

MEMORANDUM

TO: Mayor and City Council
Greenville Utilities Board of Commissioners

FROM: Ann E. Walker, City Manager
Anthony C. Cannon, General Manager/CEO *AC*

DATE: September 19, 2018

SUBJECT: Joint City/GUC Pay and Benefits Committee
Recommendations for Plan Year 2019

The Joint City/GUC Pay and Benefits Committee, comprised of Mayor Pro-Tem Rose Glover, Council Member Rick Smiley, and GUC Commissioners Joel Butler and Toya Jacobs, met on August 9, 2018 to develop recommendations for Plan Year 2019 Health and Dental benefits. The following recommendations will be considered by the City Council and GUC Board of Commissioners at their upcoming Joint Meeting scheduled for Monday, September 24, 2018, at 6:00 p.m. in the City Council Chambers.

Joint Committee Recommendation on Plan Year 2019 Health/Dental Insurance Benefits:

On September 19, 2016, City Council and GUC Commissioners approved adopting an updated three-year strategy for 2017-2019. In keeping with the three-year strategy, the following changes are proposed for plan year 2019:

- Target an employer health insurance subsidy of 82% by increasing medical rates by 7.5% across the board;
- Add Cigna Value Preferred Formulary that will generate annual savings of approximately \$188,000 by excluding many readily available over-the-counter drugs for heartburn/ulcers and grandfathering individuals with asthma and ADHD prescriptions to limit disruptions;
- Continue the incentive of \$250 for individual coverage and \$500 for family coverage for employees electing to enroll in the HSA for the first time to encourage migration to the HSA; and
- Increase dental rates by 7.7% to avoid a dental plan deficit.

The Joint City/GUC Pay and Benefits Committee unanimously recommends adoption of the proposed changes for Plan Year 2019.

The Joint City/GUC Pay and Benefits Committee also unanimously recommends adoption of the proposed three-year strategy for 2020-2022. The proposed three-year strategy for 2020-2022 will be reviewed at the September 24, 2018 Joint Meeting.

We look forward to seeing you at the upcoming Joint Meeting on September 24, 2018 at 6:00 p.m. in the City Council Chambers. A light meal will be served at 5:30 p.m.

cc: Michael Cowin, COG Assistant City Manager
Chris Padgett, GUC Chief Administrative Officer
Leah Futrell, COG Director of Human Resources
Richie Shreves, GUC Director of Human Resources

JOINT MEETING
Greenville City Council/Greenville Utilities Commission

Monday, September 24, 2018
6:00 p.m.
City Hall Council Chambers
Greenville, NC

1. Call Meeting to Order: Mayor Connelly
Chair-Elect Butler
2. Approval of Agenda: City Council
Greenville Utilities Commission
3. Public Comment Period - For issues that are germane to both the City Council and Greenville Utilities Commission.

The Public Comment Period is a period reserved for comments by the public. Items that were or are scheduled to be the subject of public hearings conducted at the same meeting or another meeting during the same week shall not be discussed. A total of 30 minutes is allocated with each individual being allowed no more than 3 minutes. Individuals who registered with the City Clerk to speak will speak in the order registered until the allocated 30 minutes expires. If time remains after all persons who registered have spoken, individuals who did not register will have an opportunity to speak until the allocated 30 minutes expires.

4. Approval of Proposed Minutes – April 23, 2018
5. Consideration of Joint Pay and Benefits Committee Recommendations on Plan Year 2019 Medical and Dental Benefits and Three Year Strategic Plan 2020-2022
6. Adjournment: City Council
Greenville Utilities Commission

PROPOSED MINUTES
JOINT MEETING OF THE GREENVILLE CITY COUNCIL
AND THE GREENVILLE UTILITIES COMMISSION
BOARD OF COMMISSIONERS
MONDAY, APRIL 23, 2018

Having been properly advertised, a joint session of the Greenville City Council and the Greenville Utilities Commission Board of Commissioners (GUC Board) was held on Monday, April 23, 2018, at 6:00 p.m. in the Council Chambers, third floor of City Hall in Greenville, NC.

Mayor Connelly called the meeting to order for the City Council and ascertained that a quorum was present.

GUC Chair Mills called the meeting to order for the GUC Board and ascertained that a quorum was present.

Those present from the City Council:

Mayor P.J. Connelly, Mayor Pro-Tem Rose H. Glover, and Council Members Will Bell, Kandie D. Smith, Rick Smiley, Brian V. Meyerhoeffer, Jr. and William F. Litchfield, Jr.

Also present from the City of Greenville:

Ann E. Wall, City Manager; Michael Cowin, Assistant City Manager; Ken Graves, Assistant City Manager; Emanuel McGirt, City Attorney; Valerie Shiuwegar, Administrative Assistant to the City Clerk; Other City Staff including Eric Griffin, Kevin Mulligan, Brock Letchworth, Leah Futrell, Jenise Phillips, Mark Holtzman and Christian Lockamy.

