

# WORK SESSION AGENDA



**Casper City Council  
City Hall, Council Meeting Room  
Tuesday, March 12, 2019, 4:30 p.m.**

<b>Work Session Meeting Agenda Items</b>		<b>Recommendation</b>	<b>Allotted Time</b>	<b>Beginning Time</b>
Recommendations = Information Only, Move Forward for Approval, Direction Requested				
1.	Council Meeting Follow-up		10 min	4:30
2.	Mayor's Council for People with Disabilities	Direction Requested	20 min	4:40
3.	Health Plan Options (Tracey Belser)	Direction Requested	40 min	5:00
4.	Wages (Carter Napier)	Direction Requested	40 min	5:40
5.	Council Goals	Direction Requested	30 min	6:20
6.	Agenda Setting		20 min	6:50
7.	Legislative Review		10 min	7:10
8.	Council Around the Table		10 min	7:20
Approximate Ending				7:30

March 6, 2019

**MEMO TO:** His Honor the Mayor and Members of City Council  
**FROM:** J. Carter Napier, City Manager JCN  
**SUBJECT:** Creation of a Mayor's Council for People with Disabilities

**Meeting Type & Date**

Council Work Session, March 12, 2019

**Recommendation**

That Council discuss creating a Mayor's Council for People with Disabilities.

**Summary**

A citizen, LeAnn Rogers, brought a suggestion forward regarding creating a disability council similar to one in the city of Cheyenne. She met with city staff and the previous and current mayors to discuss the possibility. A conference call was also made with Cheyenne staff to obtain additional information. The Cheyenne Council for Disabilities is described as an advisory board to their City Council on the problems and concerns of people with disabilities as they relate to activities of daily living, including: employment, recreation, transportation, architectural accessibility, disability awareness and education and other areas of concern to people with disabilities.

Staff will provide additional information for the Council to consider as needed.

**Financial Considerations**

No Financial Consideration


**Oversight/Project Responsibility**

Casper City Council

**Attachments**

None

March 1, 2019

MEMO TO: J. Carter Napier, City Manager 

FROM: Tracey L. Belser, Support Services Director

SUBJECT: Health Plan Options

**Meeting Type & Date**

Council Work Session, March 12, 2019

**Action type**

Direction Requested

**Recommendation**

That the City Manager provide direction to the Support Services Director on the preferred health plan option for the City of Casper.

**Summary**

The City's Health Plan has been self-funded for 35 years. In 2007, there was a directive to get the health fund on a sustainable path. The fund was making strides towards a sustainable path in 2011 with the support and commitment of City management, as well as City Council. However, due to a period of six years with no premium increases, increasing claims and pharmaceutical expenses, the City's health fund and health fund reserves are in despair.

The following are highlights from how the 2018 health plan year (Jan. 2017 – Dec. 2018) performed:

- Average number of employees on the health plan was 421
- Loss ratio of premiums collected vs. claims paid:
  - In 2016, 119%
  - In 2017, 126%
  - In 2018, 112%
    - Post 65 group ran at 466%
- Group observed trend is 4% on medical claims
- Overall medical claims declined by 16%
- Overall prescription expenses declined by 19%
- Catastrophic claims declined by 15%

The City of Casper currently offers a good health plan. About 16% of eligible City employees are not enrolled in the City's health plan. The following are steps the City of Casper has recently taken to help get the health fund onto a more sustainable path.

- City Council allocated up to \$150,000 to the Health Fund in lieu of City employees having an increase in health premium of 10%, in addition to accepting a 10% premium increase for the employer portion of health premium.
- A budget amendment in November 2018 included \$1.5 million to infuse into the Health Fund to cover the budgeted amount expected to be at a deficit by July 2019.
- The Health Fund is realizing results of plan design changes made in January 2018, with the prescription plan changes resulting in a current decrease of 10%.
- The Health Fund total claims spend is 6% less than last year.
- Effective January 2019, the Post 65 Retiree population is no longer eligible to remain on the City's Health Plan. The City paid for these retirees to meet with a Medicare consultant, to assist these retirees to successfully move to an alternative plan. The "Buy Up" option for all employees and retirees was removed as well.

