



CITY OF MESA EMPLOYEE BENEFIT TRUST FUND (EBT)



SELF-INSURANCE TRUST FUND BOARD PRESENTATION

February 11, 2015

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Employee Benefit Trust (EBT) Benefit Plan/Program Overview

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

- ❑ Health and Welfare Plan programs administered under the City of Mesa Health Plan Document approved by Council annually
- ❑ Medical/prescription drug health benefits – self-insured coverage for 13,180 members consisting of: full-time and part-time benefit eligible employees (3,611), retirees (1,755) and eligible family members (7,814) – 3 PPO plan options available
- ❑ Stop-loss medical insurance coverage – fully insured for medical/prescription drug claims above \$275,000 annually per claimant
- ❑ Dental benefits – self-insured indemnity plans with a “passive” network (PPO) component introduced January 1, 2015 (3 options)
- ❑ Vision Care benefits – fully-insured PPO plans (2 options)
- ❑ Flexible Spending Accounts (FSA - Health and Dependent Care) – employee funded, debit card usage and \$500 health “rollover” feature
- ❑ EAP – fully-insured and City funded (for eligible employees and household members for a variety of work/life issues and referral sources)
- ❑ Medical, dental and FSA programs transitioned to third party administration services (TPA's) as of January 1, 2015 with enhanced customer service, reporting/compliance and opportunities for claims cost containment

Employee Benefit Trust (EBT) Benefit Plan/Program Overview cont.

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- ❑ Group Term Life (Basic) and Accidental Death and Dismemberment Insurance – fully-insured and 100% City funded (full-time employees only)
- ❑ Supplemental Group Term Life Insurance – fully-insured and 100% employee funded (full-time and part-time benefit eligible employees and eligible family members)
- ❑ Business Travel Accident/Commuter Death Insurance – fully insured and 100% City funded (full-time employees only)
- ❑ Short Term Disability Insurance – fully-insured and 100% employee funded (full-time employees only)
- ❑ Long Term Disability Insurance – fully-insured and 100% City funded (for full-time sworn officers and elected officials only
 - ❑ Mandatory LTD for other eligible employees funded through retirement/pension programs with ASRS and PSPRS and contributions from both the City and eligible employees
- ❑ City funded Health and Wellness Center - primary and preventive care services at a “near-site” location for employees and dependents, generally at no out-of pocket cost to the employee
 - ❑ Late-2014 implementation - utilization rates above 80%
 - ❑ Contracted third-party providers and management company
 - ❑ Wellness initiatives, education and group disease management programs incorporated

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
 - Stop-Loss Insurance reimbursements for high dollar medical/prescription drug claims
 - FSA forfeitures
 - Trust investment income

Potential Impacts to EBT for 2015/16

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- ❑ Health Care Reform compliance:
 - ❑ Large employer mandate to provide affordable, minimum value medical coverage to full-time employees as of January 1, 2015
 - ❑ Full-time employee definition for medical plan eligibility = 30+ hours per week
 - ❑ City already satisfies at 20+ hours per week for part-time benefit eligible employees
 - ❑ Requires change in City contribution strategy for part-time employees to conform to affordability requirements
 - ❑ Mandatory fees:
 - ❑ PCORI Federal Excise Tax – due July, 2013, 2014 and 2015 – \$1 per covered life in 2013 and \$2 per covered life in 2014 and 2015 (estimated \$45,000 liability)
 - ❑ PPACA Three-Year Transitional Reinsurance fee – commenced January, 2015 – \$63 (\$40 in 2016) per covered life except Medicare primary Retirees (estimated \$500,000 2015 annual liability)
 - ❑ Significant IRS reporting obligations (Section 6055 for 1094 and 1095 form/file reporting) require enhanced systems, resources and processes by January, 2016