Those present from the Greenville Utilities Commission Board of Commissioners:

Chair Don Mills, Secretary Joel Butler, and Commissioners Toya Jacobs, Parker Overton, Tommy Stoughton, Minnie J. Anderson and Ann Wall

Also present from the Greenville Utilities Commission:

Tony Cannon, General Manager/CEO; Chris Padgett, Chief Administrative Officer; Jeff McCauley, Chief Financial Officer; Phillip R. Dixon, General Counsel; Steve Hawley, Public Information Officer/Communications Manager; Amy Wade, Executive Assistant to the General Manager/CEO; Lou Norris, Secretary to the General Manager/CEO; Other GUC Staff including Lena Previll and Leah Herring.

Those absent:

Commissioner Rebecca Blount was absent from the Greenville Utilities Commission.

APPROVAL OF THE AGENDA

Upon motion by Council Member Smiley and second by Council Member Bell, the Greenville City Council unanimously approved the agenda as presented.

Upon motion by Commissioner Butler and second by Commissioner Stoughton, the GUC Board unanimously approved the agenda as presented.

PUBLIC COMMENT PERIOD

Mayor Connelly opened the public comment period at 6:05 p.m. and explained the procedures to be followed by anyone who wished to speak.

There being no one present who wished to speak, Mayor Connelly closed the public comment period at 6:06 p.m.

APPROVAL OF PROPOSED MINUTES- FEBRUARY 19, 2018

Upon motion by Council Member Smiley and seconded by Council Member Bell, the Greenville City Council unanimously approved the February 19, 2018 Joint Minutes as presented.

Upon motion by Commissioner Butler and seconded by Commissioner Wall, the GUC Board unanimously approved the February 19, 2018 Joint Minutes as presented.

CONSIDERATION OF MARKET ADJUSTMENT/MERIT PROGRAM FOR FY 2018-2019

Mr. Michael Cowin, Assistant City Manager, stated that each year the City and GUC review the pay posture of the joint pay plan with the objective to maintain an effective pay system for our employees that is internally equitable, and competitive to the external marketplace. This review is based on data obtained from salary surveys, other public sector organizations, and several local private employers.

The City's and GUC's Human Resources Departments collected data related to market pay and presented this obtained information to the Joint Pay and Benefits Committee on March 20, 2018 for use in making a recommendation to the City Council and GUC Board. Mr. Cowin shared the following data:

Wage increases, as projected by various surveys are as follows:

Survey Company	Projected Wage Increase
Aon Hewitt	3.0%
Capital Associated Industries (CAI)*	2.5%
Hay Group	3.0%
Mercer	2.9%
Towers Watson	3.0%
WorldatWork	3.0%

**COG and GUC have traditionally used the CAI as the primary benchmark guide, but last year the Committee recommended a 3.2% (Public sector projection) in lieu of CAI's projection which was 2.7%.*

The public sector benchmark was next reviewed. Of the 25 of 26 responding, 24 provided pay increases to employees averaging 2.9 % (market and/or merit) for FY 2017-2018. Also, 18 of the responding municipalities and utilities provided projected increases averaging 2.9% (market and/or merit) for FY 2018-2019. Lastly, the data from the local private employers included 14 local businesses. Thirteen employers responded with a projected pay increase averaging 3.2% for FY 2018-2019.

Below is a chart that compared 3 years of pay increases to market.

FY	CAI	Public Sector	Private Sector	City / GUC	Cumulative Difference (CAI)	Cumulative Difference (Public)	Cumulative Difference (Private)
15/16	3.0%	2.5%	2.0%	2.0%	-1.0%	-0.5%	0.0%
16/17	2.7%	3.2%	3.05%	2.0%	-1.7%	-1.7%	-1.05%
17/18	2.7%	2.9%	2.9%	3.2%	-1.2%	-1.4%	-0.75%
18/19	2.5%	2.9%	3.2%	TBD	TBD	TBD	TBD

Mr. Cowin stated the recommendation of the Joint Pay and Benefits Committee is that the City and GUC fund an employee pay adjustment of 2.9% for FY 2018-2019, to be applied as deemed appropriate by each entity, in order to maintain market competitiveness.

Council Member Smith stated that she would prefer to stay consistent and not make one recommendation for this year and then go down next year. Therefore, Council Member Smith made a motion to fund an employee pay adjustment of 2.7% for FY 2018-2019 and FY 2019-2020, to be applied as each entity deems appropriate, in order to maintain market competitiveness. Council Member Bell seconded the motion. Council Member Smiley added that the Joint Pay and Benefits Committee recommendation of 2.9% for FY 2018-2019 is in line with the public sector. He reminded the Council and GUC Board that in a few years a new compensation study will provide new data.