Below is a historical overview of premiums, claim costs, and health fund balances:

Year	Employer Health Plan premium increase	Employee Health Plan premium increase	Total Health Plan Claim Costs (Calendar Year)	Health Fund (FY)	Health Fund Reserve (FY)
2007	10%	10%	\$4,214,297	Unavailable	Unavailable
2008	7%	7%	\$5,715,504	Unavailable	Unavailable
2009	10%	10%	\$6,621,180	\$(1,377,307)	\$3,389,700
2010	7%	7%	\$6,416,876	\$ 365,592	\$5,462,864
2011	5%	0%	\$5,669,476	\$(2,160,963)	\$3,688,111
2012	0%	0%	\$5,751,143	\$ (402,846)	\$5,356,993
2013	0%	0%	\$5,968,622	\$ (241,460)	\$5,091,616
2014	0%	0%	\$6,970,993	\$ (228,114)	\$4,901,303
2015	0%	0%	\$6,480,053	\$ (962,295)	\$4,334,760
2016	5%	5%	\$7,591,345	\$(1,299,778)	\$2,911,477
2017	0%	0%	\$7,683,652	\$(3,623,248)	\$ 780,388

The Health Plan Design Committee (HPDC) has been meeting monthly to learn about the City's health fund and to explore options available for a health plan benefit to provide to City employees, retirees, and their families.

Options explored:

- Chamber of Commerce insurance
- Wyoming Association of Municipalities Joint Power Insurance Company (WAM JPIC)
- State of Wyoming's health plan
- Fully insured health plan
- Wyoming Employer Benefit Trust (WEBT)
- Remain Self-Funded

The option of joining the Chamber of Commerce insurance, or WAM JPIC, was determined not a viable option due to the small size that those plans typically cover. It is not a good fit for the City of Casper group size which fluctuates around 400+ people covered (includes employees, pre-65 retirees, and COBRA participants).

The option of joining the State of Wyoming's health plan is not viable at this time. It would take legislative action to allow municipalities to join the State of Wyoming Health Plan and currently there is no support for that proposal.

Since the other options explored are viable at this time, I will provide those as Option A, B, and C.

**Option A:** Have a Fully Insured Plan effective January 1, 2020. The quote received from CIGNA, who has all of our claims data as the City's Third Party Administrator (TPA), which would be a 43% increase (\$2,796,084.72). This doesn't appear to be a less expensive option for the City of Casper. The City's benefit consultants, GBS, requested information from Blue Cross Blue Shield and United Health Care, which are both licensed to provide fully insured plans in the State of Wyoming. Those companies did not respond to GBS with information to help assess what a quote would be. There are few insurance companies who will provide coverage in Wyoming.

Pros:

- The insurance company manages and oversees all the services and vendors.
- The insurance company assumes full risk and thereby all decisions for the plan.

Cons:

- The insurance company retains reserves and capital at year's end.
- The insurance company assumes full risk and thereby all decisions for the plan.
- Disruption to plan members beyond the employer's control.
- Data belongs to the insurance company.

**Option B:** Join the WEBT effective January 1, 2020. WEBT is a non-profit health benefit trust, consisting of public educational entities, cities, counties, special districts, and publicly funded employers that have come together to pool their health benefits risk. WEBT was established in 1971 and has group sizes of 2 to 650. The City of Casper would be one of their larger sized groups. Although a direct price quote wasn't obtained, this does not appear to be a less expensive option for the City of Casper.

The following is a chart on what the City of Casper would have paid in premium increases, with our claims experience in each of the years listed below, if we had been with WEBT during that period of time:

Year	City <u>would've</u> paid the following in premium rate increase with WEBT	City <i>employer</i> paid the following premium rate increase in self-funded plan	City employee paid the following premium increase in self-funded plan
2011	9.5%	5%	0%
2012	7.0%	0%	0%
2013	3.0%	0%	0%
2014	10.0%	0%	0%
2015	13.0%	0%	0%
2016	8.0%	5%	5%
2017	4.0%	0%	0%
2018	8.0%	14%	0%

Pros:

- WEBT Board manages and oversees all the services and vendors.
- WEBT assumes full risk and thereby all decisions for the plan.
- WEBT is stable with funding.
- There is potential, not a guarantee, to have a seat on the WEBT Board.

Cons:

- WEBT retains reserve and capital at year's end. GBS estimates that over that past five years, WEBT would have kept \$5.3 million from the City of Casper premiums paid in/claims cost if we had belonged in this group during that timeframe.
- WEBT assumes full risk and thereby all decisions for the plan.
- Difficult to exit the WEBT once you join.
- Data belongs to WEBT.

**Option C:** Remain Self-Funded – This is where the employer provides health benefits to its employees with its own funds. The City of Casper has been self-funded for 35 years.

Pros:

- Employer determines fund and reserve levels as deemed appropriate.
- Employer retains any excess reserves.
- Employer manages and oversees all services and vendors, thereby exercising more control over the type and quality of services. One example is offering coverage for autism related therapy that most other plans do not cover. We had employees ask for it and the HPDC recommended that we add it to our plan.

Cons:

- Employer determines fund and reserve levels as deemed appropriate.
- Employer accepts the full risk; however, risks can be mitigated through the purchase of employer stop-loss coverage.

