



# 2016 Benefit Plan Renewal Process

## **July 2015**

Hired Group Alternatives consulting firm

## **August – September 2015**

Reviewed life, medical, and Rx vs. benchmark data

- Received 10 bids on Life Insurance
- Received 6 bids on Stop Loss
- 5 Rx vendors re-priced claims
- 5 medical networks requested to re-price claims; 3 completed re-price

# Network Results

- CIGNA
  - 96.2% In-Network provider match
  - Included 2016 per employee per month claim guarantee
- Blue Cross Blue Shield
  - 98.2% In-Network provider match



# Rx Claims

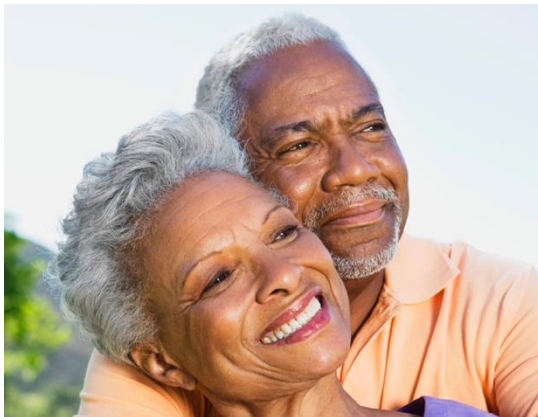
## Re-Priced Savings for 2016

Blue Cross	\$279,541
CVS/Caremark	\$275,300
CIGNA	\$214,206 – \$865,490



# Fixed Cost Savings

	2016	2017
Allied	\$107,698	N/A
Blue Cross	\$-257,478	N/A
CIGNA	\$143,346	\$103,439



# Life Insurance Savings

<u>Carrier</u>	<u>Basic/1000</u>	<u>AD&amp;D</u>	<u>Total</u>	<u>Monthly Premium</u>	<u>Annual Premium</u>	<u>Rate Guarantee</u>
Dearborn - Current	0.110	0.030	0.140	11,499.88	137,999	
<b>Cigna</b>	<b>0.060</b>	<b>0.025</b>	<b>0.085</b>	<b>6,982.07</b>	<b>83,785</b>	<b>3 Years</b>
<b>Reliance Standard</b>	<b>0.070</b>	<b>0.020</b>	<b>0.090</b>	<b>7,392.78</b>	<b>88,713</b>	<b>3 Years</b>
<b>Sun Life</b>	<b>0.045</b>	<b>0.030</b>	<b>0.075</b>	<b>6,160.65</b>	<b>73,928</b>	<b>3 Years</b>
<b>UNUM <sup>(1)</sup></b>	<b>0.055</b>	<b>0.020</b>	<b>0.075</b>	<b>6,160.65</b>	<b>73,928</b>	<b>4 Years</b>

*All carriers have included a waiver of premium benefit with their offers. Dearborn's plan does not currently include this benefit.*

<sup>(1)</sup> UNUM has included a \$7,500 implementation credit. If City of Aurora provides an invoice for an expense incurred as a result of switching carriers, UNUM will be reimburse up to \$7,500.

9 of 9 markets below Dearborn

Projected annual savings:

- \$50,000+ per year for 3 – 4 years
- Total Savings: \$147,858 - \$256,284



# 2016 Plan Recommendations

- HMO to remain with Blue Cross
  - Increase ER copay from \$50 – \$75
  - Increase Rx copay from 5/10/25 to 7/15/37
- Convert PPO to Plan C Prime
- MDLive (Telemedicine) \$10 PPO copay (\$40 HDHP)
- Remove deductible carryover credit
- CIGNA to administer Plan C Prime, HDHP and Rx plans

# 2016 Benefit Changes

	<u>Plan C</u>	<u>Plan C Prime</u>
Deductible	250 / 750	375 / 1,125
Medical Out of Pocket	1,250 / 2,750	1,875 / 4,125
Rx Out of Pocket	5,200 / 10,150	4,575 / 8,775
Office Visit Copay	25	25
Teladoc Copay	NA	10
Rx Copays – Retail	8 / 20 / 40	10 / 30 / 50
Rx Copays – Mail Order	16 / 50 / 100	20 / 60 / 100
ER Copay	100	150
Non-Network Coinsurance	80%	70%

Deductible Carryover credit will no longer be included for 2016.

