

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Human Resources

AGENDA DATE: May 31, 2016

CONTACT PERSON NAME AND PHONE NUMBER: Linda Ball Thomas, Director (915) 212-0045
Dionne Mack, Acting Director of Quality of Life Depts
(915) 212-1070

DISTRICT(S) AFFECTED: All

STRATEGIC GOAL: Strategic Goal 6: Set the Standard for Sound Governance and Fiscal Management

SUBJECT:

PRESENTATION ON EMPLOYEE COMPENSATION AND BENEFITS: HEALTH CARE FY 17

BACKGROUND / DISCUSSION:

THE CITY IS REDESIGNING AND REDEFINING HEALTH CARE BENEFITS

PRIOR COUNCIL ACTION:

THIS IS A NEW ACTION

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD/COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing,
client department should sign also)



FY2017 ANNUAL BUDGET PLANNING

EMPLOYEE COMPENSATION AND BENEFITS: HEALTHCARE

ITEM# 33.1

May 31, 2016



AGENDA

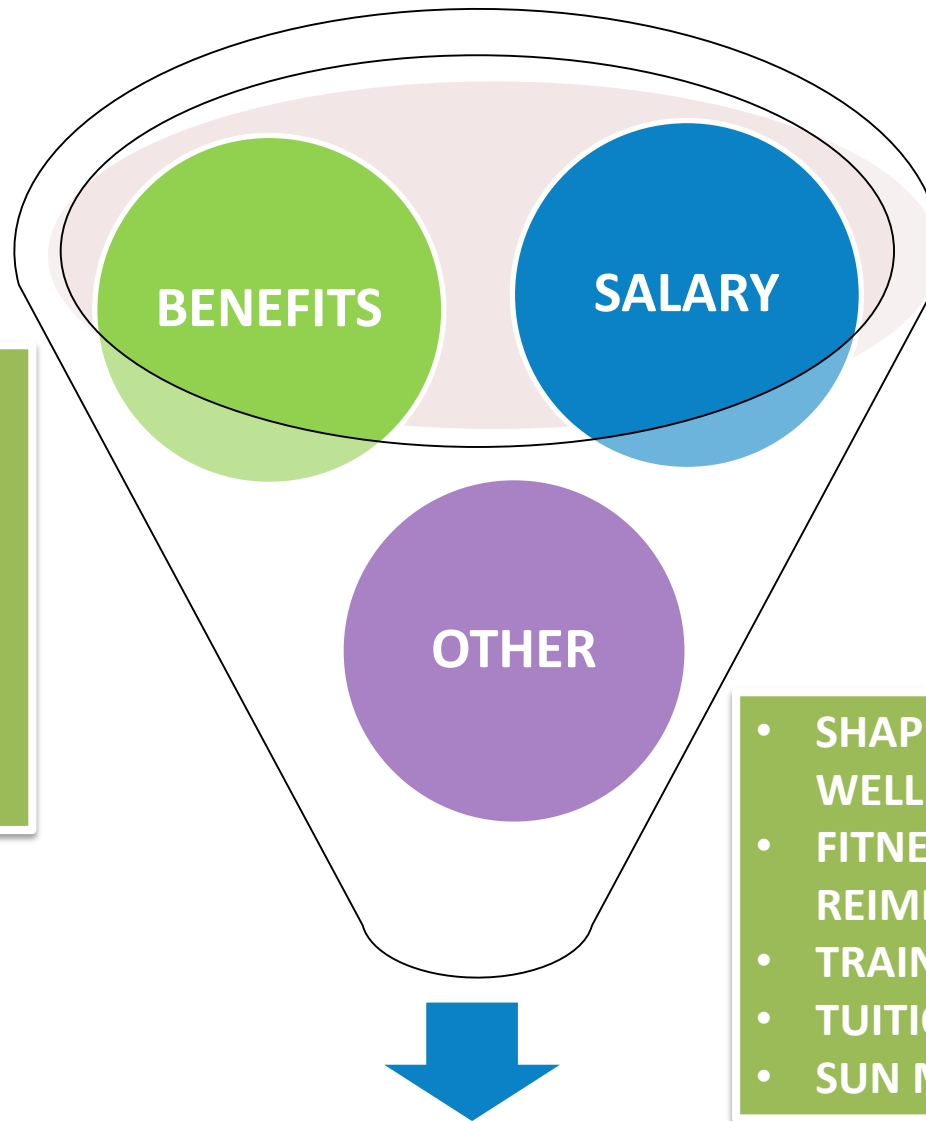
HEALTHCARE PLAN RE-DESIGN (non-bargained)