To quote a HPDC member, “This isn’t a policy problem but a claims history and funding problem. Getting a policy that forces us to pay a set amount may solve some of the funding problem from the aspect that we are forced to pay the bill but we will still have to find the funds

to pay it. That will be a struggle no matter what option is selected.” Several benefit consultants I have met with, as independent consultants, as well as GBS, have indicated if they were in our shoes, they would remain self-funded. The majority of the HPDC members support Option C at this time, as do I.

Proposed recommendations and considerations for remainder of Fiscal Year 2019 and Fiscal Year 2020:

- Adopt new Funding Guidelines by Resolution for the health fund to include an acceptable level of funding and to follow an industry standard for the premium contribution split between the Employer and Employee.
- Plan for a premium increase of at least 10% for employees, retirees, and employer.
- Implement a Health Savings Account (HSA) in January 2020.
- Continue to evaluate plan design changes.
- Continue to evaluate plan spend.
- Develop programs to increase awareness of plan participants regarding plan benefits, reducing the likelihood of disease states, and over all well-being.
- Consider to do a Third Party Administrator (TPA) Request for Proposal (RFP).
- Consider to do a Pharmacy Benefit Manager (PBM) RFP.
- By January 2020, the City will realize a full year of savings resulting from Post 65 Retirees being off the Health Plan and by removing the “Buy Up” plan.

Examples of some cost saving ideas to explore:

- Premium differentials (i.e. tobacco users, Pre 65 Retirees, etc.).
- Create a RFP for local off-site clinic/pharmacy.
- Review options for the Pre 65 group.
- Create a new Health Pool for local government (WARM Board will discuss in April).
- Continue to support legislative action that would allow municipalities the ability to join the State of Wyoming’s health plan.

Proposed recommendations and consideration for Fiscal Year 2021:

- Plan for a premium increase of at least 10% for employees, retirees, and employer.
- Continue to evaluate plan design changes.
- Continue to evaluate plan spend.
- Develop programs to increase awareness of plan participants regarding plan benefits, reducing the likelihood of disease states, and over all well-being.
- Possibly have a new TPA.
- Possibly have a new PBM.

**Financial Considerations**

If Option A or Option B is selected, it is approximated to cost \$1 million to pay out all the claims and obligations of the health fund to transition away from a self-funded plan.

**Oversight/Project Responsibility**

Tracey Belser, Support Services

Becky Nelson, Health and Safety Specialist

**Attachments**

Draft Resolution to Establish Funding Guidelines

City of Casper 2019 Health and Dental Premiums

State of Wyoming Health Plan Premiums

City of Casper Health Plan Design Changes Summary



RESOLUTION NO. \_\_\_\_\_

A RESOLUTION TO ESTABLISH FUNDING GUIDELINES FOR THE CITY OF CASPER'S HEALTH FUND.

WHEREAS, the City of Casper has health a fund to provide health and dental benefits as an employer; and,

WHEREAS, the City of Casper desires to adopt this resolution in order to ensure the City of Casper maintains sufficient funds to adequately support the self-insurance benefit plans, anticipate changes in the plan as a result of Federal changes and mandates, provide for the needed premium charges and maintaining a sustainable fund balance:

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF CASPER, WYOMING: That the Mayor is hereby authorized and directed to execute, and the City Clerk to attest,

- I. That the City of Casper's health fund should maintain an amount that would satisfy processing of claims for a six (6) month run-out period, averaged over the past five (5) years, to cover all health, and dental, claims, costs, and protect the fund, including administrative costs.
- II. That for all health, and dental, plan options offered through the City of Casper to eligible employees, the City shall pay 85% of the total premium costs and the employee shall pay 15% of the total premium costs starting in the beginning of the plan year January 2020.
- III. That the City Manager shall submit a budget for the health fund consistent with I. and II. above.

PASSED, APPROVED, AND ADOPTED on this \_\_\_\_ day of \_\_\_\_\_, 2019.

APPROVED AS TO FORM:

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Fleur D. Tremel  
City Clerk

CITY OF CASPER, WYOMING  
A Municipal Corporation

\_\_\_\_\_  
Charles Powell  
Mayor

# PREMIUMS

## MEDICAL & PHARMACY - CIGNA

### Buy-Down Plan

Status	Total Premium Per Month	City of Casper Contribution Per Month	Employee Contribution Per Month	Employee Contribution Per Pay Period (24)
<i>Employee</i>	\$681.87	\$609.79	\$72.08	\$36.04
<i>Employee + Spouse</i>	\$1,363.76	\$1,219.60	\$144.16	\$72.08
<i>Employee + Child(ren)</i>	\$1,261.48	\$1,128.13	\$133.35	\$66.68
<i>Family</i>	\$1,787.80	\$1,598.82	\$188.98	\$94.49