# Why CIGNA?

- Fixed Cost Savings of \$143,346 1<sup>st</sup> year, \$103,439 2<sup>nd</sup> year
- Claims Savings / Guarantee of \$379,676
- Integrated MDLive at no cost
- Enhanced Technology
- Reduces & Potentially eliminates Cadillac Tax
- Lower 2016 Employee Contributions (PPO/HDHP)





# Monthly Rates & Employee Contributions

	<u>2016 Rates</u>	<u>Employee Contributions</u>	
		<u>2015</u>	<u>2016</u> <sup>(1)</sup>
<b><u>PPO Plan C Prime</u></b>			
Employee Only	664.38	89.70	84.71
Employee and Spouse	1,661.01	224.25	211.78
Employee and Child	1,328.82	179.40	169.42
Family	2,325.42	246.22	232.54
<b><u>HDHP</u></b>			
Employee Only	499.60	64.59	63.70
Employee and Spouse	1,249.08	161.46	159.26
Employee and Child	999.22	129.16	127.40
Family	1,748.63	177.28	174.86
<b><u>HMO</u></b>			
Employee Only	626.04	60.67	62.60
Employee and Spouse	1,233.24	119.51	123.32
Employee and Child	1,183.47	114.70	118.35
Family	1,831.06	177.47	183.11

<sup>(1)</sup> 2016 employee contributions shown as 12.75% for PPO and HDHP (except Family 10%), 10% for HMO



# City of Aurora: Concierge Service

Personal and easy support from real people

- › Dedicated 800 # to greet City of Aurora employees and their families
- › 24/7/365 Live Customer Service
  - › **Pre-enrollment 800# during implementation 24/7/365**
  - › Focus on getting you answers the first time you call
  - › Educate and explain plan features to help you get the most out of your benefits
  - › Help you find in-network doctors and facilities
  - › Make live connections for claim resolution
  - › Refer you to other Cigna resources when appropriate

**We'll help you resolve any of your questions or concerns.**

**15%** of customer calls received after normal business hours<sup>1</sup>

**22%** improvement on our Customer Service Transactional Net Promoter Score in the past two years<sup>2</sup>

1. Cigna Call Center analytics, 2013.

2. Cigna's Service Operations Customer Service post call/post contact customer surveys administered by a third party vendor, Convergys, on Cigna's behalf. Encompasses Medical, Dental, and Retail Pharmacy. The NPS results for 2014 YTD have improved by 22% versus where they were in 2012. FY 2012 v FY 2013 = 10% improvement, FY 2013 v FY 2014 = 12% improvement.



# we connect you to care

Wherever you are.  
Wherever you go.

Medical

Urgent

Pharmacy

Dental

Behavioral

Disability

Worldwide

Collaborative Care

Labs

## 4.5-5.5%

Cigna forecasted medical trend for full year 2014<sup>2</sup>, the lowest of top commercial carriers

## \$1.4 Billion

removed from total medical cost spend over 3 years<sup>1</sup>

1. Based on 2012, 2013, 2014 actual national medical claim experience for all segments. Does not include Global, dental or behavioral.

2. Based on Cigna and competitor 2014 3Q earnings releases. Competitor projections include United HealthCare (5.5-6.5%), Aetna (6.0-7.0%), Wellpoint (6.0-7.0%).