6/14/16

EMPLOYEE COMPENSATION PLAN



TOTAL COMPENSATION



- MEDICAL
- DENTAL
- VISION
- 457 DEFERRED COMPENSATION
- SHORT TERM DISABILITY
- LIFE INSURANCE

- SALARY
- OVERTIME
- ALLOWANCES
- CERTIFICATION PAY

- SHAPE IT UP! EL PASO WELLNESS PROGRAM
- FITNESS FACILITY REIMBURSEMENT
- TRAINING
- TUITION REIMBURSEMENT
- SUN METRO BUS PASS

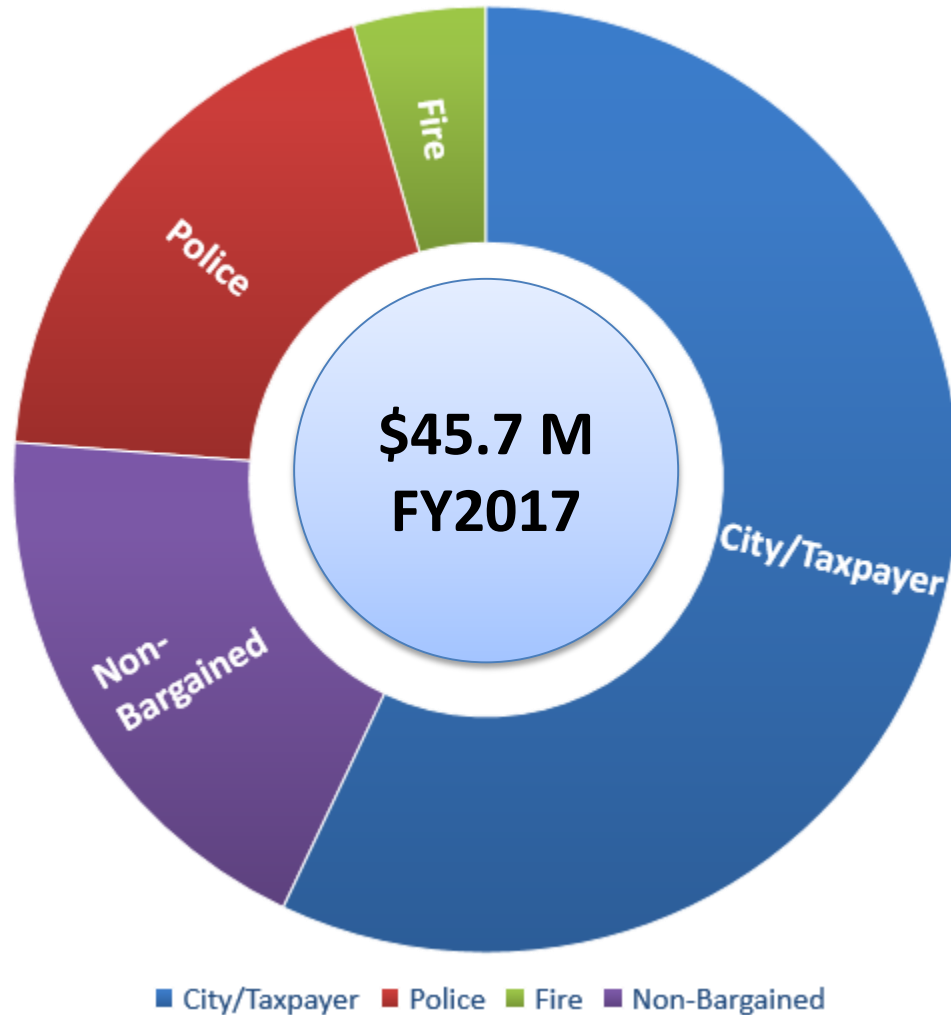
TOTAL COMPENSATION

"Delivering Outstanding Services"