### Mid-Option (Base) Plan

Status	Total Premium Per Month	City of Casper Contribution Per Month	Employee Contribution Per Month	Employee Contribution Per Pay Period (24)
<i>Employee</i>	\$734.72	\$614.59	\$120.13	\$60.07
<i>Employee + Spouse</i>	\$1,469.48	\$1,229.21	\$240.27	\$120.14
<i>Employee + Child(ren)</i>	\$1,359.27	\$1,137.02	\$222.25	\$111.13
<i>Family</i>	\$1,926.39	\$1,611.42	\$314.97	\$157.49

## DENTAL - DELTA DENTAL

### Premier Plan

Status	Total Premium Per Month	City of Casper Contribution Per Month	Employee Contribution Per Month	Employee Contribution Per Pay Period (24)
<i>Employee</i>	\$39.77	\$31.82	\$7.95	\$3.98
<i>Employee + Spouse</i>	\$79.54	\$63.63	\$15.91	\$7.96
<i>Employee + Child(ren)</i>	\$73.57	\$58.86	\$14.71	\$7.36
<i>Family</i>	\$104.27	\$83.42	\$20.85	\$10.43

## VISION - VSP

### VSP Signature

Status	Total Premium Per Month	City of Casper Contribution Per Month	Employee Contribution Per Month (12 Pay Periods)
<i>Employee</i>	\$8.04	\$0.00	\$8.04
<i>Employee + 1</i>	\$11.66	\$0.00	\$11.66
<i>Family</i>	\$20.91	\$0.00	\$20.91

	Casper plans (2019 rates)		State plans (2018 rates)			
	Buy Down	Mid-option	\$500 PPO	\$900 PPO	\$1500 HDHP	\$2000 PPO
Deductible	\$3,000/\$6,000	\$2,000/\$4,000	\$500/\$1,000	\$900/\$1,800	\$1,500/\$3,000	\$2,000/\$4,000
OOP Max in Wyoming	\$6,000/\$12,000	\$4,000/\$8,000	\$2,500/\$5,000	\$2,900/\$5,800	\$3,500/\$6,850	\$4,000/\$8,000
OOP Max outside Wyoming	\$6,000/\$12,000	\$4,000/\$8,000	\$4,500/\$9,000	\$4,900/\$9,800	\$6,000/\$12,000	\$5,500/\$11,000
Office Visit in Wyoming	\$50	\$35	85%/75%	85%/75%	85%/75%	85%/75%
Office Visit outside Wyoming	\$50	\$35	75%/60%	75%/60%	75%/60%	75%/60%
ER	80% AD	80% AD	\$100 + 85%	\$100 + 85%	\$100 + 85%	\$100 + 85%
Coinsurance in Wyoming	80%/70%	80%/70%	85%/75%	85%/75%	85%/75%	85%/75%
Coinsurance outside Wyoming	80%/70%	80%/70%	75%/60%	75%/60%	75%/60%	75%/60%
Tier 1 Rx	\$5 + 20%	\$5 + 20%	\$10	\$10	\$20% AD	\$10
Tier 2 Rx	\$20 + 20%	\$20 + 20%	\$20	\$20	\$20% AD	\$20
Tier 3 Rx	\$30 + 20%	\$30 + 20%	\$50	\$50	\$20% AD	\$50
			<b>2018 Rates</b>			
Employee	\$681.87	\$734.72	\$934.30	\$904.98	\$845.20	\$835.43
Emp + Child	\$1,261.48	\$1,359.27	\$1,418.64	\$1,374.12	\$1,283.37	\$1,268.15
Emp + Spouse	\$1,363.76	\$1,469.48	\$1,881.08	\$1,822.04	\$1,701.70	\$1,681.52
Family	\$1,787.80	\$1,926.39	\$2,162.86	\$2,096.74	\$1,962.96	\$1,933.44
<b>Compared to Mid Option</b>			+/-	+/-	+/-	+/-
Employee			127%	123%	115%	114%
Emp + Child			104%	101%	94%	93%
Emp + Spouse			128%	124%	116%	114%
Family			112%	109%	102%	100%

**A few things to note:** City of Casper rates are 2019 vs. State of Wyoming 2018. Cigna has not released the 1/1/2019 rates yet. The City of Casper plan overall is richer in plan design and rates. State of Wyoming has a reduction in benefits if services are rendered outside the state in the following:

- Out of Pocket Maximums
- Coinsurance In Wyoming -(85%/75%) Outside (75%/60%)
- The State plan offers 4 plan options & all employers have the same rates/benefits/employee contributions.
- Legislative action would be required to allow City of Casper into the State plan.

