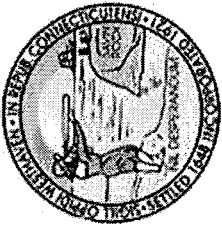




## IAFF Local 5127 Cost Savings

### Key Drivers of Cost Savings:

- 0% GWI in FY 2018 savings of \$19,872.84
- Annual Savings on HDHP the City is estimated to save \$8,195
- Accumulated Sick Leave no longer paid out for employees hired after February 5, 2018. Estimated savings of \$17,820 per employee x 15 employees = \$267,300



## IAFF Local 5127 Cost Savings

### Key Drivers of Cost Savings:

- Sick Days no longer included in the calculation of overtime estimated savings of \$1,485 per employee x 15 employees based on Avg. 5 Days taken annually = \$22,275
- The City would no longer pay Longevity for employees hired after Feb 5, 2018 annual savings \$10,650
- Employees hired on or after Feb 5, 2018 no longer eligible for medical benefits saving would be \$95,985 per employee on Plan F Age 65-80

2017-18 Current Plan Rates

FD #439 (ERS) Headcount	Monthly PPO Rate	Annual PPO Rate	Contribution Share	Employee		Employer		Employer HSA Funding	Total Annual Employer Cost
				Monthly Contribution	Annual Contribution	Monthly Contribution	Annual Contribution		
Single	\$ 945.79	\$ 11,349.48	14%	\$ 132.41	\$ 1,588.93	\$ 813.38	\$ 9,760.55	\$ -	\$ 9,760.55
Two Person	\$ 1,981.33	\$ 23,775.96	14%	\$ 277.39	\$ 3,328.63	\$ 1,703.94	\$ 20,447.33	\$ -	\$ 20,447.33
Family	\$ 2,424.76	\$ 29,097.12	14%	\$ 339.47	\$ 4,073.60	\$ 2,085.29	\$ 25,023.52	\$ -	\$ 25,023.52
<b>Total</b>	<b>\$ 26,700</b>	<b>\$ 320,406</b>		<b>\$ 3,738</b>	<b>\$ 44,857</b>	<b>\$ 22,962</b>	<b>\$ 275,549</b>	<b>\$ -</b>	<b>\$ 275,549</b>

West Haven ERS Buy Up Scenario (assumes 50% enrollment in H.S.A)

2017-18 Current Plan Rates

FD #439 (ERS) Headcount	Monthly PPO Rate	Annual PPO Rate	Contribution Share	Employee		Employer		Employer HSA Funding	Total Annual Employer Cost
				Monthly Contribution	Annual Contribution	Monthly Contribution	Annual Contribution		
Single	\$ 945.79	\$ 11,349.48	25%	\$ 234.90	\$ 2,818.76	\$ 710.89	\$ 8,530.72	\$ -	\$ 8,530.72
Two Person	\$ 1,981.33	\$ 23,775.96	25%	\$ 492.09	\$ 5,905.02	\$ 1,489.24	\$ 17,870.94	\$ -	\$ 17,870.94
Family	\$ 2,424.76	\$ 29,097.12	25%	\$ 602.21	\$ 7,226.56	\$ 1,822.55	\$ 21,870.56	\$ -	\$ 21,870.56
<b>Total</b>	<b>\$ 13,129</b>	<b>\$ 157,542</b>		<b>\$ 3,261</b>	<b>\$ 39,127</b>	<b>\$ 9,868</b>	<b>\$ 118,415</b>	<b>\$ -</b>	<b>\$ 118,415</b>

2017-18 Proposed HDHP Plan Rates

FD #439 (ERS) Headcount	Monthly PPO Rate	Annual PPO Rate	Contribution Share	Employee		Employer		Employer HSA Funding	Total Annual Employer Cost
				Monthly Contribution	Annual Contribution	Monthly Contribution	Annual Contribution		
Single	\$ 826.62	\$ 9,919.44	14%	\$ 115.73	\$ 1,388.72	\$ 710.89	\$ 8,530.72	\$ 1,000	\$ 9,530.72
Two Person	\$ 1,731.68	\$ 20,780.16	14%	\$ 242.44	\$ 2,909.22	\$ 1,489.24	\$ 17,870.94	\$ 2,000	\$ 19,870.94
Family	\$ 2,119.24	\$ 25,430.88	14%	\$ 296.69	\$ 3,560.32	\$ 1,822.55	\$ 21,870.56	\$ 2,000	\$ 23,870.56
<b>Total</b>	<b>\$ 11,862</b>	<b>\$ 142,343</b>		<b>\$ 1,661</b>	<b>\$ 19,928</b>	<b>\$ 10,201</b>	<b>\$ 122,415</b>	<b>\$ 11,000</b>	<b>\$ 134,415</b>