SELF INSURED

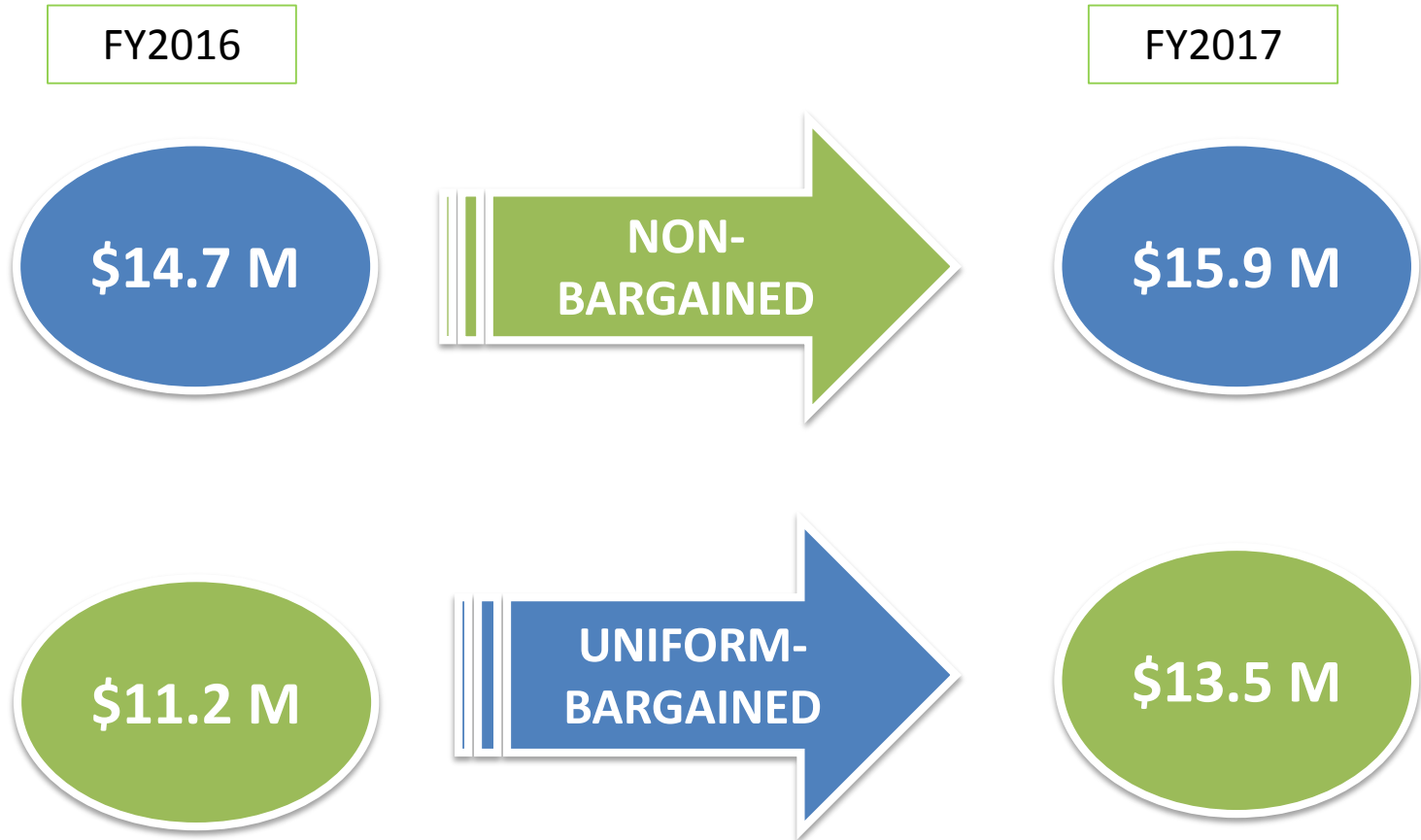
Employer/Employee Cost Share MEDICAL COVERAGE