Information provided by HR 10/04/18)

# City of Casper Health Plan Design Changes Summary

2000			
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome
Drop vision coverage	Medical coverage included vision	No longer offer vision coverage	Reduced cost to the medical plan

2006			
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome
Offer Vision Services Plan	No coverage offered.	Supplemental voluntary policy (VSP) offered to City employees and retirees.	To offer a vision benefit with premium to be paid by participant.

2007		
Employer Premium Increase: 10%	Employee Premium Increase: 10%	Total Claims: \$4,214,297

2008		
Employer Premium Increase: 7%	Employee Premium Increase: 7%	Total Claims: \$5,715,504

2009		
Employer Premium Increase: 10%	Employee Premium Increase: 10%	Total Claims: \$6,621,180

2010		
Employer Premium Increase: 7%	Employee Premium Increase: 7%	Total Claims: \$6,416,876

# City of Casper Health Plan Design Changes Summary

2011			
Employer Premium Increase: 5%		Employee Premium Increase: 0%	
		Total Claims: \$5,669,476	
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome
Deductible	\$500	\$1,500	70% of all medical plans are \$1,000 or higher.
Co-Insurance	50/50%	80/20%	Health plan savings and more in line with industry standard.
Co-Pays	Office None Lab None	Office \$35 Lab \$35	Health plan savings and more in line with industry standard.
Out of pocket maximum	\$1,500/\$3,000	\$3,000/\$6,000	Health plan savings.
Supplemental Accident	\$750	Paid subject to deductible and co-insurance.	Less than 1% of claims qualify for this type of coverage.
Prescription Tiers	Tier levels: \$0 + 20% \$15 +20% \$30 +50%	Tier levels: \$5 + 20% \$20 +20% \$30 +50% Generic primary	Reduced costs.
Over the Counter Drugs	None	Covered with a prescription	Stomach acid reducing medications and non-sedating antihistamines
Specialty Prescriptions	Optional	Required	
Mental Disorders and Substance Abuse Treatment	Limited	Paid as any other illness	In accordance with Federal mandate
Incentive for Plan savings	50% of savings (max \$300)	50% of savings (max. \$1,250)	
Wellness Benefit	\$300 per person	\$550 per person	To encourage preventative/wellness visits
Rate Structure	Current Two Tier: Single Family	Current Four Tier: Single Single + Spouse Single + Children Family	More options for members

# City of Casper Health Plan Design Changes Summary

Extended Care Facility		\$20,000, and 45 days lifetime maximum	Industry standard
By minute action to City Council, approved, Other Post Employment Benefits (OPEB) Liability	Offer employees who retiree the ability to stay on health plan/have City's medical coverage even though they pay full premium.	Stop offering new employees the ability to elect retiree medical coverage when they retire in future as of Jan. 1, 2011.	Reduce OPEB liability which is estimated in 2011 to be 20 million and growing. Retirees have been able to choose to remain on the City's health plan since 1985.
Skilled Nursing Facility		\$20,000 lifetime max 90 days annually	Industry standard
Annual Biometric Screening and health risk assessment		Incentives provided this year. Next year a 15% premium increase on top of any other premium increases, and 20% premium increases on top of any other premium increases thereafter.	Need to get data to build programs to control losses.

## 2012

Employer Premium Increase: 0%	Employee Premium Increase: 0%	Total Claims: \$5,751,143
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## 2013

Employer Premium Increase: 0%	Employee Premium Increase: 0%	Total Claims: \$5,968,622	Health Fund: \$(241,460)	Health Fund Reserve: \$5,091,616
<b>Plan Design Topic</b>	<b>City's Plan</b>	<b>Change to City's Plan</b>	<b>Intended outcome</b>	
Three plan options	Only one option available	Allow two additional options for members to choose from each year at open enrollment depending on their medical needs. This will now be referred to as a "buy down" "mid" (which is currently the option in place) and a "buy up" option.	Members can choose to pay higher or lower premium based on what fits their needs best. Potential to have less premium revenue with higher claims cost. Will have to monitor.	

# City of Casper Health Plan Design Changes Summary

2014				
Employer Premium Increase: 0%	Employee Premium Increase: 0%	Total Claims: \$6,970,993	Health Fund: \$(228,114)	Health Fund Reserve: \$4,901,303
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome and effective date Jan. 2014	
Discontinue the deductible carry over	A claim's deductible amount can carry over into the next plan year. These are covered charges incurred in and applied toward the deductible in Oct., Nov., and Dec. that are applied toward the deductible in the next calendar year.	This change would be to adapt to the industry standard with new deductibles starting each January and no carry over.	In 2011, there were 219 members and the health plan paid \$84,000 extra to credit those members not to start over with a new deductible the following Jan. In 2012, there were 446 members and the health plan paid an additional \$225,000.	
Post-65 Retiree Consulting Services	No services currently provided for this.	The health plan will pay for up to three visits and up to \$150 per visit for educational services on other health plan options available.	This is to educate and encourage retirees eligible for Medicare to not fear moving off the City's health plan. There could be better and more affordable options for them. Post-65 claims are a high expenditure for the health plan.	
Physical, Occupational, and Speech Therapy self-referral		Allow self-referral up to 12 visits if under care of a physician. If physician's referral this won't apply.		