Council Member Smith asked City staff if the City implements a 2.7% adjustment for FY 2018-2019 and FY 2019-2020 (both years), would it equate to the same as 2.9% now and then a 2.5% the following year? Council Member Smiley stated that no one knows what the CAI benchmark will be for the next year and it might be beneficial to make the decision each year as new data is provided.

After further discussion by Mayor Pro-Tem Glover, Mayor Connelly reminded the Council there was a motion on the floor to fund an employee pay adjustment of 2.7% for FY 2018-2019 and FY 2019-2020, to be applied as each entity deems appropriate, in order to maintain market competitiveness. The City council voted 4-2 in favor of the motion with Mayor Pro-Tem Glover and Council Member Smiley casting the dissenting votes.

Commissioner Butler stated that it is important to send a message to employees that they are valued. He does not want GUC to be falling behind market. Commissioner Stoughton reminded everyone that a true-up will be difficult in an unsure market. Commissioner Wall reminded the Council and Board that CAI has been the primary benchmark and progress is still being made with a 2.7% increase, which is more than the CAI benchmark. Commissioner Butler is supportive of a 2.7% increase if it will pay employees and keep them at market.

Commissioner Stoughton moved to fund an employee pay adjustment of 2.7% for FY 2018-2019, to be applied as each entity deems appropriate, in order to maintain market competitiveness. Commissioner Butler seconded the motion, which passed by unanimous vote.

CONSIDERATION OF SALARY STRUCTURE ADJUSTMENT FOR FY 2018-2019

Ms. Leah Futrell, Director of Human Resources for the City, stated that as previously discussed, a Five-Year Salary True-Up was conducted in 2015. Part of the recommendation of that study was to review current pay structure on an annual basis to ensure it continues to be competitive with the market. WorldAtWork projects salary structures to increase by 2.1% for 2018. Segal Waters uses and recommends WorldAtWork data because their Salary Budget Survey is the largest and most trusted resource of salary and structure adjustment data used by compensation professionals nationally and internationally.

The City and GUC Board voted in July 2017 to adjust pay structures by 2.1% based on the WorldatWork survey to remain competitive with the market.

Ms. Futrell stated the recommendation from the Joint Pay and Benefits Committee is for the City and GUC to approve a 2.1% adjustment to the salary structure for FY 2018-2019, effective July 1, 2018. Doing so will have minimal financial impact on each entity based on current employees' position in the structure. This will allow both entities to remain competitive and help with recruiting. Those employees currently at the top of the range will receive a lump sum amount and those employees at the bottom of the range will be adjusted to the minimum salary.

Council Member Smiley made a motion for the City to accept the recommendation of the Joint Pay and Benefits Committee to approve a 2.1% increase to the salary structure for FY 2018-2019, effective July 1, 2018. Council Member Litchfield seconded the motion, which passed by unanimous vote.

Commissioner Butler made a motion for the GUC Board to accept the recommendation of the Joint Pay and Benefits Committee to approve a 2.1% increase to the salary structure for FY 2018-2019, effective July 1, 2018. Commissioner Overton seconded the motion, which passed by unanimous vote.

TIMELINE FOR 10-YEAR CLASSIFICATION AND COMPENSATION STUDY

Ms. Futrell stated that the last comprehensive classification and compensation study for the City and GUC was conducted in 2010 by Waters Consulting. The City Council and GUC Board adopted the consultant’s recommendation that a comprehensive classification and compensation study be conducted every ten years, but could be more frequent if market conditions warrant, with a “true-up” at the five-year mark of each ten-year interval. A true-up was implemented in 2015.

Due to the amount of time and work that accompanies a comprehensive classification and compensation study, staff will need to commence work in the fall of 2018 to meet the July 2020 implementation date. The proposed timeline was reviewed and is listed below:

2018	2019	2020
<p>Sept: HR Departments begin drafting RFP for consulting services</p> <p>Nov: Proposals due from qualified consultants</p> <p>Dec: Staff begins evaluation of proposals</p>	<p>Jan/Feb: Staff completes evaluation of proposals and interviews selected consultants</p> <p>March/April: Staff recommendation of selected consultant shared with Joint Pay & Benefits Committee and then presented to City Council and GUC Board of Commissioners for approval</p> <p>July: Study kick-off</p>	<p>March/April: Recommended changes to classification and compensation system shared with Joint Pay & Benefits Committee and then presented to City Council and GUC Board of Commissioners for approval</p> <p>July: Implementation of approved changes</p>

There was some discussion on how long the consulting company has been used and it was recommended by Mayor Pro-Tem Glover to use a new consulting firm. City Manager Wall added that a request for proposals would be developed and applicants would be screened. A selection would be made on the consulting firm that best meets the needs of both the City and GUC.

