

## Metro Health Insurance - Answers to FAQs

Louisville Metro Government (LMG) health insurance plans are comparable to other city, county and schools in this region. Over the years since merger, LMG has done several cost-saving measures to ensure that our health insurance costs are contained. Those efforts include, but are not limited to following:

- Consolidation from two vendor networks to one (Anthem and Humana down to just Humana)
- Began shifting FOP away from the union contract, high-cost legacy plan (effective 7/1/13), which means that new hires are no longer offered this plan, but those employees that were enrolled may remain (14 percent); 1 percent transition per year.
- Began shifting employees toward consumer-driven high-deductible health plans through HRA incentives and premium pricing structure (we had 262 participants in this plan in April of 2011 and currently have 1,946 in the plan prior to FY19 open enrollment)
- Initiated voluntary cost-savings for routine medical procedures wherein the employee shares in the savings through Humana Navigator (eg if an MRI is available at two places and one costs \$500 and the other costs \$900, the employee can share in the savings by going to the lower cost one)
- Routinely undertaken claims, pharmacy, and dependent audits
- Moved to self-insurance at merger
- Instituted a stop loss program at \$275K
- Unbundled pricing for pharmacy, claims administration, and stop loss coverage to receive separate bids—lowering the overall cost
- Implemented two different rounds of Wellness programs (Virgin Miles and Go365)—both with minimal uptake and no verifiable expense reductions
- Conduct wellness fairs each year
- Provide no-cost flu shots each year
- Focused on tobacco cessation along with a tobacco surcharge (that was determined to be a collective bargaining issue rather than a plan design issue)
- Instituted a spousal surcharge for spouses who have access to other health care plans (that was determined to be a collective bargaining issue rather than a plan design issue)
- Implemented a Wellness Center at 1<sup>st</sup> & Liberty.

Last year, LMG was specifically asked to improve recruiting and retaining public safety personnel. In an effort to do so, we did not increase health insurance premiums for the employees, as had been done in previous years. Health insurance benefits should be reviewed in the context of a full compensation package that includes pension and salary. Since the pension is different for those hired after 2009, in order to attract and retain talented individuals to LMG, we must compensate employees within a competitive market. Compensation can be offered with comparable health insurance package or through direct payments in the form of salaries. Direct payments in the form of salaries to recruit individuals drives up pension cost, because it increases the compensation on which pension is charged.

In FY19, non-LMPD Metro cost is \$33M (employees pay about \$8M)—meaning Metro pays about 76% of non-LMPD premiums (approx. 4,000 employees). FY19 LMPD Metro cost is \$27M (employees pay about \$2M)—meaning Metro pays about 93% of LMPD premiums (approx. 1,500 employees). Total cost is \$60.1 million (employees pay about \$10 million meaning Metro pays approximately 83.3%) in health insurance costs.

In a review of employers, LMG non-FOP health insurance plans are comparable in deductible, out-of-pocket, employee co-insurance percentages, co-pays, and monthly premiums. An example: monthly premium contribution costs for 3 benchmarks for employee plus family were the following: \$1,657, \$1,736, and \$1,902. LMG non-FOP plans are \$2,666 for the Choice Plan, \$1,964 for the Balanced Choice Plan. For the high deductible plan for employee plus family is \$1,536. LMG's Managed Choice is \$1,637.15.

In making decisions on health insurance plans, LMG utilizes national insurance consultants, benchmarks private sector best practices and considers stop-loss, medical claims data, wellness initiatives, and costs to LMG and the employee.