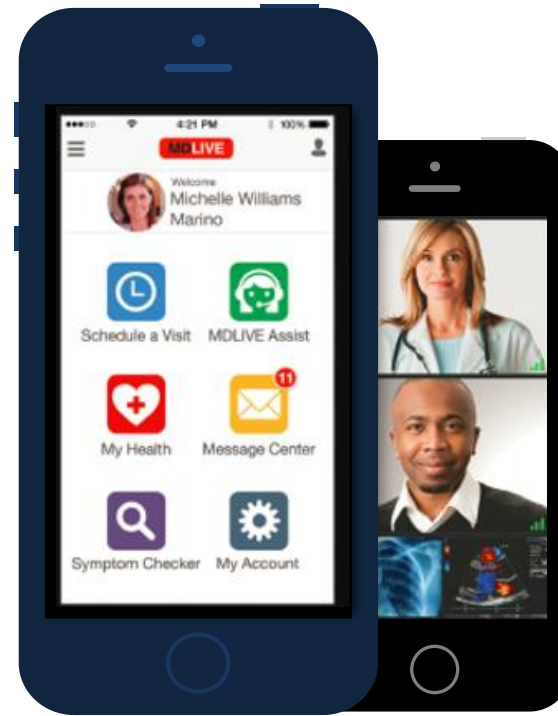


We connect you to **care** – with virtual house calls.

# MDLIVE®

**Virtual visit with a doctor.  
At home, at work or on the go.**

- Board certified doctors
- Private, confidential visits
- Available 24/7 by video or phone
- Quick access via app



THE  
CONNECT  
EFFECT<sup>SM</sup>

**Helps you manage productivity and absence.**

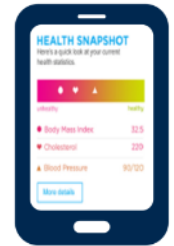
[www.mdlive.com/cignavideo](http://www.mdlive.com/cignavideo)



# Connecting information, people & programs to help you reach your goals

Integrated solutions • Retail experience • Clinical collaboration • Analytics and consultation

## 1 understand



My Health Tab



Health Assessment



Cigna Health Matters Score (Predictive Modeling)

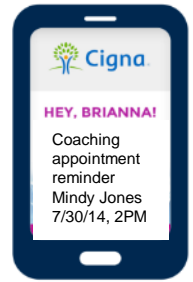
## 2 connect



Digital Health Tools (App & Activities)

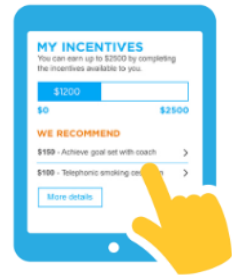


Phone, Onsite & Online Coaching



Email or Text Customer Messaging

## 3 motivate



Incentives



Behavioral Motivation



Culture of Well-being





# CTA 2015 BUDGET – EXECUTIVE SUMMARY EXCERPT

## CTA: Investing in Chicago

President's 2015 Budget Recommendations



### CTA FY15 Budget

#### Executive Summary

and average number of temporary total disability days have decreased, while the number of employees engaged in TRTW program has increased.

#### *Worker absenteeism*

Employee absenteeism rates continue to be well below the high levels of 2011, due to new management initiatives aimed at reducing unnecessary time off. The reduced absenteeism—due to better management of frequent causes of absenteeism such as sick leave and job-related injuries—is on pace to save the CTA more than \$10 million annually compared to 2011.

#### *Health care costs*

After years of climbing health care costs, the CTA on January 1, 2014 implemented a new medical benefit administrator, Cigna, and strategic benefit plan changes based on the collective bargaining agreements. The plan changes included the elimination of HMO and one PPO option, while still providing generous benefits to our employees and their eligible dependents. The CTA has taken the additional steps of focusing on wellness and employee engagement, which include the launch of an interactive website; promotion of a "Benefits in the Field" campaign, and sponsoring on-site biometric health screenings to give employees immediate feedback on their health. Partnering with Cigna, employees now have access to free Lifestyle Management Programs and chronic condition management programs via online and telephone coaching focusing on weight management, stress management and smoking cessation. CTA projects it will reduce annual healthcare costs by 16.4 percent from the new employee benefit program.