<b>Total</b>	<b>14</b>	<b>\$ 24,990</b>	<b>\$ 299,885</b>	<b>\$ 4,921</b>	<b>\$ 59,055</b>	<b>\$ 20,069</b>	<b>\$ 240,830</b>	<b>\$ 11,000</b>	<b>\$ 252,830</b>
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**Lockton/West Haven 3 year Savings Plan**

<b>Plan Year 2016 - 2017</b>	
<b>Savings Action</b>	<b>Savings \$'s</b>
We Negotiated the terms of the Prescription Drug contract, Network access fees, and administrative fees resulting in \$297,554 of savings in the administrative fees and an additional \$126,642 in Rx rebates at settlement. The total fixed cost savings was \$424,196.	\$424,196
We performed a full marketing of the Life & Disability policies, moving both coverages to The Standard. The result was fixed cost savings of \$116,000.	\$116,000
We performed a full marketing of the Stop Loss insurance. Coverage was moved from Anthem to AIG and the individual stop loss deductible was moved to \$250,000. The marketing achieved fixed cost savings of \$702,000.	\$702,000
We moved the post 65 retiree medicare surround coverage from fully insured with Anthem to self-funded with IPI resulting in \$334,000 of savings.	\$334,000
We negotiated , in writing, the ability for West Haven to shut off claims twice a year for up to 60 days. This allows for cash flow ease until taxes are paid. The maximum claim drag is \$5,000,000	\$5,000,000
<b>Total plan year savings</b>	<b>\$1,576,196</b>
<b>Total plan year budget flexibility savings</b>	<b>\$5,000,000</b>

<b>Plan year 2017 - 2018</b>	
<b>Savings Action</b>	<b>Savings \$'s</b>
We negotiated the administrative fees and Network Access Fees with Anthem resulting in fixed cost savings of \$40,638	\$40,638
We performed a full Stop Loss marketing and negotiated with AIG. The renewal started at a 45% increase and ended at a 15% increase. These actions resulted in \$285,381 in fixed cost savings.	\$285,381
We collaborated with West Haven/BOE leadership, finance, and legal counsel to help the teachers, nurses, and paras vote for a full replacement High Deductible Health Plan. Total savings to the plan based on projected claim patterns of \$1,000,000. Currently through February 2018 the BOE is running at \$409,931 better than expected (due to implementation of the high deductible health plan)	\$1,000,000
We renegotiated , in writing, the ability for West Haven to shut off claims twice a year for up to 60 days. This allows for cash flow ease until taxes are paid. The maximum claim drag is \$5,000,000	\$5,000,000
<b>Total plan year projected savings</b>	<b>\$1,326,019</b>
<b>Total plan year budget flexibility savings</b>	<b>\$5,000,000</b>

<b>Plan year 2018- 2019</b>	
<b>Savings Action</b>	<b>Savings \$'s</b>
We are negotiating the administrative fees and Network Access Fees with Anthem currently	TBD
We are performing a full Stop Loss marketing and will negotiate with AIG.	TBD
We are collaborating with West Haven/BOE leadership, finance, and legal counsel to help the remaining unions vote for a full replacement or buy-up High Deductible Health Plan. We currently have agreement from the Emergency Response Services union and Water Pollution Control union to add buy-up HDHP plans effective 7/1/18. Projected savings will vary based on enrollment since it is a buy-up scenario. We would expect the remaining unions claims to have the same positive outcome that the BOE is currently seeing.	TBD
We renegotiated , in writing, the ability for West Haven to shut off claims twice a year for up to 60 days. This allows for cash flow ease until taxes are paid. The maximum claim drag is \$5,000,000	\$5,000,000
<b>Total plan year projected savings</b>	<b>TBD</b>
<b>Total plan year budget flexibility savings</b>	<b>\$5,000,000</b>

