



CITY OF JACKSON, MISSISSIPPI

CITY OF JACKSON MEDICAL BENEFIT PLAN

Financial Summary

Taken From

ANNUAL VALUATION
&
PROJECTION OF COST

2016-2017 FISCAL YEAR
2017 BENEFIT YEAR



CITY OF JACKSON MEDICAL BENEFIT PLAN
SUMMARY REPORT INCLUDING ALL EXPERIENCE
EXPERIENCE PERIOD 10/1/2015 THROUGH 9/30/2016
FOR THE TEN MONTHS ENDED JULY 31, 2016

MEDICAL BENEFIT PLAN

	Active	Retired	Total All
AVERAGE NUMBER ENROLLED:	1,744	204	1,948
BENEFITS PAID:	\$ 9,311,406	\$ 1,794,604	\$ 11,106,010
ADMINISTRATION FEES:	\$ 439,441	\$ 51,426	\$ 490,867
STOP LOSS FEES:	\$ 574,688	\$ 61,890	\$ 636,578
AFFORDABLE CARE ACT FEES:	\$ 125,975	\$ 13,997	\$ 139,972
TOTAL BENEFITS AND FEES:	\$ 10,451,510	\$ 1,921,917	\$ 12,373,427

CITY FUNDING:	\$ 2,462,840	\$ -	\$ 2,462,840
CITY SPECIAL FUNDING*	\$ 5,269,500	\$ 1,384,170	\$ 6,653,670
EMPLOYEE / RETIREE CONTRIBUTIONS:	\$ 2,462,840	\$ 907,525	\$ 3,370,365
COBRA PREMIUMS:	\$ 36,438	\$ -	\$ 36,438
TOTAL FUNDING	\$ 10,231,618	\$ 2,291,695	\$ 12,523,313

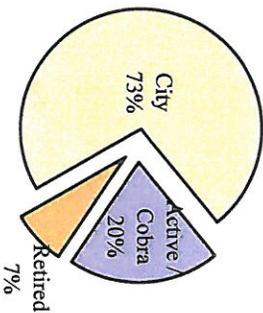
FUNDING CREDIT / DEBIT \$ (219,892) \$ 369,778 \$ 149,886

AVERAGE COST PER EMPLOYEE PER MONTH	\$599.28	\$942.12	\$635.19
COST TO CITY PER EMPLOYEE PER MONTH	\$455.98	\$497.25	\$460.30

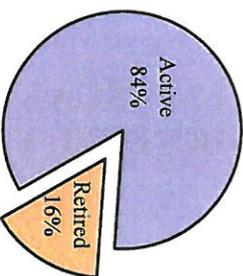
* \$7,984,405 SPECIAL FUNDING FOR THIS FISCAL YEAR (\$6,323,406 Active, \$1,660,999 Retired)

Effective January 1, 2016 the claims administrator changed from BCBSMS to United Health Care. The experience includes claims and fees for both administrators. The claims experience is not mature due to this change. Also, on that date the dental benefit transitioned to a fully-insured policy with Delta Dental eliminating any financial risk for the City of Jackson.