# City of Casper Health Plan Design Changes Summary

Preventative Services coverage enhancement		Preventative care services and routine colonoscopies (1 per calendar year) are covered 100% if charges are over reasonable and customary.	Enhancement for member to encourage preventative screening.
Chiropractic Services	\$500 maximum per year.	Increase to \$1,000 max per year.	Enhancement for members.
Acupuncture Services		Covered at \$1,000 maximum per year.	Enhancement for members.
CareHere On-site Medical Clinic	No onsite clinic.	Model that other municipalities have used for primary care to be moved to an on-site clinic which would affect approximately 18% of healthcare costs from community to the clinic.	This is estimated to save approximately \$3,101,534 within a five year period. This option <u>was not supported</u> by executive management for the reason of competing with local clinics/providers.

## 2015

Employer Premium Increase: 0%	Employee Premium Increase: 0%	Total Claims: \$6,480,053	Health Fund: \$(962,295)	Health Fund Reserve: \$4,334,760
<b>Plan Design Topic</b>	<b>City's Plan</b>	<b>Change to City's Plan</b>	<b>Intended outcome</b>	
New Third Party Administrator (TPA)	CNIC	Cigna	After an RFP process was completed, Cigna became TPA for their robust reporting and data, greater networking discounts, performance guarantees, lower administrative costs.	

## 2016

Employer Premium Increase: 5%	Employee Premium Increase: 5%	Total Claims: \$7,591,345	Health Fund: \$(1,299,778)	Health Fund Reserve: \$2,911,477
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# City of Casper Health Plan Design Changes Summary

2017				
Employer Premium Increase: 0%	Employee Premium Increase: 0%	Total Claims: \$7,683,652	Health Fund: \$(3,623,248)	Health Fund Reserve: \$780,388
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome	
Increase Deductibles	Plan 1 From: \$2,500 Plan 2 From: \$1,500 Plan 3 From: \$750	Plan 1 To: \$3,000 Plan 2 To: \$2,000 Plan 3 To: \$1,000	All for in-network Currently 80% of members don't use deductible	
Increase Out of Pocket Maximums	Plan 1 From: \$5,000 Plan 2 From: \$3,000 Plan 3 From: \$2,000	Plan 1 To: \$6,000 Plan 2 To: \$4,000 Plan 3 To: \$3,000	All for in-network	
Prescription Step Therapy – Step therapy requires that less expensive proven drug therapy is tried prior to progressing to more costly or risky drugs. This is becoming an industry standard.	This is becoming an industry standard for most health plans.	Historically, this program has resulted in a 21% reduction in overall drug cost for drug categories in this program with Cigna.	This would affect 29 members out of 1100. This is reviewed by physicians and if there is a medical need to go to a preferred drug, a physician can state it and the member would be provided that drug.	
Specialty Prescription Program - These drugs are used to treat complex, chronic and often costly conditions like Multiple Sclerosis, Rheumatoid Arthritis, Hepatitis C and Hemophilia.	Members pay their prescription co-pay up to the maximum out of pocket. With these being typically very expensive, members pay most or all of their co-insurance at the beginning of the year.	This program allows members to pay costs throughout the year by introducing some maximums per month. There is a small financial benefit to the City by purchasing from a single source that buys in bulk. This change helps the members and the City's Health Plan.	58 prescriptions processed with 14 members that would be impacted. Customer paid \$15,658; and Total Plan payment was \$307,937 YTD in 2016.	

# City of Casper Health Plan Design Changes Summary

<p>Cigna 90 – This program allows member to fill a 90-day prescription at local participating pharmacies.</p>	<p>This is a mail order service only.</p>	<p>This would be a convenient option available for City Health Plan members. This is also good for local participating pharmacies.</p>	<p>Support local pharmacies and may be more convenient for members.</p>
<p>Autism Coverage – Currently 46 states have some type of regulation for insurance coverage for Autism. Wyoming does not.</p>	<p>City's Health Plan does not have coverage for an Autism diagnosis.</p>	<p>Cigna already has a standard that is followed by other clients and suggested for the City of Casper to follow.</p>	<p>Two known members on the health plan will now have coverage which is estimated to have less than a 5% impact to the health plan overall.</p>