*The CTA is proactively encouraging healthier lifestyles for employees through free wellness screenings and online and telephone coaching on weight management, smoking cessation and other health issues.*

#### *Raising minimum wage*

The CTA began requiring all CTA contractors and subcontractors to pay their eligible employees a minimum wage of \$13 per hour for CTA contracts advertised as of November 15, 2014. The CTA was the first Chicago sister agency to raise the minimum wage requirement following an executive order signed by Mayor Emanuel that required a \$13 per hour minimum wage for similar work performed under City of Chicago contracts.



We make it easy to help you stay

# engaged

Connected  
together.

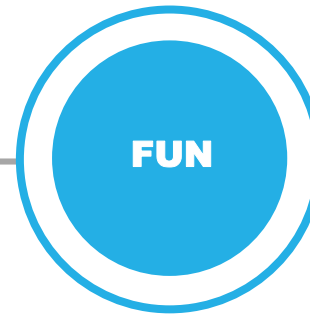
Just for you.



Analytics guide you to the right information, coaches and programs



Connect the way you want – email, text, phone, mail or face-to-face



New digital health tools and rewards keep you inspired



Coaches use consumer health technology to help you improve

## Cigna Health Matters. Proactive support. How and when you want it.

**89%** satisfaction with online engagement tools<sup>1</sup>

**93%** satisfaction with health coach<sup>1</sup>

**57%** of those with diabetes controlled HbA1c when coached<sup>1</sup>

**66%** with heart disease controlled cholesterol when coached<sup>1</sup>

**\$396** annual medical cost savings per individual with a chronic condition<sup>2</sup>

1. Cigna Net Promoter Score and Consumer Value Solution Research, 2013.

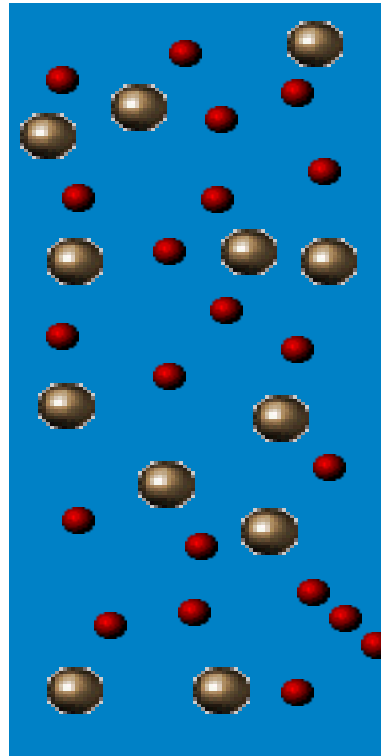
2. Based on Your Health First (YHF) 300 2013 Book of Business study using CCA methodology.

# Better Health. Guaranteed. Savings

1375 Employees  
Screen 65% - 893  
High & Medium Risk 33% - 295

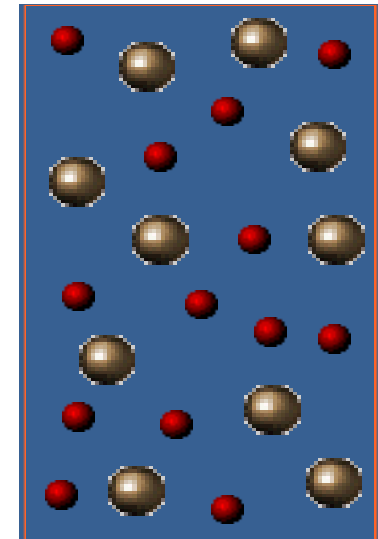
Reduction Goal 20%  
59 Employees Will Reduce Risk Levels  
At Risk \$1,100 Per Target Employee