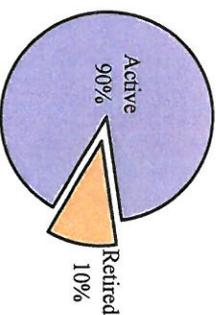
Funding



Benefits & Fees Paid



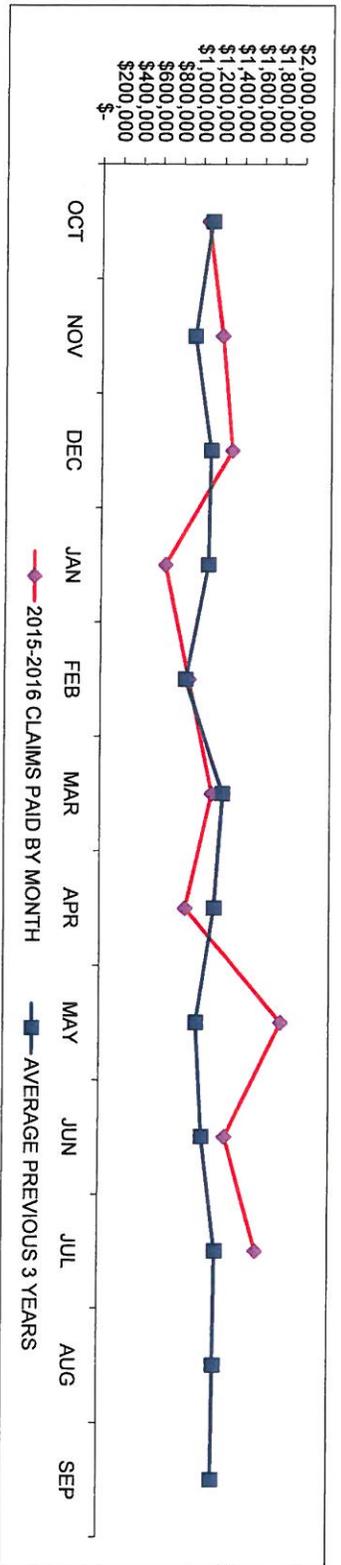
Average Enrolled



**CITY OF JACKSON MEDICAL BENEFIT PLAN
CLAIMS EXPERIENCE AND HISTORICAL INFORMATION**

	2016-2016	2014-2015	2013-2014	2012-2013
OCTOBER	\$ 1,045,329	\$ 1,179,918	\$ 972,503	\$ 1,090,163
NOVEMBER	\$ 1,183,654	\$ 903,298	\$ 956,129	\$ 885,487
DECEMBER	\$ 1,283,513	\$ 1,193,917	\$ 1,044,756	\$ 986,444
JANUARY	\$ 636,303	\$ 1,078,034	\$ 1,212,396	\$ 868,895
FEBRUARY	\$ 867,173	\$ 1,063,092	\$ 648,651	\$ 795,983
MARCH	\$ 1,100,603	\$ 996,734	\$ 1,496,506	\$ 1,118,399
APRIL	\$ 845,296	\$ 1,128,172	\$ 1,145,590	\$ 1,102,903
MAY	\$ 1,786,355	\$ 854,666	\$ 949,665	\$ 1,049,943
JUNE	\$ 1,240,881	\$ 1,150,089	\$ 983,067	\$ 908,254
JULY	\$ 1,549,387	\$ 1,268,524	\$ 1,219,241	\$ 967,158
AUGUST	\$ -	\$ 1,180,009	\$ 1,234,061	\$ 998,398
SEPTEMBER	\$ -	\$ 988,167	\$ 1,610,156	\$ 779,038
TOTAL	\$ 11,538,493	\$ 12,984,619	\$ 13,472,723	\$ 11,551,065
TOTAL HEALTH BENEFITS	Annualized \$ 13,846,192	\$ 12,984,619	\$ 13,472,723	\$ 11,551,065
ADMINISTRATION	\$ 589,040	\$ 809,991	\$ 820,107	\$ 855,501
REBATES & REINSURANCE REFUNDS**	\$ (432,483)	\$ (310,159)	\$ (794,603)	\$ (589,990)
REINSURANCE FEES	\$ 763,894	\$ 758,541	\$ 735,711	\$ 739,693
TOTAL HEALTH BENEFITS & FEES	\$ 14,766,643	\$ 14,242,992	\$ 14,233,938	\$ 12,556,269
AVERAGE ENROLLED (INCLUDES RETIRED)	1,948	1,956	1,930	1,993

	2015-2016	2014-2015	2013-2014	2012-2013
COST PER PARTICIPANT PER MONTH	\$ 631.70	\$ 606.81	\$ 614.59	\$ 525.02
ANNUAL COST PER PARTICIPANT	\$ 7,580.41	\$ 7,281.69	\$ 7,375.10	\$ 6,300.19
TREND	4.1%	-1.3%	17.1%	-5.9%
AVERAGE TREND PRIOR 3 YEARS		3.3%		



* Annualized experience shown for comparison.
** Rebates and refunds not annualized.

City of Jackson Medical Benefit Plan – Financial Summary – 2016-2017 Cost Projection

United Healthcare (UHC) provides a cost projection for its self-funded clients to assist in adequately funding the cost of benefits. The estimate is adjusted for other costs:

	Annual	Avg. Monthly
UHC Projected Medical Benefits Cost	\$ 14,597,072	\$ 626.05
Other Plan Costs:		
Administrative Service Fee (\$24.85 + \$1 MS Pool)	\$ 602,719	\$ 25.85
Reinsurance (Projected = \$19/\$58)	+ 811,788	+ 34.82
Reinsurance Refunds	- 200,000	- 8.58
Audit & Actuarial Costs	+ 40,000	+ 1.72
Affordable Care Act (PCORI & Transitional Reinsurance \$29.26)	+ 88,541	+ 3.80
Total Other Costs	\$ 1,343,048	\$ 57.61
Total All – Medical Benefit Plan Cost	\$ 15,940,120	\$ 683.66

The following sets out the projected cost for the Employee and Retiree classes along with the revenue produced from contributions and the City's contribution. Contributions are based on the current Employee and Retiree cost sharing rates.

