



## City of Newburyport Health Benefits FY 2015

1

## City of Newburyport Proposed Medical Benefits for FY 2014

### Who is the Public Employee Committee?

#### Members:

Newburyport Teachers Association:	P. Levitt (Co-Chair)
IAFF Local 827:	J. Piretti (Co-Chair)
AFSCME Council 93, Local 939:	J. Cronin
Teamsters, Local 170, Admin:	K. Talkington
Teamsters, Local 170, Department Heads:	P. Hogg
Retired, State, County, and Municipal Employees:	J. Donnelly
Police Superiors (NEPBA, Local 31):	
Police (NEPBA, Local 30):	J. Schmidt

#### Other Support:

Teamsters, Local 170, Admin:	M. Bartlett
Retired, State, County, and Municipal Employees:	G. Bowman
Retired, State, County, and Municipal Employees:	M. Moss

#### Mayor's Representative:

J. Lamarre

3

## City of Newburyport Health Benefits for FY 2015

### Topics

- Medical Plan Costs
- Dental Plan Costs
- Retiree Plan Costs
- Flexible Spending Account
- Healthcare Reimbursement Account

2

## City of Newburyport Proposed Health Benefits for FY 2015

### When does the PEC meet? What do they do at meetings?

The PEC and the Mayor's Office met a minimum of once per month in FY 2014

#### PEC activities included:

- Reviewing status of City claims
- Reviewing new laws to understand implications for Newburyport
- Issuing Requests for Quotes from Multiple Providers for Medical Benefits
- Analyzing vendor responses to Request for Quotes

4

**City of Newburyport  
Proposed Health Benefits for FY 2015**

**Response to the City's Request For Quote**

- The PEC sent out an RFQ to 6 vendors for Health Care. 3 out of the 6 (Harvard Pilgrim, TUFTS, BCBS) declined to respond.
- TUFTS indicated they could only come in with a less rich set of plans and the increase in cost would be 10%+.
- Harvard Pilgrim indicated they could not be competitive because of the ongoing large losses and adverse claims experience.
- Blue Cross Blue Shield indicated that the City is in a good spot being part of MIIA's larger pool. They indicated we have had a number of large loss cases which are being helped by MIIA pooling and that senior pdp rates have come down about 40% over the last few years.
- Fallon's proposal represented a **10.59%** over FY 2014 costs for a less rich set of plans
- Aetna's proposal represented a **15.88%** over FY 2014 costs for a less rich set of plans

5

**City of Newburyport  
Medical Rate History Since FY 2012**

HMO	
FY 2012	5.17% Increase
FY 2013	.49% Increase
FY 2014	2.76% Increase
FY 2015	7.4% Increase
PPO	
FY 2012	12.15 % Increase
FY 2013	3.94 % Increase
FY 2014	2.25% Increase
FY 2015	7.4% Increase
MEDEX	
2012	- 7.56% Decrease
2013	- 11.07% Decrease
2014	- 15.53% Decrease

7

**City of Newburyport  
Proposed Health Benefits for FY 2015**

**MIIA's Response to the City's Request For Quote**

The renewal rate from MIIA came in at 9.8%.

Through negotiation by the PEC it was reduced to 7.8% - this increase required a 2 year commitment from the City where the FY 16 rate could be as high as their rate cap.

Further and final negotiation resulted in a **7.4% increase** with a 2 year commitment where the second year would also be at 7.4%.

The City also committed to implement a Wellness Program which will enable the city to potentially reduce claims and will put us in a better situation for a reduced increase in Fiscal Year 2017.

6

**City of Newburyport  
Fiscal Year 2015 Highlights**

- HMO employees will not continue incur a deductible (if use enhanced facilities)
- Co-pays remain the same
- Out-of-pocket Maximum will be \$2500 for an Individual/ \$5000 for a Family

8

### REMINDER Facts about the HMO

- **No deductible** if you used enhanced facilities
- **No deductible** ever for the emergency room
- Can be used in all 6 New England States (Maine, Massachusetts, New Hampshire, Vermont, Rhode Island, Connecticut)
- **World-wide emergency coverage is provided.** Emergency medical services (emergency room, admittance to hospital, follow-up Dr. visit) are covered whether in New England or not in New England.