2016 Population



Medium & High  
Risk Individuals

2017 Same  
Population



Medium & High  
Risk Individuals

**\$175,000** In Medical Claims Savings



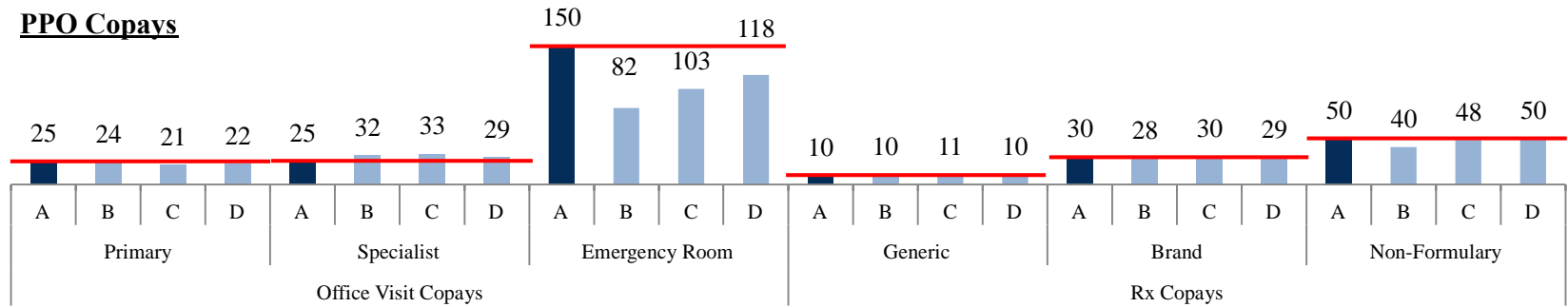


# CITY OF AURORA

## Benchmarking

	<u>City of Aurora</u>	Public Admin. North Central	Public Admin. All	All Industries All Regions
	All A	B	C	D
<b>Number of Employers Represented</b>	1	20	81	320
<b># Covered Employees - Average</b>	972	302	320	1,166
<b># Covered Employees - Range</b>	-	20 - 10,000	20 - 10,000	500 - 5,000
<b>Dental Benefits Offered</b>	Yes	50%	51%	63%

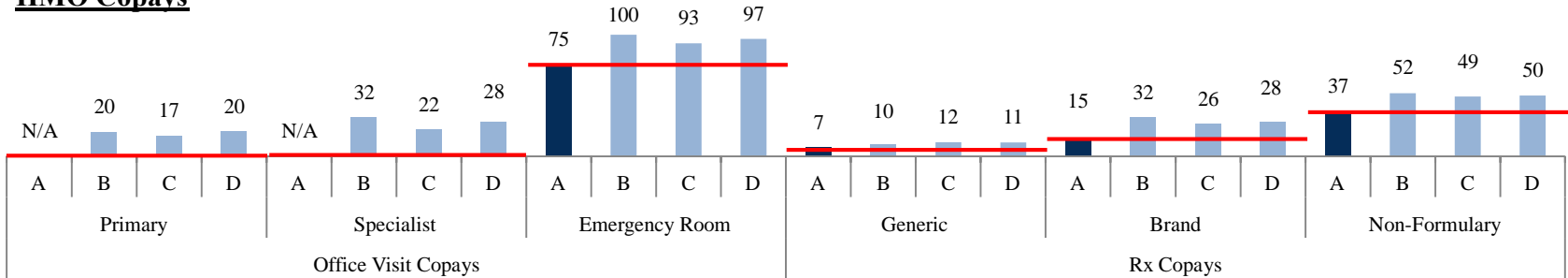
### PPO Copays



	<u>City of Aurora</u>	Public Admin. North Central	Public Admin. All	All Industries All Regions
	PPO A	C	D	E
<b>Office Visit Copay (primary)</b>	25.00	24.29	21.32	22.44
<b>Office Visit Copay (specialist)</b>	25.00	31.50	32.81	29.18
<b>Emergency Room Copay</b>	150.00	82.14	102.94	117.78
<b>Rx Copays</b>				
<b>Generic</b>	10.00	10.27	11.09	10.36
<b>Brand</b>	30.00	27.79	29.96	29.07
<b>Non-Formulary</b>	50.00	40.36	47.82	49.59

