



# CITY OF MESA EMPLOYEE BENEFIT TRUST FUND (EBT)



SELF-INSURANCE TRUST FUND BOARD PRESENTATION

February 8, 2016

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# Employee Benefit Trust (EBT) Benefit Program Overview

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The City's Employee Benefit Trust Fund provides health and welfare benefit programs for employees, retirees and eligible family members:

- ❑ Medical/prescription drug benefits
- ❑ Stop-loss medical insurance
- ❑ Dental benefits
- ❑ Vision Care benefits
- ❑ Health and Dependent Care Flexible Spending Accounts
- ❑ EAP
- ❑ Group Term Life (Basic and Supplemental) and Accidental Death and Dismemberment Insurance
- ❑ Business Travel Accident/Commuter Death Insurance
- ❑ Short Term Disability Insurance
- ❑ Long Term Disability Insurance (full-time sworn officers and elected officials only)

# Employee Benefit Trust (EBT) Benefit Program Overview cont.

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- ❑ Employee Health and Wellness Center:
  - 2,824 unique patients to date (1,468 employees and 1,356 dependents)
  - Utilization rates consistently between 70% and 85% monthly
  - Chronic conditions managed and treated – HBP 7.6%, high cholesterol 5.0% and diabetes 2.2%
  - Testimonials of enthusiasm for Center services and outcomes
  - Contracted third-party providers and management company
  - City staffed wellness initiatives, education and group disease management programs
  - Citywide Wellness Committee established and underway as Wellness Champions

# EBT Funding

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- EBT is funded by:
  - Contributions from City department budgets
  - Employee, retiree and COBRA premiums
  - State retirement system subsidies (ASRS & PSPRS) for retiree health care plan participants
  - Federal Retiree Drug Subsidy reimbursements (RDS)
  - PBM Brand Drug Rebates
  - Implementation, Administrative and Performance Guarantee (PG) credits from vendors
  - Stop-Loss Insurance reimbursements for medical/prescription drug claims over \$300,000
  - FSA forfeitures
  - Trust investment income

# Potential Impacts to EBT for 2016/17

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- ❑ Increase in number of large medical plan claimants (over \$150,000)
- ❑ Mandatory ACA fees:
  - PCORI Federal Excise Tax – due July, 2016 – estimated \$23,000 annual liability
  - PPACA Three-Year Transitional Reinsurance fee – due in January, 2017 - estimated \$400,000 annual liability
- ❑ Complex IRS reporting obligations (Section 6055 for 1094 and 1095 form/file reporting) requiring enhanced systems, resources and processes by March, 2016 and each year thereafter (subject to guideline change)
- ❑ Potential Cadillac Tax impact postponed from 2018 until 2020 (related plan change strategies to mitigate tax liability also postponed until 2019 instead of 2017)