. Please contact your sales representative for your stop loss carrier's classification.



Gallagher Public Entity & Scholastic Group

a Division of Gallagher Benefit Services, Inc.

The City of Miami Beach

Contingencies & Exclusions- Stop Loss

United Healthcare

Pricing Assumptions – Stop Loss

Our quotation is based on new dates of loss and claims with dates of services on or after the effective date of 8/1/2013.

City of Miami Beach contributes a minimum of 75% toward the employee only costs and 50% toward the dependent costs.

Individual Stop Loss

The Actively-at-Work provision may be waived, subject to disclosure of losses for claims paid by the prior carrier that exceed one half of the Individual Stop Loss deductible to UnitedHealthcare. This Disclosure Statement may be completed no earlier than 30 days prior to the effective date and no later than 15 days after the effective date. UnitedHealthcare reserves the right to set separate Individual Stop loss Risk Levels or exclude specific individuals from coverage based upon the Disclosure Statement (a sample of the Disclosure Form is provided as a separate tab).

Pre-Existing condition limitations will not apply to employees covered under the current plan.

Paid claim accumulations are based on issued claim drafts.

Retirees are excluded from the Individual Stop Loss Coverage. Medicare eligible retirees are excluded from the Individual Stop Loss Coverage.

Monthly Accommodation is not included in our quote.



Contingencies & Exclusions – Medicare Advantage

Humana

This proposal assumes all members are retired and enrolled in Medicare Part A and Part B.

These rates are based on the assumption there is no secondary plan wrapping around Humana's Medicare Employer Medical or Rx Plan.

This proposal is based on a minimum Employer contribution to premium of 26%.

The rates are contingent upon the retiree residing in the service areas of the quoted Medicare Advantage (MA) plan.

Humana requires a minimum of 10 enrolled members per standard product offering to renew an Employer.

Humana requires a minimum of 100 enrolled members per custom product offering to renew an Employer Sponsored plan.

If the enrolled membership differs from the pricing census by more than 10%, Humana reserves the right to review and change the pricing if necessary.

GENERAL LIMITATIONS AND EXCLUSIONS OF MEDICAL BENEFITS

Your benefits do not include the following, except as otherwise noted:

Abortions, except in cases of rape, incest or for life-endangering medical reasons.

Acupuncture

Orthopedic and therapeutic shoes, except if they are part of a leg brace or are for individuals with severe diabetic foot disease. Orthotics and custom-fitted inserts in shoes are not covered unless they are for individuals with severe diabetic foot disease.

Plastic, cosmetic, or reconstructive surgery, except when medically necessary as the result of an injury or tumor. Such surgery will also be covered if an objective physical impairment is present, which is defined as a direct measurable reduction of physical performance of an organ or body part. The presence of a psychological condition will not entitle you to coverage for plastic, cosmetic, or reconstructive surgery unless all other conditions are met. Breast reconstruction is only covered following a mastectomy.

Surgical treatment of morbid obesity, except when determined medically necessary.

Rating Assumptions and Stipulations- HMO

In the event that the effective date is other than 10/01/2013-12/31/2013, the rates are subject to change.

Humana reserves the right to change the rates and benefits 90 calendar days after 03/11/2013.

This proposal assumes all members are retired and enrolled in Medicare Part A and Part B.

This proposal is based on a minimum Employer contribution to premium of 26%.

The quoted rates are based on the Humana MA plan being the only option for Medicare eligible retirees.

If the enrolled membership differs from the pricing census by more than 10%, Humana reserves the right to review and change the pricing if necessary.

Members cannot purchase an individual PDP with the use of this product.



Contingencies & Exclusions – Medicare Advantage

Aetna

The rates illustrated are an average of the retiree population and where they currently live.

Employer contribution requirements – This offering assumes a minimum employer contribution level of 50% of the group premium for the medical and pharmacy plan. If the actual employer contribution differs from this assumed percentage, the medical and/or pharmacy rates are subject to revision.

Rate and benefit approval – This proposal is subject to the Centers for Medicare and Medicaid Services (CMS) renewal and approval of the plans' current or pending Medicare Advantage and Medicare prescription drug contracts, applications and service areas for calendar year 2013. Filed benefits (including copayment amounts), value-added services and premiums are subject to CMS and state approval(s), where applicable, and are effective January 1, 2013 through December 31, 2013.

We request that City of Miami Beach provide us with open enrollment materials including employee contribution rates for all plan options, eligibility definitions for all plans (retiree, part-time employees), and plan designs for all sites where our insured product is offered.