# City of Casper Health Plan Design Changes Summary

2018				
Employer Premium Increase: 14%	Employee Premium Increase: 0%	Total Claims: \$7,911,961	Health Fund: \$(1,113,535)	Health Fund Reserve: \$(348,993)
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome and effective date Jan. 2018	
New Pharmacy Formulary	Legacy plan is what the City of Casper was on and was being phased out by Cigna.	There were two other formulary plan options. The Value formulary plan was selected as the recommendation.	This change will impact over 200 members. Most of the impact will be shifting utilization from non-preferred brand name drugs to preferred brands. Estimated savings of \$280,000 annually to the Health Plan.	
Over the Counter (OTC) Program	Over the Counter (OTC) medication paid by the health plan when purchased at a pharmacy with a prescription for the OTC medication.	Eliminate payment of the OTC medications by the City's health plan.	Members will pay out of pocket for OTC medications. This change will impact 118 members. Estimated savings of \$32,000 annually. Flexible spending is an option available to members in paying for their OTC medications.	
Out of Network coverage	Health plan pays in and out of network benefits at 80% after deductible.	Most services in the industry are changing from 80% After deductible (AD) to 70% AD. The recommendation is made to change to the industry standard.	The change will steer members to in network providers to save the health plan and members money. This will also encourage contracting with providers who are out of network to join the network. Estimated savings to the health plan are \$20,000 annually.	
Cigna Essential Protections Program	No program in place specifically to manage Opioid medications.	Opioid safeguards limiting the quantity and duration of opioid medications unless deemed medically	Better management of Opioid medication and reduce the risk of opioid dependency. This also should reduce costs by eliminating potential wasted pharmaceuticals with an estimated savings to the health plan of \$6,000 annually.	

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		necessary.	
Amplifon	Employees who have the voluntary VSP (vision plan) have access to discounts on hearing aids through VSP only.	Discount network available for hearing aids available through GBS, Inc. There are currently two providers in Casper.	Opportunity for discounted hearing aids at no cost to the City or members.
Annual Limits for Physical/Occupational/Speech Therapies	Benefit is unlimited therapy visits per year.	This would change to cap visits to 60 visits per year combined for all these types of therapies with the exception of Autism. The industry standard is 40-60 visits annually.	This is to reduce unnecessary utilization of these benefits. This change could impact 4-6 members each year. Estimated health plan savings is over \$20,000 annually.
Specialty Medication Maximum Refills	Health plan allows for 90 day refills on specialty medications.	This would change to caps on specialty medication refills at 30 days, which is the maximum industry standard.	This will help reduce costs and waste of unused medication. Ensures monthly monitoring of specialty drug effectiveness. This will effect four members. Estimated savings to the health plan is \$3,600 annually.

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2019				
Employer Premium Increase: %	Employee Premium Increase: %	Total Claims: \$	Health Fund: \$	Health Fund Reserve: \$
Plan Design Topic	City's Plan	Change to City's Plan	Intended outcome	
Eliminate option of a "Buy Up" plan	This was introduced as a plan option in January 2013.	This plan option is for members who want to pay higher premium in exchange for a lower deductibles.	This would affect 98 members (at the time the recommendation was made). The mid option plan had the majority of members with 210 members (at the time the recommendation was made). The buy down option plan had 124 members (at the time the recommendation was made). Essentially this is shifting members to two other plan options which would represent a more effective share of premium paid and claims made on the plan option spread.	
Eliminate coverage for Post-65 Medicare Eligible Retiree Members	There were 19 Post-65 Medicare eligible retiree members at the time the recommendation was made.	Post-65 Medicare eligible retiree members would no longer have an option to remain on the City's Health Plan.	This change is estimated to result in a savings of \$200,000 in claims cost to the City's Health Plan. This will also result in less premium collected since retirees pay full premium. This change could also benefit Medicare eligible retirees by allowing guaranteed issue with loss of coverage on the City's Health Plan.	

March 8, 2019

MEMO TO: J. Carter Napier, City Manager *JCN*  
FROM: Tracey L. Belser, Support Services Director  
SUBJECT: Compensation Options

**Meeting Type & Date**

Council Work Session, March 12, 2019

**Action Type**

Direction Requested

**Recommendation**

That the City Manager provide direction to the Support Services Director on compensation for City of Casper employees.

**Summary**

Effective September 4, 2017, all steps on the City of Casper's classification plan were frozen. This was an effort made to save the general fund approximately \$500,000 annually due to a prior period of decreased sales tax revenue and depletion of City reserves. This decision was made to hold off on the less desirable option of a reduction in force situation.