ADJOURNMENT

There being no further discussion, Council Member Smith moved to adjourn the meeting at 6:31 p.m. Council Member Bell seconded the motion, which passed by unanimous vote. Mayor Connelly adjourned the meeting for the City Council at 6:31 p.m.

There being no further discussion, Commissioner Butler moved to adjourn the meeting at 6:31 p.m. Commissioner Anderson seconded the motion, which passed by unanimous vote. Chair Mills adjourned the meeting for the GUC Board at 6:31 p.m.

Respectfully submitted,

Amy Carson Wade
Executive Secretary

APPROVED:

Joel Butler
Secretary

HEALTH WEALTH CAREER

CITY OF GREENVILLE & GREENVILLE UTILITIES COMMISSION

HEALTH CARE BENEFITS

September 2018



TODAY'S DISCUSSION

- Cigna Value PDL
- 2018 and 2019 Projections
- 2019 Contributions/Strategy
- Three Year Strategy

2017 AND 2018 CHANGES

- 2017

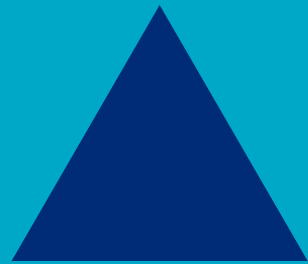
- Maintained current plan options (HSA, Core, Enhanced).
- Included year 1 HSA seed bonus for new HSA enrollees.
- Increased employee only cost share to 50% of the dependent tier cost share percentages for Core and Enhanced, and to 25% for HSA.
- Increased dependent tier contributions by 11.2%.
- Introduced Core/Buy-Up dental option.

- 2018

- Plan design changes:
 - Core:
 - Increase OOP.
 - Increased copays on ER and Rx.
 - Enhanced:
 - Increase OOP and deductible.
 - Increased copays on ER and Rx.
- 12.5% increase to all contributions across the board. This was to try and get to an 82% cost share.
- Maintain retiree buy-up strategy for retirees based on 2018 rates.
- Increased dental contributions 6.3%.

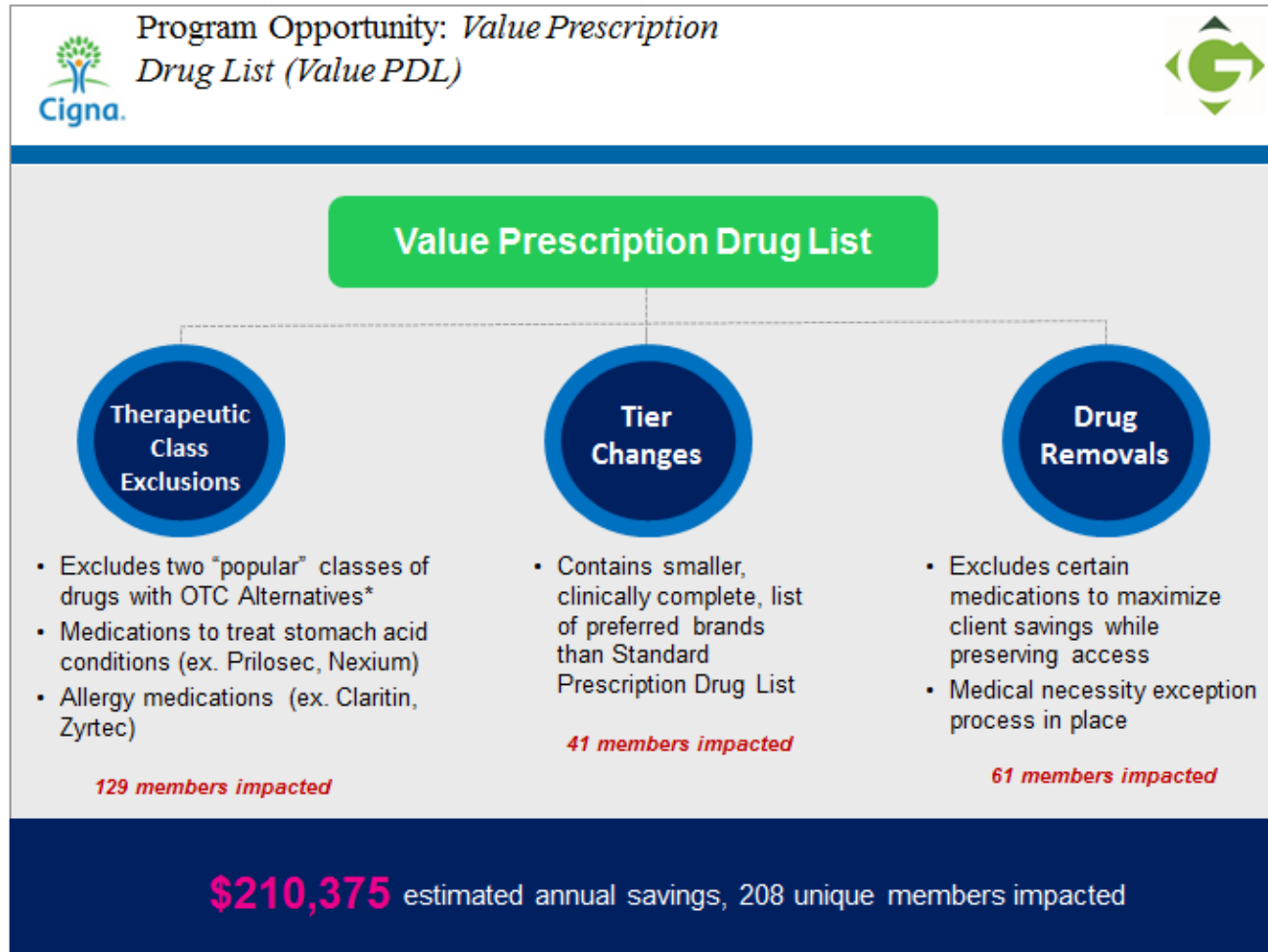
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CIGNA VALUE PDL