## CITY OF AURORA Benchmarking

### HMO Copays

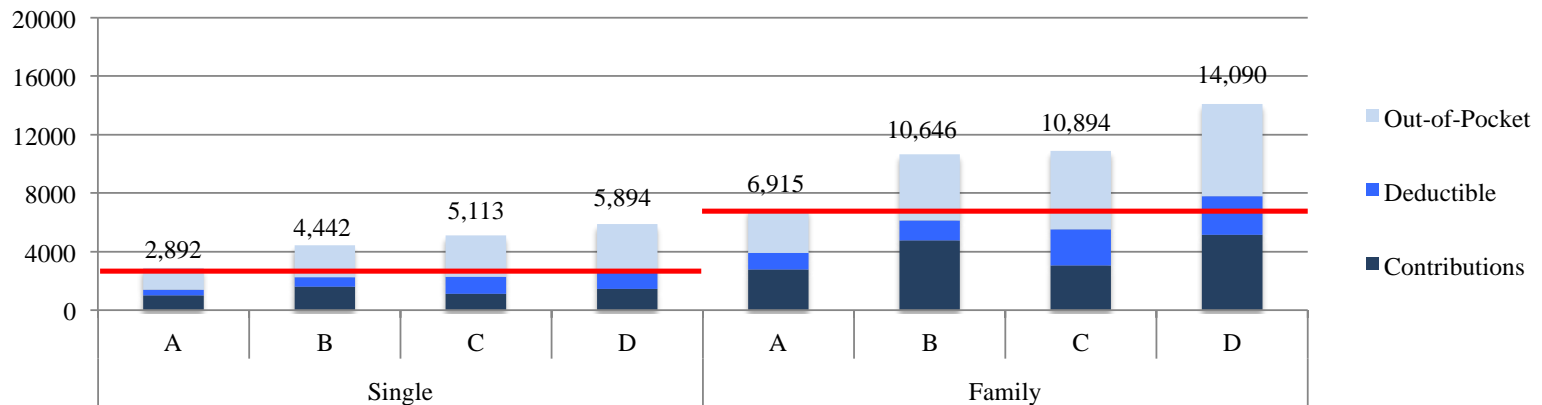


	<u>City of Aurora</u> HMO A	Public Admin. North Central C	Public Admin. All D	All Industries All Regions E
<b>Office Visit Copay (primary)</b>	N/A	20.00	16.71	20.22
<b>Office Visit Copay (specialist)</b>	N/A	32.00	21.71	27.93
<b>Emergency Room Copay</b>	75.00	100.00	92.91	96.62
<b>Rx Copays</b>				
<b>Generic</b>	7.00	10.00	11.63	11.38
<b>Brand</b>	15.00	32.00	26.46	28.29
<b>Non-Formulary</b>	37.00	52.00	49.14	50.17

## CITY OF AURORA Benchmarking - PPO

	City of Aurora All A	Public Admin. North Central B	Public Admin. All C	All Industries All Regions D
<b>Single</b>				
Annual Contribution <sup>(1)</sup>	1,016.52	1,608.24	1,113.72	1,453.56
Annual Deductible	375.00	647.73	1,165.71	1,271.08
Annual Out-of-Pocket Maximum	1,500.00	2,186.21	2,833.33	3,169.00
<b>TOTAL</b>	<b>2,891.52</b>	<b>4,442.18</b>	<b>5,112.76</b>	<b>5,893.64</b>
<b>Family</b>				
Annual Contribution <sup>(1)</sup>	2,790.00	4,778.28	3,050.16	5,147.52
Annual Deductible	1,125.00	1,359.09	2,474.29	2,656.28
Annual Out-of-Pocket Maximum	3,000.00	4,508.93	5,370.00	6,286.25
<b>TOTAL</b>	<b>6,915.00</b>	<b>10,646.30</b>	<b>10,894.45</b>	<b>14,090.05</b>