9

### REMINDER Potential Cost Differences Between the PPO and the HMO

#### PPO vs HMO

	Premiums/Year	Deductible/Year	Potential Difference/Year
Individual	+ \$ 235	+ \$250	+ \$485
Family	+ \$573.84	+ \$750	+ \$1323.84

11

### City of Newburyport Comparison of Medical Premiums FY 2014 vs FY 2015

Monthly Employee Contribution Towards Premium				
	Fiscal Year 2014	Fiscal Year 2015	Change /month	% Change
HMO - Individual	\$151.30	\$162.49	\$11.19	7.4 %
HMO - Family	\$396.42	\$425.76	\$29.34	7.4 %
PPO - Individual	\$169.54	\$182.09	\$12.55	7.4 %
PPO - Family	\$444.24	\$477.11	\$32.87	7.4 %

10

### REMINDER Great Coverage for Hearing Evaluations and Hearing Aids

Coverage of \$5,000 for one hearing aid per hearing-impaired ear every 36 months

Available to HMO and PPO members  
(not available for Medex plan)

12

**REMINDER****Review Your Medical Bills**

As medical plans continue to increase in number and complexity, providers do make billing errors

- Please review your bills and make sure your charges are appropriate
- Blue Cross is very good about helping individuals deal with any billing issues

13

**REMINDER****Dental Coverage on Medical Plan**

- Under Age 12 - one complete initial oral exam; one periodic oral exam every 6 mos.; one cleaning every 6 mos.; one fluoride treatment every six months; and bitewing x rays once every 6 mos.
- Under Age 18 - periodic oral exams, cleanings, and fluoride treatments for those being treated for conditions of cleft lip and cleft palate.

15

**City of Newburyport**  
**City Contribution for Employee Health Care**

- **The City Continues to Contribute 75% per month for Health Care for Retirees and Active employees**
- **City contribution for FY 2015**
  - HMO Individual Annual Contribution = **\$5849.76**
  - HMO Family Annual Contribution = **\$15,327.24**
  - PPO Individual Annual Contribution = **\$6555.12**
  - PPO Family Annual Contribution = **\$17,176.08**
  - MEDEX Annual Contribution = **\$2509.08**

14

**City of Newburyport**  
**Specific Changes for Retirees in FY 2014**

- Retirees an Active Plans will have be the same as active Employees
- City will provide contribution for Medicare Part B of \$187.50 for 2014 and \$125.00 for 2015
- City will provide contribution of \$187.50 for 2014 and \$125.00 for 2015 for retirees on Active Plan who are NOT Medicare eligible

16

**City of Newburyport  
Comparison of Premiums FY 2014 vs FY 2015**

Monthly Retiree Contribution Towards Premium				
	Calendar Year 2014	Calendar Year 2015	Change /month	% Change
MEDEX	\$80.11	\$67.67	\$12.44	- \$15.53

17

**City of Newburyport  
Comparison of Dental Premiums FY 2014 vs FY 2015**

Monthly Employee Contribution Towards Premium				
	Fiscal Year 2014	Fiscal Year 2015	Change /month	% Change
Individual – Low Plan	\$25.66	\$26.56	\$0.90	2.52%
Individual – High Plan	\$33.63	\$34.73	\$1.10	2.52%
Family – Low Plan	\$76.19	\$78.36	\$2.17	2.52%
Family – High plan	\$95.40	\$98.06	\$2.66	2.52%

19

**City of Newburyport  
Dental Plans for Fiscal Year 2015**

- Fiscal Year 2015 will be the second year of our contract with Altus Dental
- Active Dental rates will increase 2.52% resulting from ACA fees
- Retiree dental (not part of contract) will receive a 5% increase

18

**REMINDER  
Active Employee Dental Benefits**

- Exam and cleaning are covered two per calendar year
- **More frequent cleanings for pregnant women or patients with diabetes or compromised immune systems.**
- Full mouth x-ray is covered every 36 months
- Fluoride treatment for children **under age 19** twice per calendar year
- Sealants are covered under age 16 with replacement every 36 months
- No restrictions on implants
- Composites on all teeth
- All dependents covered to age 26

20

**City of Newburyport  
Comparison of Retiree Dental Premiums FY 2014 vs FY 2015**

Monthly Employee Contribution Towards Premium				
	Fiscal Year 2014	Fiscal Year 2015	Change /month	% Change
Individual	\$48.77	\$51.21	\$2.44	5%
2 Person	\$97.55	\$102.43	\$4.88	5%
Family	\$170.71	\$179.25	\$8.54	5%