CIGNA PROGRAM OFFERINGS

- **Value PDL** : This program will generate a savings of approximately \$210k by excluding many readily available OTC drugs for heartburn/ulcers.



VALUE PDL IMPLEMENTATION

Drug Name	Condition	First Alternate Drug
VENTOLIN HFA	Asthma	ProAir
VYVANSE	ADHD	Dexmethylphenidate ER

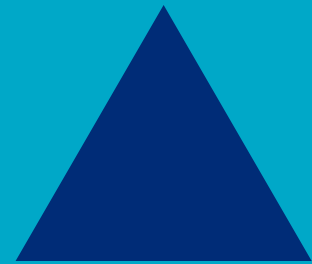
- There are 37 members that will be impacted by moving to the value PDL in the Asthma and ADHD condition categories.
- Grandfathering these members in will reduce total savings approximately from \$210,000 to \$188,000.

Drug Name	Condition	Exclude (not eligible for medical necessity review)
OMEPRAZOLE	Ulcer / Heartburn	62
ESOMEPRAZOLE MAGNESIUM	Ulcer / Heartburn	26
PANTOPRAZOLE SODIUM	Ulcer / Heartburn	19
DEXILANT	Ulcer / Heartburn	11
LANSOPRAZOLE	Ulcer / Heartburn	6
RABEPRAZOLE SODIUM	Ulcer / Heartburn	6
NEXIUM	Ulcer / Heartburn	1

- There are 131 members whose drugs will be excluded entirely, but these drugs are widely available over the counter at an affordable price. Promotion of availability at onsite clinic should be considered.
- Cigna will send advanced notification to all impacted members.

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2018 AND 2019 PROJECTIONS



MEDICAL/RX/VISION PLAN ASSUMPTIONS

Medical plan costs have been projected to 2019 with no changes to the current designs. The baseline cost was estimated based on the following assumptions:

- Updated 2018 and 2019 projections based on 24 months of historical claim experience (July 2016 - June 2018) with 70% weight on the most recent 12 months and 30% on the other.
- Adjustments were made to the historical claims experience to reflect current (2018) plan design, migration, and the average contract size.
- Annual trend rates = 6.0% for medical claims, 10.0% for Rx claims, and 4% for vision claims.
- Includes margin of 2% to account for claim fluctuations.
- Smoker and spousal surcharge estimated based on enrollment provided by Client.
- Assumes no change to employer HSA funding amounts.

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

2018 AND 2019 PROJECTIONS

COG/GUC Financials	2018	2018	2019*	\$ Difference	% Difference
Description	Initial 2018 Proj. with data through May 2017	Actual (Jan-Jun) + Proj. (Jul-Dec)	Status Quo Plan Design and Contributions	2019 from Updated 2018	
Paid Claims (Medical/Rx/Vision)	\$17,744,000	\$18,130,000	\$18,655,000	\$525,000	3%
Fixed Cost (ASO and stop loss premiums)	\$1,694,000	\$1,621,000	\$1,805,000	\$184,000	11%
Total Projected Cost	\$19,438,000	\$19,751,000	\$20,460,000	\$709,000	4%
2018 Current Budgeted Premiums	\$19,353,000	\$19,500,000	\$19,437,000	-\$63,000	0%
<i>Projected Surplus/(Deficit) \$</i>	(\$85,000)	(\$251,000)	(\$1,023,000)		
<i>Projected Surplus/(Deficit) %</i>	-0.4%	-1.3%	-5.3%		
HSA Seed Money Contributions **	\$56,500	\$66,500	\$66,500	\$0	0%
HSA Seed Money Year 1 Bonus **	\$3,500	\$5,750	\$0	-\$5,750	-100%
Employee Contributions	(\$3,286,000)	(\$3,158,000)	(\$3,147,000)	\$11,000	0%
Tobacco Surcharge Contributions	(\$113,000)	(\$122,400)	(\$122,400)	\$0	0%
Spousal Surcharge Contributions	(\$110,000)	(\$123,600)	(\$123,600)	\$0	0%
COG/GUC Total Net Cost	\$15,989,000	\$16,419,250	\$17,133,500	\$714,250	4%
COG/GUC Cost Share	82.0%	82.8%	83.5%		

