



CITY OF MESA EMPLOYEE BENEFIT TRUST FUND (EBT) OPERATIONS



SELF-INSURANCE TRUST FUND BOARD PRESENTATION
February 13, 2017

Employee Benefit Trust (EBT) Benefit Program Overview

2

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

- ❑ Medical/prescription drug benefits (including Medicare Part D program for eligible retirees)
- ❑ Stop-loss medical insurance
- ❑ Dental benefits
- ❑ Vision Care benefits
- ❑ Health and Dependent Care Flexible Spending Accounts
- ❑ EAP program
- ❑ 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 and Family Health and Wellness Center and Wellness programs

Employee Benefit Trust (EBT) Benefit Program Overview cont.

3

- ❑ Employee Health and Wellness Center:
 - ❑ > 3,900 unique patients to date
 - ❑ Average 75 new patients per month in 2016
 - ❑ Average utilization rates – 66% monthly
 - ❑ Chronic conditions managed and treated – high cholesterol 5.2%, HBP 3.9% and diabetes 3.7%
 - ❑ Contracted third-party providers and management company
 - ❑ City staffed wellness initiatives, education and group disease management programs:
 - 2016 – 1,150 participants in over 70 classes and 10 disease management programs
 - ❑ Wellness Digital Platform - pilot program – 500 employees:
 - Encourages healthy behaviors via fitness devices, mobile app and other health education tools
 - Proposed expansion to all employees in 2018

EBT Funding

4

- 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
 - Medicare Part D Drug subsidy reimbursements (EGWP) – for eligible retirees commencing January 1, 2017
 - Retiree Drug Subsidy reimbursements (RDS) - final year application for 2016
 - PBM Brand Drug Rebates for active and retiree prescription drug programs
 - Administrative and Performance Guarantee (PG) credits from vendors
 - Stop-Loss Insurance reimbursements for medical/prescription drug claims over \$300,000 per claimant
 - Trust investment income

Potential Impacts to EBT for 2017/18

5

- ❑ Continued frequency and severity of high dollar medical claimants > \$150,000
 - ❑ 2016 – 34 for \$9.5M; 2015 – 29 for \$8.8M; 2014 – 14 for \$2.9M
 - ❑ Diagnostic drivers:
 - Complex cancers
 - Cardiac/stroke/vascular/neurological disorders
- ❑ Increase in total medical plan members, including dependents (approx. 2% from 2016 to 2017)
 - ❑ January 2016 – 13,071 members; January 2017 – 13,374 members
- ❑ Rate increases for both City and employees
 - ❑ 8% premium increases in CY 2017 and CY 2018
- ❑ Employee out-of-pocket cost increases
 - ❑ Higher copays in one medical plan and potential for deductible and coinsurance increases in 2019 and beyond in other medical plans

Impacts to EBT for 2017/18 cont.

6

- ❑ ACA repeal or replacement uncertainty
 - ❑ Financial Impact – fees and taxes
 - ❑ Compliance reporting
 - ❑ Plan design and eligibility compliance
- ❑ ACA fees/compliance obligations in FY 17/18 and later (if no repeal or replacement):
 - ❑ PCORI Federal Excise Tax – estimated \$25,000 annually
 - ❑ 1095 process - complex IRS reporting obligations - requires enhanced systems, resources and processes annually
 - ❑ 40% “Cadillac Tax” impact (currently postponed from 2018 until 2020)