21

**City of Newburyport  
Flexible Spending Accounts (FSAs)**

Two types of FSA Accounts

- **Medical Reimbursement Account**
  - You select amount
  - Deducted on a pre-tax basis
  - For out of pocket medical, dental, and vision expenses
  - Funds available day one
  - Maximum contribution **\$2,500**
- **Dependent Care Account**
  - You select the amount
  - Deducted on a pre-tax basis
  - For eligible child or adult care
  - Funds available as deposits are made from your paycheck
  - Maximum contribution **\$5,000** (per household)

23

**City of Newburyport  
Flexible Spending Accounts (FSAs)**

**Benefits of a FSA**

- FSA contributions are exempt from
  - Federal Income Tax
  - Social Security Tax (FICA)
  - State Taxes
- Use **tax-exempt** funds to pay for eligible child or adult dependent care, medical expenses not covered by medical, dental, or vision plans.
- City will cover administrative fees

22

**City of Newburyport  
FSA Examples**

Annual Contribution:	\$500.00	\$1500.00	\$2500.00
Deduction per Pay Period	\$19.23	\$57.69	\$96.15
Projected Tax Savings:	\$161.50	\$484.50	\$807.50
Decrease in taxes/pay period:	\$6.21	\$18.63	\$31.06
	It's like getting \$500 worth of Health Services for \$338.50	It's like getting \$1500 worth of Health Services for \$1015.50	It's like getting \$2500 worth of Health Services for \$1692.50

**End result: A Decrease in your taxable income and an Increase in your 'spendable' income**

\*Based on 27% tax bracket & 5.3% MA Tax. Examples are illustrative; actuals will be dependent on individual taxes.

24

### City of Newburyport Common Eligible FSA Expenses

#### Examples Medical, Dental, Vision

- Copays & out of pocket medical
- Dental expenses (crowns, root canals, orthodontia, dentures)
- Eye glasses/contacts/eye exams
- Lasik Eye surgery
- Copays on RX drugs
- Physical Therapy
- Medical supplies & equipment
- Insulin

#### Examples Dependent Care

- Care at licensed nursery schools
- Day care in your home or outside
- Before and after school care
- Day Camps
- Child care centers
- Babysitter or au pair
- Adult or Eldercare

25

### City of Newburyport Health Reimbursement Account (HRA)

Purpose: support employees and retirees with *extraordinary* out-of-pocket prescription expenses.

Amount: You will be reimbursed for all costs above \$500.00 for an individual or \$1000.00 for collective co-pays associated with a family

#### Process:

- 1) Ask your pharmacy for a print-out of all the prescriptions you have had since the beginning of the Fiscal Year (July 1, 2013, for this current Fiscal Year; starting July 1, 2014 for next Fiscal Year)
- 2) Turn your sheet from the pharmacy into Jenny Lamarre, City Hall

For the current Fiscal Year, please provide receipts ASAP. Final receipts will **not** be accepted after 7/15/2014.

27

### City of Newburyport Flexible Spending Accounts (FSAs)

In 2 years, the number of employees contributing to the FSA has increased by 143%

**Please note:** Participants have until 9/15/2014 (Grace Period) to incur new expenses, and have until 9/30/2014 (Run-Out) to submit claims for expenses incurred during the Fiscal Year 2014 plan year or during the Grace Period.

The same Grace period will be in effect for Fiscal Year 2015

26

### City of Newburyport Focus on Wellness for Fiscal Year 2015

- Improving Employee/Retiree Health will improve future premium costs
- The City will be implementing a comprehensive wellness program, details will be provided as Fiscal Year 2015 begins

28

## REMINDER

### Yearly Fitness Benefit

- Receive up to \$150 per calendar year if you belong to a Health Club (**PPO, HMO, and MEDEX**)
- Receive up to \$150 per calendar year if you participate in a qualified weight loss program (**only PPO and HMO**)

29

## City of Newburyport Upcoming Open Enrollment

- Open Enrollment for Fiscal Year 2015: April 28 through May 23
- Employees/Retirees are responsible for reviewing the Open Enrollment Packets they receive in the mail

31

## REMINDER

### Employee Assistance Program

#### Great confidential services at no cost

- Employees receive 3 confidential in-person counseling sessions
- Employees receive one free 30-minute consultation per legal matter (not job-related legal issue)
- Employees receive one free 30 minute telephone consultation per financial issue
- Available to employees and household members 24 hours per day, 7 days per week

**800-451-1834**

30

## Questions?

32