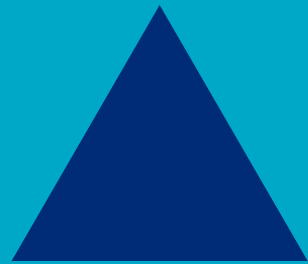
* Assumes no migration for 2019.

** Assumes no new entrants to the HSA plan for 2019.

- 2018 target cost share was 82%:
 - Claims are higher than we expected.
 - Contributions lower than expected (more employees electing lower costing plans).

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2019 CONTRIBUTIONS/ STRATEGY



2019 COST SHARE PROJECTIONS

Description	Status Quo Plan Design and Contributions	Increase Contributions by Needed Increase	Increase Contributions 7.5%
COG/GUC Total Costs	\$20,526,500	\$20,526,500	\$20,526,500
Employee Contributions/Surcharges	(\$3,393,000)	(\$3,634,000)	(\$3,695,000)
COG/GUC Total Net Cost	\$17,133,500	\$16,892,500	\$16,831,500
COG/GUC Cost Share	83.5%	82.3%	82.0%

* Assumes no migration for 2019.

** Assumes no new entrants to the HSA plan for 2019.

- The needed increase for 2019 is 5.3%:
 - Increasing contributions by the needed increase will get us to 82.3% cost share.
 - To get to the targeted 2019 cost share (81%), contributions would need to increase 14.9%.

CONTRIBUTIONS (82.3% COST SHARE)

INCREASE BY 5.3%

	Bi-Weekly Active Contributions											
	2018	2019	Change	2018	2019	Change	2018	2019	Change	2018	2019	Change
Salary Bands	< \$32,278			\$32,278 - \$46,951			\$46,952 - \$61,623			> \$61,623		
HSA												
EE	\$5.90	\$6.21	\$0.31	\$7.00	\$7.37	\$0.37	\$8.11	\$8.54	\$0.43	\$9.21	\$9.69	\$0.48
EE+SP	\$49.52	\$52.13	\$2.61	\$58.79	\$61.88	\$3.09	\$68.08	\$71.66	\$3.58	\$77.38	\$81.45	\$4.07
EE+CHILD(REN)	\$48.34	\$50.88	\$2.54	\$57.40	\$60.42	\$3.02	\$66.47	\$69.97	\$3.50	\$75.52	\$79.49	\$3.97
FAMILY	\$70.69	\$74.41	\$3.72	\$83.96	\$88.38	\$4.42	\$97.21	\$102.33	\$5.12	\$110.47	\$116.28	\$5.81
CORE												
EE	\$18.23	\$19.19	\$0.96	\$20.01	\$21.06	\$1.05	\$23.68	\$24.93	\$1.25	\$27.34	\$28.78	\$1.44
EE+SP	\$76.55	\$80.58	\$4.03	\$84.03	\$88.45	\$4.42	\$99.44	\$104.67	\$5.23	\$114.83	\$120.87	\$6.04
EE+CHILD(REN)	\$74.74	\$78.67	\$3.93	\$82.03	\$86.35	\$4.32	\$97.08	\$102.19	\$5.11	\$112.11	\$118.01	\$5.90
FAMILY	\$109.30	\$115.05	\$5.75	\$119.97	\$126.28	\$6.31	\$141.96	\$149.43	\$7.47	\$163.94	\$172.57	\$8.63
ENHANCED												
EE	\$33.16	\$34.91	\$1.75	\$35.36	\$37.22	\$1.86	\$39.88	\$41.98	\$2.10	\$44.39	\$46.73	\$2.34
EE+SP	\$139.28	\$146.61	\$7.33	\$148.49	\$156.31	\$7.82	\$167.47	\$176.28	\$8.81	\$186.44	\$196.25	\$9.81
EE+CHILD(REN)	\$135.96	\$143.12	\$7.16	\$144.93	\$152.56	\$7.63	\$163.49	\$172.09	\$8.60	\$182.01	\$191.59	\$9.58
FAMILY	\$198.88	\$209.35	\$10.47	\$212.01	\$223.17	\$11.16	\$239.11	\$251.69	\$12.58	\$266.20	\$280.21	\$14.01