FY2017 HEALTHCARE COSTS

PRELIMINARY BUDGET





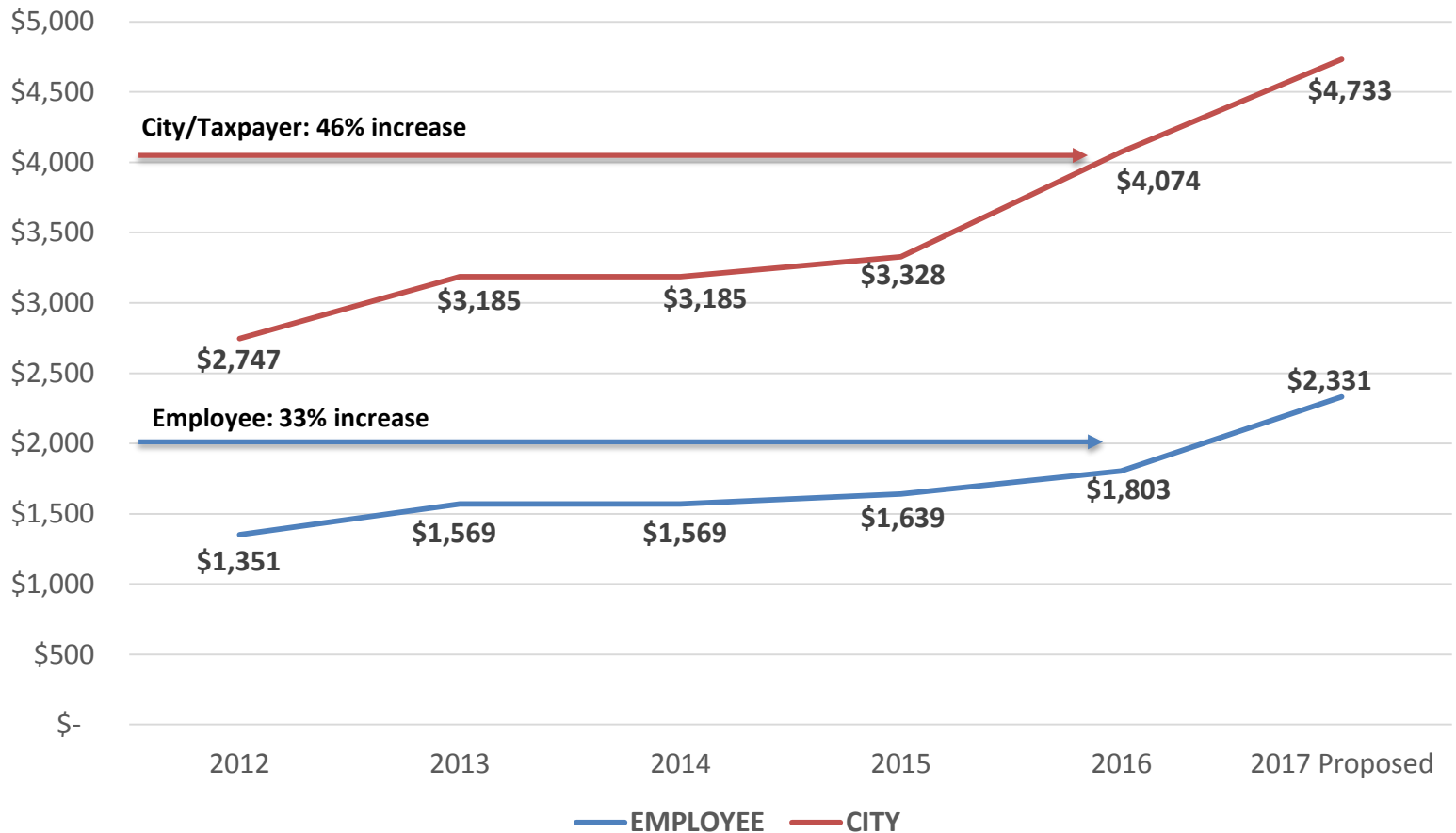
CHALLENGE

- Medical financial forecast requires an overall increase of **\$4,975,447** to cover non-bargained employees health coverage cost for calendar year 2017.
- Without a change in plan design, all non-bargained plan participant contribution rates would need to increase by **29.3%** beginning January 2017.
- Employee contribution increases would range from **\$336 to \$3452** annually, depending on plan.



