



METROPOLITAN WASHINGTON  
COUNCIL OF GOVERNMENTS  
HEALTH CARE COALITION

# Health Care Coalition Briefing

## September 10, 2012





## ABOUT THE COALITION

- History of the Health Care Coalition
- Advantages of the Health Care Coalition
- 2012 Medical Plan Renewal Process – Cost Savings for this Year
- 2011 Benchmarking -Medical and Prescription Drug Plan Design
- Setting Up a Coalition is This Right For You!
- Open Forum/Q & A





## History of the COG Health Care Coalition

- In 1990, the Metropolitan Washington Council of Governments Board authorized COG to sponsor a health care benefit program.
- *Purpose:* to purchase and manage the provision of health benefits for jurisdictions/organizations associated with COG.





# Coalition Member Involvement

The Coalition representatives:

- Take an active role in plan design, requests for proposals and rate negotiations
- Collectively purchase consulting services
- Sponsor wellness programs and activities
- Distribute educational materials to employees





## Current Member Jurisdictions

- Falls Church City Public Schools (1992)
- Falls Church City (1992)
- International City/County Management Association (1992)
- Metropolitan Washington Council of Governments (1992)
- National Association of Regional Councils (2005)
- Town of Vienna (1993)





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# Advantages of the Health Care Coalition