CONTRIBUTIONS (82% COST SHARE) INCREASE BY 7.5%

	Bi-Weekly Active Contributions											
	2018	2019	Change	2018	2019	Change	2018	2019	Change	2018	2019	Change
Salary Bands	< \$32,278			\$32,278 - \$46,951			\$46,952 - \$61,623			> \$61,623		
HSA												
EE	\$5.90	\$6.34	\$0.44	\$7.00	\$7.53	\$0.52	\$8.11	\$8.72	\$0.61	\$9.21	\$9.90	\$0.69
EE+SP	\$49.52	\$53.23	\$3.71	\$58.79	\$63.20	\$4.41	\$68.08	\$73.19	\$5.11	\$77.38	\$83.18	\$5.80
EE+CHILD(REN)	\$48.34	\$51.97	\$3.63	\$57.40	\$61.71	\$4.31	\$66.47	\$71.46	\$4.99	\$75.52	\$81.18	\$5.66
FAMILY	\$70.69	\$75.99	\$5.30	\$83.96	\$90.26	\$6.30	\$97.21	\$104.50	\$7.29	\$110.47	\$118.76	\$8.29
CORE												
EE	\$18.23	\$19.60	\$1.37	\$20.01	\$21.51	\$1.50	\$23.68	\$25.46	\$1.78	\$27.34	\$29.39	\$2.05
EE+SP	\$76.55	\$82.29	\$5.74	\$84.03	\$90.33	\$6.30	\$99.44	\$106.90	\$7.46	\$114.83	\$123.44	\$8.61
EE+CHILD(REN)	\$74.74	\$80.35	\$5.61	\$82.03	\$88.18	\$6.15	\$97.08	\$104.36	\$7.28	\$112.11	\$120.52	\$8.41
FAMILY	\$109.30	\$117.50	\$8.20	\$119.97	\$128.97	\$9.00	\$141.96	\$152.61	\$10.65	\$163.94	\$176.24	\$12.30
ENHANCED												
EE	\$33.16	\$35.65	\$2.49	\$35.36	\$38.01	\$2.65	\$39.88	\$42.87	\$2.99	\$44.39	\$47.72	\$3.33
EE+SP	\$139.28	\$149.73	\$10.45	\$148.49	\$159.63	\$11.14	\$167.47	\$180.03	\$12.56	\$186.44	\$200.42	\$13.98
EE+CHILD(REN)	\$135.96	\$146.16	\$10.20	\$144.93	\$155.80	\$10.87	\$163.49	\$175.75	\$12.26	\$182.01	\$195.66	\$13.65
FAMILY	\$198.88	\$213.80	\$14.92	\$212.01	\$227.91	\$15.90	\$239.11	\$257.04	\$17.93	\$266.20	\$286.17	\$19.97

MEDICAL RETIREE EMPLOYEE CONTRIBUTIONS

2019 COST SHARE – PROPOSED

2019 Monthly	Premium-Equivalent Rates	Retirees	Retiree Contributions	Cost Share	Increase from 2018
CORE					
EE	\$674.61	85	\$33.73	5.0%	\$1.70
EE+SP	\$1,416.68	13	\$775.80	54.8%	\$39.12
EE+CHILD(REN)	\$1,382.95	3	\$742.07	53.7%	\$37.41
FAMILY	\$2,022.60	2	\$1,381.72	68.3%	\$69.68
ENHANCED					
EE	\$718.03	128	\$77.15	10.7%	\$3.88
EE+SP	\$1,507.79	10	\$866.91	57.5%	\$43.71
EE+CHILD(REN)	\$1,471.90	1	\$831.02	56.5%	\$41.90
FAMILY	\$2,152.71	3	\$1,511.83	70.2%	\$76.24

2018 & 2019 DENTAL UNDERWRITING AND CONTRIBUTIONS

	2018 Actual + Projected	2019 Projected
Paid Claims	\$1,001,000	\$1,038,000
Administrative Fees	\$45,000	\$47,000
Total Projected Cost	\$1,046,000	\$1,085,000
2018 Current Budgeted Premiums	\$1,011,000	\$1,007,000
<i>Projected Surplus/(Deficit) \$</i>	<i>(\$35,000)</i>	<i>\$78,000</i>
<i>Projected Surplus/(Deficit) %</i>	<i>-3.5%</i>	<i>-7.7%</i>
Employee Contributions	(\$450,000)	(\$448,000)
COG/GUC Total Net Cost	\$596,000	\$637,000