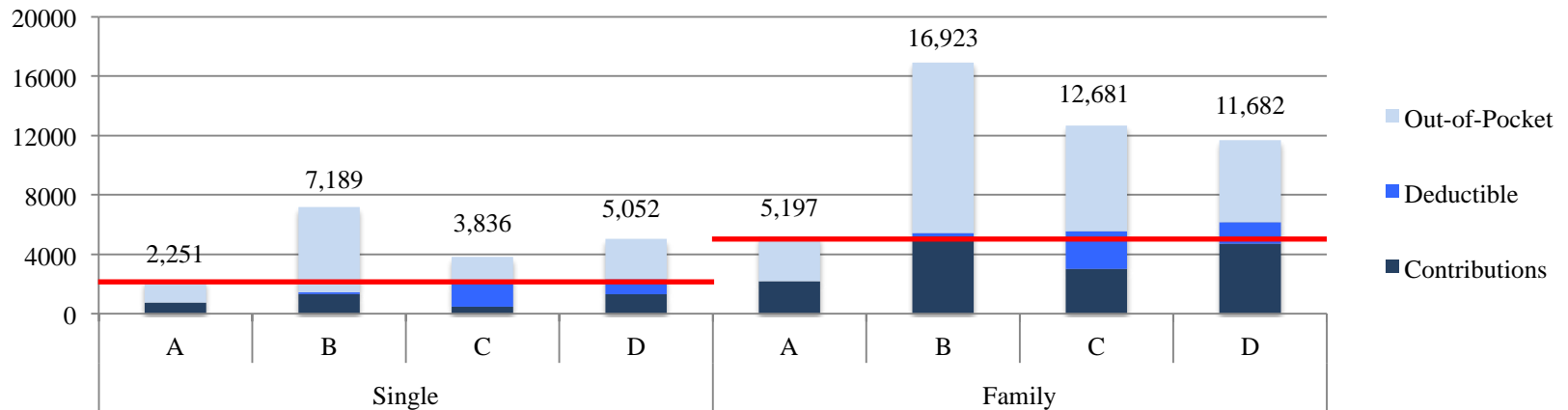
### Maximum Annual Employee Cost



## CITY OF AURORA Benchmarking - HMO

	City of Aurora All A	Public Admin. North Central B	Public Admin. All C	All Industries All Regions D
<b>Single</b>				
Annual Contribution <sup>(1)</sup>	751.20	1,339.08	470.28	1,318.08
Annual Deductible	0.00	100.00	1,650.00	992.37
Annual Out-of-Pocket Maximum	1,500.00	5,750.00	1,715.56	2,741.72
<b>TOTAL</b>	<b>2,251.20</b>	<b>7,189.08</b>	<b>3,835.84</b>	<b>5,052.17</b>
<b>Family</b>				
Annual Contribution <sup>(1)</sup>	2,197.32	5,223.36	3,021.72	4,710.00
Annual Deductible	0.00	200.00	2,538.46	1,446.15
Annual Out-of-Pocket Maximum	3,000.00	11,500.00	7,120.93	5,526.01
<b>TOTAL</b>	<b>5,197.32</b>	<b>16,923.36</b>	<b>12,681.11</b>	<b>11,682.16</b>

### Maximum Annual Employee Cost



## CITY OF AURORA Benchmarking - HDHP

	City of Aurora All A	Public Admin. North Central B	Public Admin. All C	All Industries All Regions D
<b>Single</b>				
Annual Contribution <sup>(1)</sup>	764.40	1,608.24	1,113.72	1,453.56
Annual Deductible	2,500.00	647.73	1,165.71	1,271.08
Annual Out-of-Pocket Maximum	0.00	2,186.21	2,833.33	3,169.00
HSA Contribution	1,375.00	N/A	N/A	N/A
<b>TOTAL</b>	<b>1,889.40</b>	<b>4,442.18</b>	<b>5,112.76</b>	<b>5,893.64</b>
<b>Family</b>				
Annual Contribution <sup>(1)</sup>	2,098.00	4,778.28	3,050.16	5,147.52
Annual Deductible	5,000.00	1,359.09	2,474.29	2,656.28
Annual Out-of-Pocket Maximum	0.00	4,508.93	5,370.00	6,286.25
HSA Contribution	3,000.00	N/A	N/A	N/A
<b>TOTAL</b>	<b>4,098.00</b>	<b>10,646.30</b>	<b>10,894.45</b>	<b>14,090.05</b>

### Maximum Annual Employee Cost