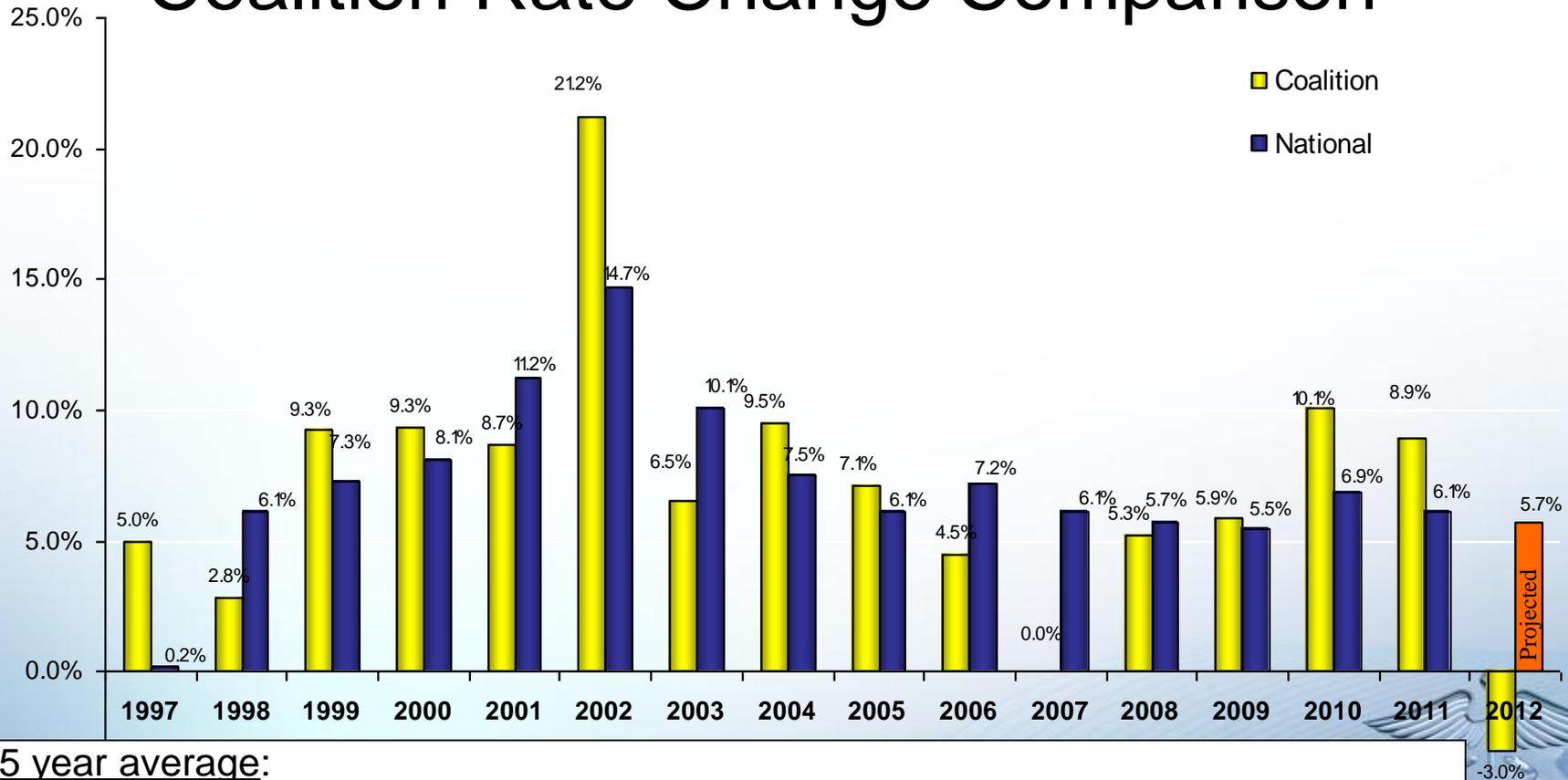
## Advantages of Health Care Coalition

- Greater buying power
  - Coalition: 716 employees
  - COG: 93 employees (enrollments)
- Lower administrative charges for larger groups
- Less volatility in claims experience
  - More consistent and predictable rates
- Cohesiveness exists among Coalition members
  - Doing what's best for employees is a primary focus across all jurisdictions





# Coalition Rate Change Comparison



## 5 year average:

- COG Health Care Coalition: 5.44%
- National: 5.98%

Note: Coalition and National increases are after plan changes. The National increases include employers that have been implementing aggressive cost reduction strategies while the Coalition has made comparatively minor changes.



## 2012 Renewal Summary

- UHC provided the Coalition with an initial increase of 1.1% or approximately \$81,339.00
  - Mercer's negotiations with UHC resulted in a **decrease** of 3.0%
  - The Coalition decided on making no plan design changes for 2012
  - The total Coalition's annual saving is \$310,387.





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## Savings for 2012 Renewal

Rate Exhibit				
Active Employees				
	Enrollment	Current	Renewal	Final Negotiated
<b>PPO</b>				
Employee	124	\$ 542.50	\$ 548.28	\$ 526.23
Employee+ 1	53	\$ 1,041.92	\$ 1,053.02	\$ 1,010.66
Family	63	\$ 1,447.61	\$ 1,463.03	\$ 1,404.18
<b>HMO</b>				
Employee	190	\$ 563.24	\$ 569.24	\$ 546.34
Employee+ 1	79	\$ 1,081.74	\$ 1,093.26	\$ 1,049.29
Family	112	\$ 1,502.94	\$ 1,518.95	\$ 1,457.85
Δ%			1.1%	-3.0%

Retirees				
	Enrollment	Current	Renewal	Final Negotiated
<b>PPO</b>				
Employee	29	\$ 433.85	\$ 438.47	\$ 420.83
Employee+ 1	22	\$ 833.25	\$ 842.13	\$ 808.25
Family	1	\$ 1,157.69	\$ 1,170.02	\$ 1,122.96
<b>HMO</b>				
Employee	19	\$ 450.59	\$ 455.39	\$ 437.07
Employee+ 1	23	\$ 865.38	\$ 874.60	\$ 839.42
Family	1	\$ 1,202.34	\$ 1,215.15	\$ 1,166.27
Δ%			1.1%	-3.0%

Cost Exhibit			
	Current Costs	Renewal Costs	Negotiated Costs
<b>Actives</b>			
<b>PPO</b>			
\$	67,270.00	\$ 67,986.69	\$ 65,252.52
\$	55,221.76	\$ 55,810.09	\$ 53,564.98
\$	91,199.43	\$ 92,171.06	\$ 88,463.34
<b>HMO</b>			
\$	107,015.60	\$ 108,155.73	\$ 103,804.60
\$	85,457.46	\$ 86,367.91	\$ 82,893.91
\$	168,329.28	\$ 170,122.64	\$ 163,279.20
<b>Annual Actives Cost:</b>	\$ 6,893,922.36	\$ 6,967,369.31	\$ 6,687,102.60
<b>Retirees</b>			
<b>PPO</b>			
\$	12,581.65	\$ 12,715.63	\$ 12,204.07
\$	18,331.50	\$ 18,526.86	\$ 17,781.50
\$	1,157.69	\$ 1,170.02	\$ 1,122.96
<b>HMO</b>			
\$	8,561.21	\$ 8,652.41	\$ 8,304.33
\$	19,903.74	\$ 20,115.80	\$ 19,306.66
\$	1,202.34	\$ 1,215.15	\$ 1,166.27
<b>Annual Retirees Cost:</b>	\$ 740,857.56	\$ 748,750.44	\$ 718,629.48
<b>Annual Active and Retiree Cost:</b>	\$ 7,634,779.92	\$ 7,716,119.75	\$ 7,405,732.08