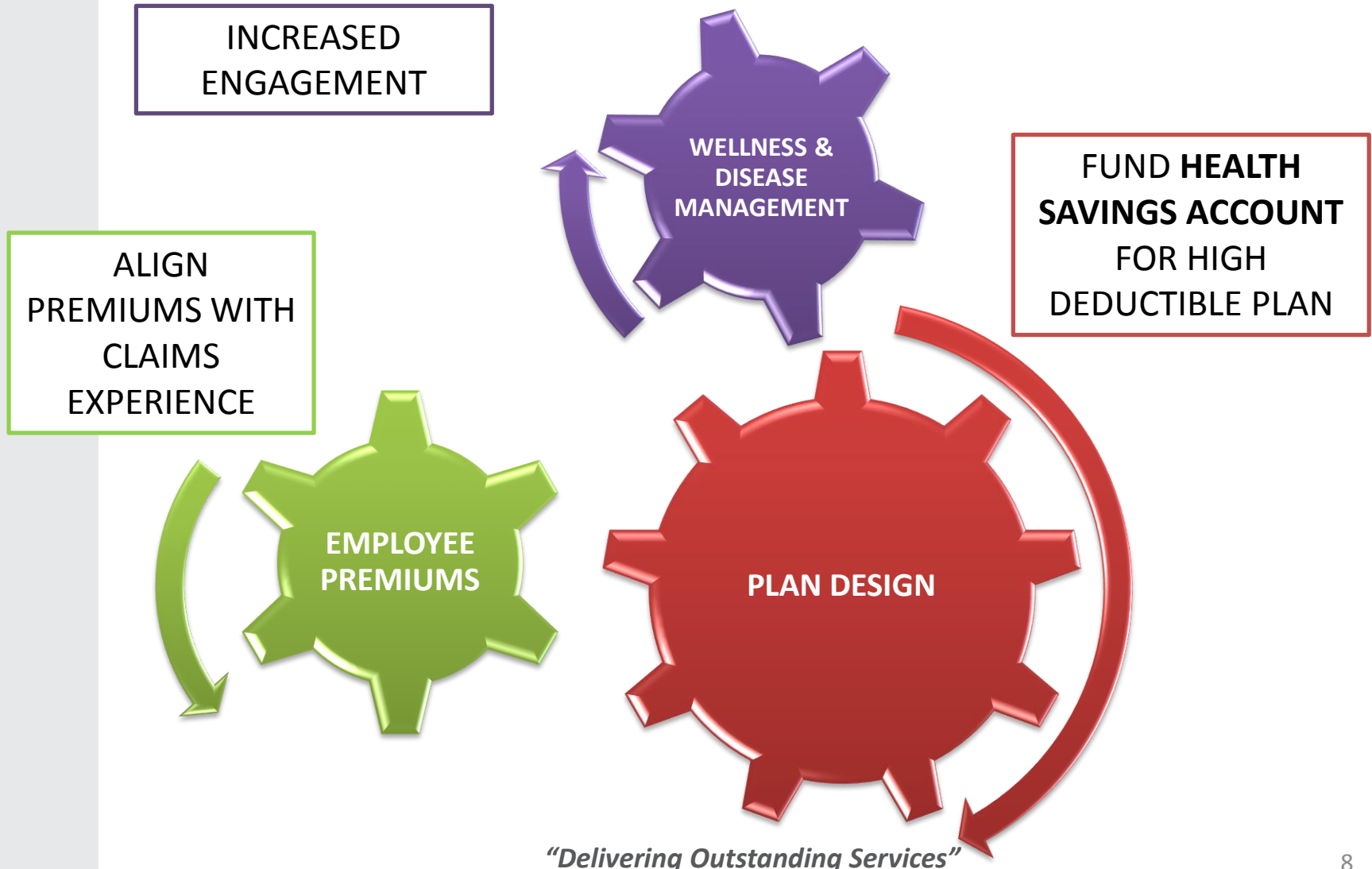
INCREASING HEALTHCARE COST

CITY NON-BARGAINED EMPLOYEE ONLY BASIC MEDICAL PLAN ANNUAL COST





COST MANAGEMENT





PLAN RE-DESIGN

- ⊙ **Four Tier Deduction Strategy:**
 - Employee only
 - Employee & Spouse
 - Employee & Child(ren)
 - Employee & Family

