



CITY OF MESA EMPLOYEE BENEFIT TRUST FUND (EBT) – OPERATIONS REPORT



SELF-INSURANCE TRUST FUND BOARD PRESENTATION
March 25, 2019

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:

- ❑ Self-insured medical/behavioral health/prescription drug benefits (including Medicare Part D prescription drug program for eligible retirees) administered by Cigna and CVS Caremark/SilverScript
- ❑ Stop-loss medical and prescription drug insurance administered by Matrix Group Benefits and insured by Nationwide Life Insurance Company
- ❑ Self-insured dental benefits administered by Delta Dental of Arizona
- ❑ Vision care benefits (routine eye exam and materials) administered and insured by not-for-profit Vision Service Plan (VSP)
- ❑ EAP program administered and insured by ComPsych

Employee Benefit Trust (EBT) Benefit Program Overview cont.

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- ❑ Health and Dependent Care Flexible Spending Accounts administered by ConnectYourCare
- ❑ Health and Wellness Center (primary and preventive care medical services for employees, recent retirees and families covered in City medical plans) operated by OnSite Care Inc.
- ❑ Mesa Wellness 360 – programs, incentives/rewards, digital platform provided by Sonic Boom Wellness Inc.
- ❑ Basic Group Term Life and Accidental Death and Dismemberment Insurance (full-time employees only) insured by MetLife
- ❑ Supplemental Group Term Life Insurance for employees and dependents insured by MetLife

Employee Benefit Trust (EBT) Benefit Program Overview cont.

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- ❑ Business Travel Accident/Commuter Travel Accident Insurance insured by Life Insurance Company of North America (a Cigna company)
- ❑ Short Term Disability Insurance (full-time employees only) insured by Unum
- ❑ Long Term Disability Insurance (secondary insurance for full-time sworn officers and elected officials only) insured by MetLife

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)
 - ❑ Medicare Part D Drug subsidy/discount reimbursements (EGWP) – for eligible retirees
 - ❑ PBM generated Brand Drug Rebates
 - ❑ Administrative, Wellness and Performance Guarantee (PG) credits from contracted vendors
 - ❑ Stop-Loss Insurance reimbursements for medical/prescription drug claims over \$500,000 per claimant per year
 - ❑ Trust investment income

Benefit Administration Changes

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Medical Plans: Third-Party Administration and Provider Network

- ❑ Implemented 3 – 5 year Cigna contract in 2018 (replaced AmeriBen and BCBSAZ) with limited network disruption for members and closely monitored and audited benefit feature installation:
 - Medical and behavioral health TPA services (claims, appeals, customer service)
 - Cost containment and medical management services (case management, pre-certifications, disease management, out-of-network claims review/cost management)
 - Provider network services in all 50 states - OAP Plus medical network (including 20 Cigna Medical Group staff model facilities in AZ)
 - Partial funding of Mesa Wellness 360 program (>\$260,000 annually)

Benefit Administration Changes cont.

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Group Term Life, AD&D and Disability Plans: New Carrier Implementations

- ❑ Life, AD&D and Disability RFP process completed/implemented in 2018 (4 contracts/3 new carriers as of January 2019)
- ❑ Premium cost savings for City - \$59,500 annually
- ❑ Two to four-year rate guarantees and product enhancements:
 - ❑ MetLife:
 - Group Term Life, AD&D (reduced or maintained premium rates) - 4-year rate guarantee and introduction of supplemental AD&D coverage
 - Sworn Officer/Elected Official secondary LTD program (reduced premium rate with 3-year guarantee)
 - ❑ Unum – Voluntary Short Term Disability insurance for full-time employees (maintained premium rates with 2-year guarantee)
 - ❑ Cigna/Life insurance Company of North America (LINA) - Business Travel Accident/Commuter Travel Accident program (reduced premium rate with 3-year guarantee)

Health and Wellness Initiatives

City of Mesa Employee Health and Wellness Center:

- ❑ Primary and preventive care; pediatrics services from a family medicine perspective; flu and other preventive immunizations; DOT physicals; seasonal drug testing; basic screening derm appointments from March, 2019
- ❑ Third-party managed/staffed by MD and two mid-level professionals:
 - 5,862 unique patients (since opening in late 2014)
 - Average utilization rates – 80.5% monthly (up from 71.5% in 2017)
 - Annual preventive physicals
 - Chronic conditions managed/treated – high cholesterol, HBP, diabetes, weight management, co-morbidity depression

Health and Wellness Initiatives cont.

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Mesa Wellness 360 - initiatives, incentives and education programs:

- ❑ Mesa Wellness 360 program (with Sonic Boom digital platform)
 - Engage and encourage healthy behaviors and “points” opportunities via fitness devices, mobile app, contests, events, screenings, daily challenges, health coaching and other health education tools/classes for active employees **enrolled in City medical plans**
 - Wellness incentives/rewards – up to \$200 cash cards (250 points = \$50) in 2019 and \$200 medical premium reduction in 2020
- ❑ 2018 – 1,672 participants (48% of eligible population)
 - 1,624 health coaching sessions
 - Over 2,100 \$50 gift cards earned – total of \$117,700 awarded to 833 employees
 - Over 400 employees achieved maximum 1,000 points and rewards

Challenges/Opportunities for EBT for 2019/2020

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- ❑ Medical/Prescription Drug plans maintained or reduced frequency of high dollar claimants (over \$150,000) and severity (cost) of high dollar claimants (stop-loss claimants over \$300,000):
 - 26 high dollar claimants in CY 2018 (\$7 million); 43 claimants (\$9 million) in CY 2017 and 34 (\$9.5 million) in CY 2016
 - 5 stop-loss claimants over \$300,000 in CY 2018 (one in CY 2017 and 11 in CY 2016)
 - Top diagnostic drivers: early stage cancers, cardiovascular/stroke, blood disorders, neonatal congenital disorders
- ❑ Stop-Loss premiums reduced \$900,000 in CY 2019 with increased specific deductible from \$300,000 to \$500,000 per claimant
- ❑ Medical plan membership increase 3.2% from 2017 to 2019 – 13,805 total lives covered by March, 2019
 - ❑ Active: 3,416
 - ❑ Retiree: 2,016
 - ❑ Total Dependents: 8,335