### Projected Annual Costs and Savings:

Increase in Annual Cost from Current to Initial Renewal:	\$ 81,339.83
Final Negotiated Annual Savings from Current Costs:	\$ 229,047.84
Final Negotiated Annual Savings from Initial Renewal Costs:	\$ 310,387.67



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# 2011 Benchmark Analysis





## Benchmark Analysis

- Benchmark Source: 2011 Mercer Survey of Employer Sponsored Health Plans
- The survey groups chosen for this presentation include the following:
  - Government (500+)
  - National (500+)
  - Washington DC/Baltimore (500+)
- July, 2012 COG benefits and contributions are compared to January, 2011 benchmarks





# PPO Plan Design Comparison

PPO	COG	Government 500+	Washington DC/ Baltimore 500+	National 500+
Deductible (Individual) In Network Out of Network	\$500 \$1,000	\$350 \$600	\$300 \$500	\$500 \$750
Deductible (Family) In Network Out of Network	\$1,250 \$2,500	\$900 \$1,500	\$600 \$1,000	\$1,000 \$1,800
In Network Coinsurance	10%	20%	20%	20%
Out of Network Coinsurance	30%	30%	30%	40%
OOP Maximum (Individual) In Network Out of Network	\$1,400 \$2,000	\$2,000 \$4,000	\$2,000 \$3,000	\$2,000 \$4,000
In Network Hospital	10%	20%	10%	20%
ER	10%	\$100	\$100	\$100

\*Source: Mercer National Survey of Employer-Sponsored Health Plans 2011.



# HMO Plan Design Comparison

HMO	COG	Government 500+	Washington DC/ Baltimore 500+	National 500+
Office Visit Copay (PCP)	\$30	\$20	\$15	\$20
Office Visit Copay (SPC)	\$40	\$35	\$30	\$36
Inpatient Hospital	\$250 per day, max \$750	\$250 per admit	\$225 per admit	\$250 per admit
Outpatient Hospital	\$100	\$200	\$100	\$150
Emergency Room	\$100	\$100	\$50	\$100

\*Source: Mercer National Survey of Employer-Sponsored Health Plans 2011.





## Rx Plan Design Comparison

Rx	COG	Government 500+	Washington DC/ Baltimore 500+	National 500+
<b>Retail</b>				
Generic	\$10	\$9	\$9	\$10
Brand Formulary	\$25	\$27	\$26	\$30
Brand Non-formulary	\$45	\$46	\$42	\$49
<b>Mail Order</b>				
Generic	\$20	\$18	\$15	\$19
Brand Formulary	\$50	\$54	\$50	\$57
Brand Non-formulary	\$90	\$96	\$84	\$97

\*Source: Mercer National Survey of Employer-Sponsored Health Plans 2011.





# Contribution Comparison

	COG	Government 500+	Washington DC/ Baltimore 500+	National 500+
<b>Average monthly contribution for individual coverage</b>				
PPO / POS	\$84-\$105	\$79	\$108	\$111
HMO	\$87-\$109	\$57	\$101	\$102
<b>Average monthly contribution for family coverage</b>				
PPO / POS	\$225-\$281	\$296	\$356	\$366
HMO	\$233-\$292	\$257	\$308	\$376
<b>Average contribution for individual coverage as a % of premium</b>				
PPO / POS	17%-20%	16%	22%	23%
HMO	17%-20%	15%	22%	23%
<b>Average contribution for family coverage as a % of premium</b>				
PPO / POS	17%-20%	29%	26%	31%
HMO	17%-20%	21%	26%	30%

\*Source: Mercer National Survey of Employer-Sponsored Health Plans 2011.



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# How this may change due to Health Care Reform





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# Setting Up a Coalition --- Is it Right For TBRPC?