Projected Cost Compared To Projected Revenue:

	Employee	Retiree	Total
UHC Projected Cost	\$ 13,342,168	\$ 2,597,952	\$ 15,940,120
EE/RE Contribution	- 2,930,232	- 1,109,400	- 4,039,632
City Funding	- 2,930,232	- 0	- 2,930,232
Cash Flow /Deficit	\$ 7,481,704	\$ 1,488,552	\$ 8,970,256

The projected cost reduced by the current funding rates reflects a deficit of **\$8,970,256** as compared to \$7,984,405 for an increase of **\$985,851** or 12.3%. Based on the current funding rates the City's net cost would be \$11,900,488 which is 75% of the projected cost.

The **Special Deposit** amount will be **\$8,970,256** allocated 84% to the Employee Class and 16% to the Retiree Class. The final funding rates and Employee/Retiree cost sharing is the decision of the City.

Contribution Rates: Based on the City's funding policy:

EMPLOYEE FUNDING RATES:

Coverage:	Single	2-Party	Family
UHC Suggested	\$ 395	\$ 800	\$ 1,245
Current (Since 1/1/2003)	\$ 164	\$ 380	\$ 540
\$ Difference – Increase	\$ 231	\$ 420	\$ 705

EMPLOYEE COST SHARING RATES (50% POLICY):

Coverage:	Single	2-Party	Family
UHC Suggested	\$ 197.50	\$ 400.00	\$ 622.50
Current (Since 1/1/2003)	\$ 82.00	\$ 190.00	\$ 270.00
\$ Difference – Increase	\$ 115.50	\$ 210.00	\$ 352.50

RETIREE FUNDING RATES (100% POLICY):

Coverage:	Single	2-Party	Family
UHC Suggested	\$ 775	\$ 1,554	\$ 1,554
Current (Since 3/1/2007)	\$ 325	\$ 675	\$ 675
\$ Difference – Increase	\$ 450	\$ 879	\$ 879

COBRA RATES (COST PLUS 2%):

Coverage:	Single	2-Party	Family
UHC Suggested EMPLOYEE	\$ 429	\$ 952	\$ 1,281
Current (Since 1/1/2015)	\$ 467	\$ 817	\$ 912
UHC Suggested RETIREE	\$ 791	\$ 1,585	\$ 1,585
<i>Rates increase 150% after the 18 month period for the special disability extension.</i>			

Important: All rates shown are based on the City’s funding policy; the final rates are determined solely by the City. The following table presents alternative Employee Class cost sharing amounts to moderate the City’s cost.

Employee Cost-Sharing Current & Examples

Increase Compared To Current Rate Shown In Red

2016-2017 Projected Cost: \$13,342,168– 50% Cost Sharing Target \$6,671,084

Funding Rate Options	Cost-Sharing % of Projected			Single (1,018-\$395)	2-Party (411-\$800)	Family (306-\$1,245)	Projected Revenue	Contribution Deficit
Current	21%	24%	22%	\$ 82	\$ 190	\$ 270	\$ 2,930,232	\$ 3,740,852
Example 1	27%	29%	27%	\$ 105	\$ 232	\$ 340	\$ 3,675,384	\$ 2,995,700
	Rate / Increase			\$ 23	\$ 42	\$ 70	\$ 745,152	
2	32%	34%	33%	\$ 128	\$ 274	\$ 410	\$ 4,420,536	\$ 2,250,548
				\$ 46	\$ 84	\$ 140	\$ 1,490,304	
3	38%	40%	39%	\$ 151	\$ 316	\$ 480	\$ 5,165,688	\$ 1,505,396
				\$ 69	\$ 126	\$ 210	\$ 2,235,456	
4	44%	45%	44%	\$ 174	\$ 358	\$ 550	\$ 5,910,840	\$ 760,244
				\$ 92	\$ 168	\$ 280	\$ 2,980,608	
5	50%	50%	50%	\$ 198	\$ 400	\$ 623	\$ 6,671,280	\$ 0
				\$ 116	\$ 210	\$ 353	\$ 3,741,048	

The 1,735 subscribers in the Employee Class have a projected total cost of \$13,342,168 based on the cost of benefits and administration specific to that class. That is an annual cost of \$7,690 per subscriber. Option 5 indicates a 50/50 share with the employee contribution accounting for \$6,671,280 of the total projected cost.

Most large employers limit the employee cost sharing amount to from 20% to 30% of the total cost with most of the cost sharing being allocated to the 2-Party and Family rates. The single rate receives the largest employer subsidy and this facilitates compliance with the “affordable” provision of the Affordable Care Act. A decrease in the employer contribution amount of more than 5% will result in the loss of “grandfathered status” under the Affordable Care Act.