The commitment you made at that time was to restore compensation that had been frozen when it did not pose an undue hardship to the organization. I understand it is your desire to move the existing compensation structure from an automatic 5% increase annually for steps 1 – 5, to a pay for performance system with a 0-5% annually, as budget allows. Human Resources has been actively working on proposals for a pay for performance system, and meeting with you on these ideas, since September 2018.

To implement a pay for performance (PFP) system properly, much thought, consideration, and adequate time is needed. An evaluation form that reflects objective and measurable criteria will need to be developed as well as, educating all employees as to what those criteria are, educating and informing all supervisors on how to use this tool to evaluate employees using the set criteria, etc. This is why the first pay for performance award is listed for FY21. Below is a tentative timeline to implement a PFP system:

- April 2019 Criteria developed and confirmed by Executive Team
- May 2019 Paper evaluation format confirmed by Executive Team
- June 2019 Education sessions for all employees on evaluation criteria and PFP system
- July 2019 Evaluation period starts for an annual evaluation  
Education sessions for all supervisors on how to evaluate and PFP system

- July 2020 Annual evaluations due to Human Resources
- August 2020 Performance awards start being paid to employees

The following are highlights for compensation since the pay freeze on September 4, 2017:

- 2% COLA given July 1, 2018 which adjusted all pay scales.
- \$1,000 lump sum payment was given to all full time employees July 2, 2018.
- 30 employees have been promoted to a higher paying job, and seven (7) have been reclassified, receiving a pay increase.

Human Resources has budgeted to have a consultant review the existing compensation and classification structure in FY20. This in itself is a huge project that I anticipate to begin in July 2019. The results of the study may also have budgetary consideration needed for FY21.

There are many different scenarios on how to transition into a PFP system. The attached document provides four options we recommend for your consideration.

### **Financial Considerations**

Multi-year

### **Oversight/Project Responsibility**

Tracey Belser, Support Services

Tom Pitlick, Financial Services Director

### **Attachments**

Compensation Proposal

# COMPENSATION PROPOSAL

	OPTION A	OPTION B	OPTION C	OPTION D
	<p><b>189</b> Full time and part time employees hired <i>before</i> 9/4/17, would be granted a one-time 5% step increase in March 2019. These employees would then become eligible for an additional 0-5% pay for performance award in July 2020.</p> <p><b>145</b> Full time and part time employees would be eligible for a 0-5% pay for performance award in July 2020.</p> <p>The <b>248</b> full time and part time employees who've reached step 5 (maxed out steps in pay range) would be eligible for an annual, <u>non-pensionable</u>, lump sum of 0-5% of their base wage determined by a performance rating in July 2020.</p>	<p><b>189</b> Full time and part time employees hired <i>before</i> 9/4/17, would be granted to <u>run out the remainder of their 5% step increases regardless of performance</u>. First 5% step increase would be in March 2019, then on anniversary date of hire thereafter.</p> <p><b>145</b> Full time and part time employees would be eligible for a 0-5% pay for performance award in July 2020.</p> <p>The <b>248</b> full time and part time employees who've reached step 5 (maxed out steps in pay range) would be eligible for an annual, <u>non-pensionable</u>, lump sum of 0-5% of their base wage determined by a performance rating in July 2020.</p>	<p><b>334</b> Full time and part time employees eligible for a 0-5% pay for performance award in July 2020.</p> <p>The <b>248</b> full time and part time employees who've reached step 5 (maxed out steps in pay range) would be eligible for an annual, <u>non-pensionable</u>, lump sum of 0-5% of their base wage determined by a performance rating in July 2020.</p>	<p><b>189</b> Full time and part time employees hired <i>before</i> 9/4/17, and the <b>135</b> new full time and part time employees hired after 9/4/17, would be granted a one-time 5% step increase in March 2019. These employees would then become eligible for an additional 0-5% pay for performance award in July 2020.</p> <p>The <b>248</b> full time and part time employees who've already reached step 5 (maxed out steps in pay range) would be eligible for an annual, <u>non-pensionable</u>, lump sum of 0-5% of their base wage determined by a performance rating. <u>In this option, it is recommended to give an automatic 5% award in March 2019.</u></p> <p>The <b>10</b> department heads don't fit into the categories above because their grades don't have steps. They would be eligible for a 0-5% pay for performance award in July 2020.</p>
COST	FY '19 = \$138,392 FY '20 = \$564,896 FY '21 = \$1,036,264	FY '20 Impact = \$551,962 FY '21 Impact = \$1,073,195 FY '22 Impact = \$224,234 FY '23 Impact = \$140,982	FY '19 = \$0 FY '20 = \$0 FY '21 = \$1,019,317	FY '19 = \$1,109,815 FY '20 = \$ 772,465 FY '21 = \$1,042,491