Conclusion

Aetna presents this proposal on the condition that it will be accepted in its entirety. Furthermore, Aetna has assumed that all other coverages, products, and services currently purchased by City of Miami Beach will continue to be offered. Should there be a material change in this regard, Aetna reserves the right to review and reprice this proposal. If City of Miami Beach is interested in the subset of our proposal, then Aetna will gladly review and reprice, if necessary. Prior to accepting the rates in this proposal, City of Miami Beach shall notify us of any material deviation, current or expected, from these assumptions.



Contingencies & Exclusions - EAP

Humana

General

The services start on the first day of October 2013 and rates are proposed for 24 months with an optional extension for 12 months at the same fee.

Fees are net of any commission payable to broker, consultant, or other third party.

EAP

Services provided in these fees include:

24/7 access to telephonic services

Substance abuse professional referrals are available for \$700 per case.

Internet site with behavioral health tools and resources

Aetna

All employees, dependents and immediate household members are eligible for services

36 month rate guarantee from case effective date

Rates are dependent on employee population within 20% (+/-) of that quoted

Cigna

Financial Assumptions

Effective January 1, 2014.

Rates guaranteed for 24 months.

Wellness Seminars or Management Trainings: \$255 per onsite hour.



Contingencies & Exclusions - Wellness

Humana

The Wellness (Structured Web & Telephonic Health Coaching), integrated Chronic Condition Management and Maternity programs are required with HumanaVitality is purchased.

The HumanaVitality rewards payment of \$1.21 PMPM is an estimate. Actual rewards payment will be calculated monthly based on actual results.

HumanaVitality is also available for your employees who waive medical coverage. The HumanaVitality PMPM Administration Fee is the same for your waived employees as (was) quoted for your covered employees and will be billed separately.

The waiver population must follow and purchase same program options as medical population.

The Wellness (Structured Web & Telephonic Health Coaching) program is required when HumanaVitality is purchased.

Aetna

The Wellness fee proposal sheet lists "All services to be funded by Aetna Health Designs". Please help us understand whether each specific service will be provided and confirm that this will occur under all funding arrangements (ASO, fully-insured, Medicare Advantage). Also, while it is understood that Aetna will fund the Wellness program, we still require our fee sheet in written and electronic format indicating the cost of the services to be borne by Aetna. Please submit written and electronic documents with this information included.

Aetna has partnered with Health Designs and has agreed to compensate them for the services outlined in our proposal. It is impossible to determine what the exact fees will be for the Health Design portion, as it depends on the actual participation within the programs.

For example we have agreed to pay an incentive for participation in HRA and Biometric screening. Each of these programs has a separate \$50 allowance for participation. The estimated cost for these programs is \$200,000.00.

These programs are ASO, fully-insured, Medicare.

Engagement Health

Per-Participant Pricing Option

Flexible Incentive Design: The Per Participant Pricing Option provides complete flexibility when it comes to incentive designs. We work with client management to design program incentives that are best suited to company culture, plan design, and budget.

Incentive Funding: Any client that elects to use a non-participant surcharge as a program incentive will keep the full amount of this surcharge, which will offset the cost of the EngagementHealth program.

Screenings: The per participant screening cost includes time and travel. Minimum billing of 30 screening participants per location per screening event.

Incentive-Funded Pricing Options

Non-Participant Funding: Health plan participants who elect not to participate in the wellness program or who fail to comply with the requirements of the program pay a monthly non-participant penalty of \$40.00 to \$60.00. This penalty, up to the predetermined Total Fee Limit, is passed along to EngagementHealth on order to fund the wellness program.

Total Fee Limit: The Total Fee Limit is calculated by multiplying the initial number of program participants by \$315. Based on preliminary information. Fee Limit and final program components are not determined until after completion of a formal Information Request and receipt of an Eligibility File.

Success Fee: The difference between the Fee Limit and Non-Participant Funding may be earned by EngagementHealth only by delivering actual claims savings. Otherwise, EngagementHealth collects no additional fees. Historically, clients using this model have saved an average of more than \$600 per covered employee.

Minimum Requirements: This funding option is available only to companies that have at least 200 adult medical plan participants and that offer the EngagementHealth program to both employees and spouses.

Screenings: Time and travel included. Up to 90 participants per screening event. Additional screenings for \$60 per participant with minimum billing of 30 screening participants per location per screening event.



Disclaimer

This proposal analysis is an outline of the coverages proposed by the carriers based upon the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, and conditions of the actual contract language, and does not include all of the details in the RFPs. See the policies, contract and RFPs for the actual language. This proposal analysis is not a contract and offers no contractual obligation on behalf of GBS. Policy forms for your reference will be made available upon request.



Thank you

Gallagher Benefit Services, Inc.
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The City of Miami Beach