Bi-Weekly	2018 Premiums	2019 Premiums	2018 Contributions	2019 Contributions	% Difference in Contributions	\$ Difference in Contributions
Dental						
EE	\$14.68	\$15.81	3.13	\$3.37	7.7%	\$0.24
EE+SP	\$30.83	\$33.21	\$11.93	\$12.85	7.7%	\$0.92
EE+Child(ren)	\$27.16	\$29.26	\$10.51	\$11.32	7.7%	\$0.81
Family	\$44.05	\$47.46	\$17.06	\$18.38	7.7%	\$1.32
Dental Plus						
EE	\$20.23	\$21.80	\$8.69	\$9.36	7.7%	\$0.67
EE+SP	\$42.48	\$45.78	\$23.59	\$25.41	7.7%	\$1.82
EE+Child(ren)	\$37.43	\$40.33	\$20.77	\$22.38	7.8%	\$1.61
Family	\$60.70	\$65.40	\$33.71	\$36.32	7.8%	\$2.61

Recommendations:

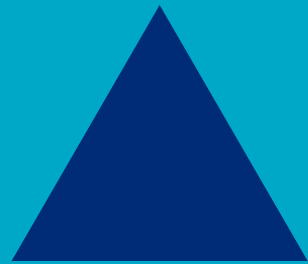
- Increase current dental rates 7.7% for 2019.

RECOMMENDATIONS FROM STAFF FOR 1/1/19 PLAN YEAR

- Add CIGNA Value Preferred Formulary. Grandfather individuals with ADHD and Asthma to limit any disruption for the members. Estimated savings = \$188,000.
- Increase medical employee contributions by 7.5% to continue to advance toward our goal of overall cost share of 80% employer paid and 20% employee paid.
- Increase dental contributions 7.7% to maintain cost share.

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

THREE YEAR STRATEGY



COG/GUC THREE-YEAR STRATEGY

	2017	2018	2019
Design	<ul style="list-style-type: none"> • Maintain current plan offering as Excise Tax has been postponed • Introduce Core/Buy Up dental option • Include year 1 HSA seed bonus for new enrollees into the HSA plan 	<ul style="list-style-type: none"> • Index deductibles and out-of-pocket maximums • Modify Core and HSA plan designs to reduce overall benefit value to offset increased cost and create greater differential between plan values • Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount 	<ul style="list-style-type: none"> • Prepare current medical plan offering for transition to dual option program (i.e., HSA and single PPO) • Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount
Cost	<ul style="list-style-type: none"> • Target employer subsidy: 83.4% • Increase employee only cost share percentages to 50% of dependent tier cost share percentages for Core and Enhanced, 25% for HSA • Increase dependent tier contributions by needed increase +3% • Employer dental plan subsidy same regardless of plan, employee pays difference • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements 	<ul style="list-style-type: none"> • Target employer subsidy: 82% • Increase employee cost share across all tiers to achieve target subsidy • Monitor first year results of dual option dental plan • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements 	<ul style="list-style-type: none"> • Target employer subsidy: 81% • Increase employee cost share across all tiers to achieve target subsidy • Continue to reinforce employer subsidy • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements

THREE YEAR STRATEGY

UPDATED GOALS

- Plan Design Modifications
 - Goal: offer competitive plans compared to market/industry benchmarks and keep plan costs in check
 - Index deductibles and out of pocket maximums
 - Look at offering point solutions designed to address specific cost drivers (ie- diabetes, cancer, etc.)
- Cost Share Modifications
 - Goal: Reduce employer subsidy to 80%
 - Will evaluate increase to employee contributions based on the increase to the plan cost
 - Will reach 80% employer/20% employee cost share long term

PARTNERSHIP FOR SUCCESS 2020 AND BEYOND

2020 PLAN YEAR

- Continue to evaluate the plans to ensure they are competitive in the market
- Evaluate elimination of the Enhanced plan based on the excise tax (STC)
 - Consider blending the Enhanced and Core plans into 1 PPO plan
- Evaluate other additions or options to address specific cost drivers and better engage members
- **Increase employee contributions to achieve long term goal of 80/20% cost share**
 - Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

2021 PLAN YEAR

- Index deductibles and OOP across all plans offered
- Begin evaluation adjust salary bands (currently 4 bands)
- Evaluate the HSA seeding
 - Lower employer funding offered
 - Evaluate the HSA first time offering (depending on enrollment)
- **Increase employee contributions to achieve long term goal of 80/20% cost share**
 - Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

2022 PLAN YEAR

- Adjust salary bands so that they are more relevant to the current environment
- Review carrier lineup and ensure that all carriers align with current goals
- Add a point solution to address prevalent cost drivers
- Evaluate any care management enhancements new to the carrier or throughout the marketplace
- **Increase employee contributions to achieve long term goal of 80/20% cost share**
 - Will not increase employee contributions more than 10% if the increase to plan costs is below 10%





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