**City of West Haven  
Projected Cost Comparison vs. State Partnership Plan 2.0**

	Current Plan Rates vs State Partnership Rates			Enrollment			
	7/1/17 - 6/30/18 Renewal Allocation Rates + HSA/HRA Seed Money Current PPO and HDHP plans (Using December 2017 Headcounts)	State Plan (4/1/2018 Rates)	State Plan Increase / (Savings)	Active	U65 Retirees	65+ No Medicare Retirees	Total
BOE - Teachers/Nurses	\$ 10,697,689	\$ 9,516,216	\$ (1,181,473)	432	48	23	503
BOE - Para's	\$ 1,049,612	\$ 871,580	\$ (178,032)	83	7	2	92
BOE - Administrators	\$ 815,439	\$ 777,242	\$ (38,197)	24	0	8	32
BOE - AFSCME/CWA	\$ 2,135,787	\$ 1,696,708	\$ (439,079)	92	1	2	95
BOE - RCSC	\$ 469,086	\$ 727,987	\$ 258,901	0	0	27	27
BOE - Misc Retirees	\$ 84,676	\$ 132,042	\$ 47,366	0	0	6	6
City - Allingtown	\$ 1,245,495	\$ 1,473,956	\$ 228,461	20	23	17	60
City - Police	\$ 4,224,075	\$ 4,076,030	\$ (148,045)	120	66	2	188
City - Local 1103	\$ 1,006,734	\$ 892,108	\$ (114,626)	43	3	0	46
City - Local 681	\$ 1,943,862	\$ 1,693,639	\$ (250,223)	92	2	0	94
City - ERS	\$ 315,084	\$ 272,959	\$ (42,125)	14	0	0	14
City - Misc Retirees	\$ 961,089	\$ 1,078,503	\$ 117,414	0	32	11	43
City - WPC	\$ 415,152	\$ 367,098	\$ (48,054)	21	0	0	21
<b>Total</b>	<b>\$ 25,363,780</b>	<b>\$ 23,576,068</b>	<b>\$ (1,787,712)</b>	<b>941</b>	<b>182</b>	<b>98</b>	<b>1221</b>
Current self-funded plan runoff cost (reported by Anthem in March 18)	N/A	\$ 2,269,900					
<b>Total allocation premium with runoff</b>	<b>\$ 25,363,780</b>	<b>\$ 25,845,968</b>	<b>\$ 482,188</b>				

Added cash flow costs moving from Self-Funded to State Plan		
Claim lag payment (est 60 days)		
<b>Total Projected Plan Year Budget Cost</b>	<b>\$ 4,539,800</b>	<b>\$ 5,021,988</b>
	N/A	

Full Replacement HSA Plan (On Active Employees) Cost Projection		
Luminos HSA,		
\$2000/\$4000, 50% funding of HSA by City		
The bottom line is that moving to the State Plan would cost almost \$4.6 million more than the projected 2017/18 budget due to need to pay runoff and the loss of the claim lag.		
RX at \$5/\$25/\$40		
Projected Annual Plan Cost (no claim lag)	\$ 23,406,030	-7.7%
Projected HSA funding Cost	\$ 1,560,000	
Projected Total Replacement HSA (Active Only) Cost	\$ 24,966,030	
<b>Projected Total Replacement HSA Savings</b>	<b>\$ (397,750)</b>	<b>-1.6%</b>

**City of West Haven Historical Health Expenditures**

Measures	2014 - 2015 Policy Year 1316	2015 - 2016 Policy Year 1332	2016 - 2017 Policy Year 1266	2017 - 2018 Policy YTD (Feb) 1220
Employee Average Headcount				
Employee Contributions & Other				
Contributions - Employee	\$0	\$0	\$0	\$0
State Reimbursements	\$0	\$510,531	\$468,319	\$531,407
Pharmaceutical Rebates	\$0	\$0	\$126,642	\$0
Medicare Rebates	\$0	\$0	\$0	\$0
Cobra	\$0	\$0	\$0	\$0
Total Employee Contributions & Other	<b>\$0</b>	<b>\$510,531</b>	<b>\$594,961</b>	<b>\$531,407</b>
Employer Contributions				
GF Cont. To Risk	\$0	\$0	\$0	\$0
Health Reserves	\$0	\$0	\$0	\$0
Misc. Revenues	\$0	\$0	\$0	\$0
Total Employer Contributions	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Total Revenues	<b>\$0</b>	<b>\$510,531</b>	<b>\$594,961</b>	<b>\$531,407</b>
Expenses				
Claims - Medical & Pharmacy (Net of Stop loss Reimbursements)	\$19,951,497.82	\$25,039,073.53	\$23,156,632.86	\$15,454,333.60
Admin Costs	\$480,356.36	\$507,333.25	\$264,089.10	\$216,898.11
Network Access Fees	\$403,927.00	\$398,521.00	\$299,766.00	\$259,128.00
Stop Loss Premium	\$1,343,449.80	\$1,402,476.83	\$1,027,789.80	\$753,825.82
Total Expenses	<b>\$22,179,230.98</b>	<b>\$27,347,404.61</b>	<b>\$24,748,277.76</b>	<b>\$16,684,185.53</b>