

City of Seguin | Gallagher Medical Renewal Review

October 16, 2024



Gallagher

Insurance | Risk Management | Consulting

Medical Renewal

Negotiated Renewal w/ Premium Credit

Carrier		BCBS	BCBS	BCBS
Plan Name		Current PPO	Negotiated Renewal	Negotiated Renewal w/ Credit
Rates	PPO	Current	Renewal	Renewal
Employee	308	\$615.75	\$637.18	\$637.18
Employee + Spouse	21	\$1,385.43	\$1,433.64	\$1,433.64
Employee + Child(ren)	75	\$1,169.92	\$1,210.63	\$1,210.63
Employee + Family	38	\$1,699.48	\$1,758.62	\$1,758.62
Monthly Cost		\$371,069	\$383,983	\$383,983
Annual Cost		\$4,452,831.24	\$4,607,792	\$4,452,792
Change from Current %%%		N/A	3.5%	0.0%
Change from Current \$\$\$		N/A	\$154,961.04	-\$38.96

- Premium credit is a flat \$155K amount and was negotiated to mitigate rate increase as best as possible
- Premium credit will be shown on the first bill of the new plan year and will be shown as a credit against that month's costs
- With current enrollment, the full premium credit will provide a decrease to total annual premium cost

Medical Renewal

HDHP (HSA Eligible) Plan Option

Carrier	BCBS		BCBS	
Plan Name	Current PPO	Current PPO	Plan Option with HSA Plan	
	PPO	PPO	PPO	HDHP Plan
Individual Annual Deductible	\$1,500	\$1,500	\$1,500	\$5,000
Family Annual Deductible	\$3,000	\$3,000	\$3,000	\$10,000
Co-insurance	20%	20%	20%	0%
Individual Out of Pocket Maximum	\$4,000	\$4,000	\$4,000	\$5,000
Family Out of Pocket Maximum	\$8,000	\$8,000	\$8,000	\$10,000
PCP Visit Copay	\$25	\$25	\$25	0%
Specialist Visit Copay	\$50	\$50	\$50	0%
Emergency Room	\$500	\$500	\$500	0%
Rates	Current	Renewal	Renewal	
Employee	\$615.75	\$738.90	\$637.18	\$525.04
Employee + Spouse	\$1,385.43	\$1,662.52	\$1,433.64	\$1,181.34
Employee + Child(ren)	\$1,169.92	\$1,403.90	\$1,210.63	\$997.57
Employee + Family	\$1,699.48	\$2,039.38	\$1,758.62	\$1,449.12
Monthly Cost	\$371,069	\$445,283	\$345,854	\$32,416
Annual Cost	\$4,452,831	\$5,343,397	\$4,150,247	\$388,992
Combined Annual Cost	\$4,452,831.24	\$5,343,396.72	\$4,539,238.80	
Change from Current %%%	N/A	20.0%	1.9%	
Change from Current \$\$\$	N/A	\$890,565.48	\$86,407.56	

- The HDHP provides a zero-coinsurance plan option meaning that once members reach the higher deductible, they have also satisfied their out-of-pocket maximum
- The new plan can be offered next to the current PPO plan without impacting the current PPO rates
- For the financial analysis, we assumed a 10% member migration which would be a relatively high migration rate for a new plan with the same employee-only premium

PPO	HDHP
277	31
19	2
68	8
34	4

Benchmarking

Current PPO Plan

	City of Seguin	GBS Survey	
	PPO	100-499 Employees	Public Entity
DEDUCTIBLE		Median	Median
Individual	\$1,500	\$1,500	\$750
Family	\$3,000	\$3,000	\$2,000
OUT-OF-POCKET MAXIMUM			
Individual	\$4,000	\$4,000	\$3,000
Family	\$8,000	\$8,000	\$6,000
COINSURANCE	20%	20%	20%
COPAYS			
PCP	\$25	\$25	\$25
Specialist	\$50	\$40	\$40
ER	\$500	\$200	\$150
PRESCRIPTION DRUG			
Generic	\$10	\$10	\$10
Preferred Brand	\$35	\$30	\$30
Non-Preferred Brand	\$70	\$50	\$55

- Based upon size, the City falls right in line with benchmark
- Many of the other public entity groups have a significantly higher headcount and/or do not offer a zero premium benefit tier

Benchmarking

Proposed HSA Plan Alternate

	City of Seguin	GBS Survey (HRA)		GBS Survey (HDHP w/ HSA)	
	HSA Plan	100-499 Employees	Public Entity	100-499 Employees	Public Entity
DEDUCTIBLE		Median	Median	Median	Median
Individual	\$5,000	\$3,000	\$2,000	\$3,000	\$2,000
Family	\$10,000	\$6,000	\$4,000	\$6,000	\$4,000
OUT-OF-POCKET MAXIMUM					
Individual	\$5,000	\$5,000	\$4,000	\$4,500	\$3,200
Family	\$10,000	\$10,000	\$8,000	\$8,500	\$6,400
COINSURANCE	0%	20%	20%	20%	20%
COPAYS					
PCP	0% after deductible	20% after deductible	20% after deductible	20% after deductible	20% after deductible
Specialist	0% after deductible	20% after deductible	20% after deductible	20% after deductible	20% after deductible
ER	0% after deductible	20% after deductible	20% after deductible	20% after deductible	20% after deductible
PRESCRIPTION DRUG					
Generic	0% after deductible	20% after deductible	20% after deductible	20% after deductible	20% after deductible
Preferred Brand	0% after deductible	20% after deductible	20% after deductible	20% after deductible	20% after deductible
Non-Preferred Brand	0% after deductible	20% after deductible	20% after deductible	20% after deductible	20% after deductible

- 48% of public entity firms in Gallagher’s book of business 100% subsidize employee only coverage
- The tradeoff in this plan design would be a higher deductible level that was then offset by no coinsurance responsibility for members

Thank you!

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