- ⊙ **Wellness incentive to include spouses for biometric test participation**
 - \$600 reduction to payroll deduction per employee
 - \$600 reduction to payroll deduction for spouse

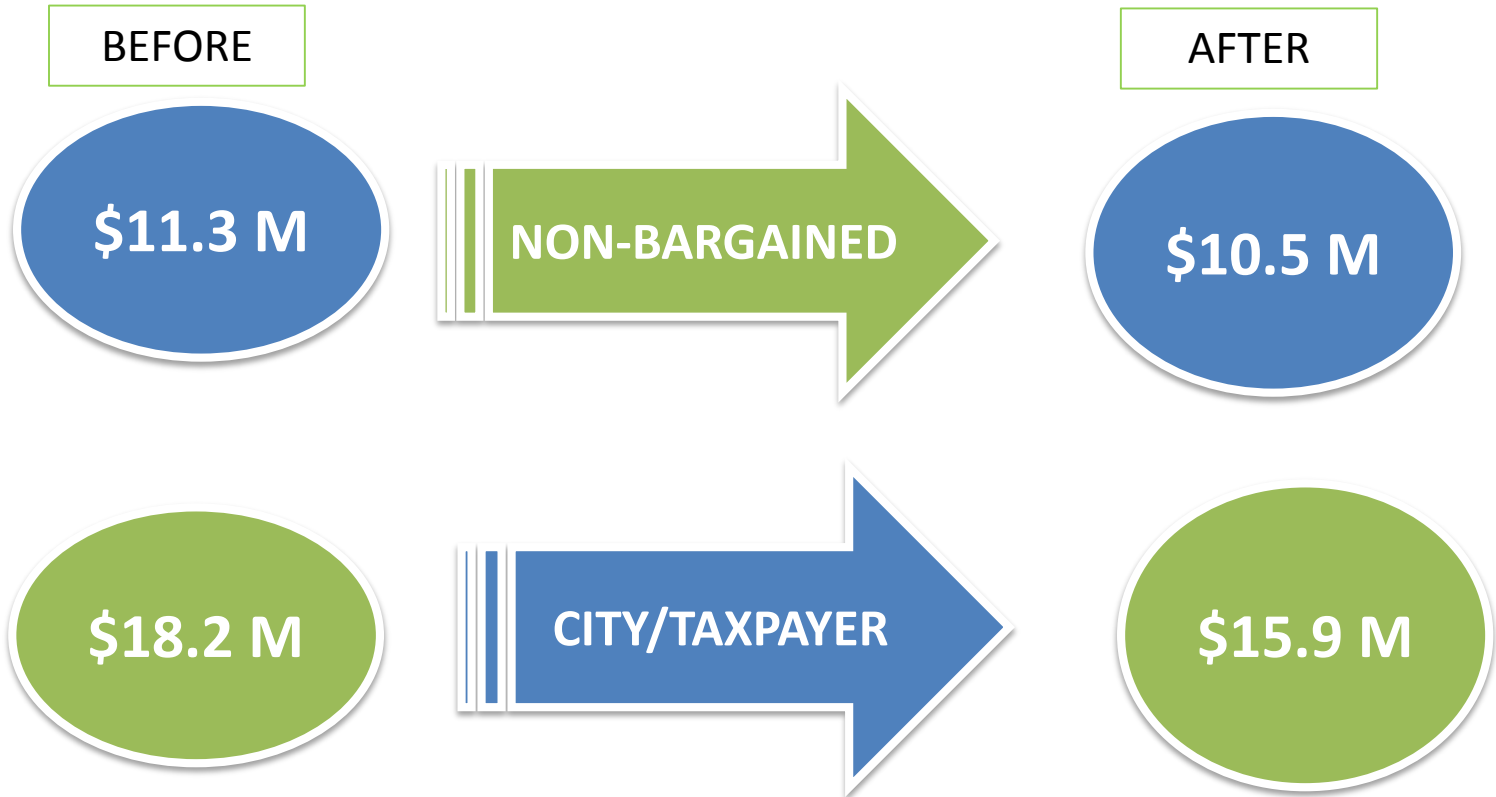
- ⊙ **Health Savings Account Employer Annual Contribution** (CDHP option)
 - \$500 Employee
 - \$1,000 Employee plus

- ⊙ **High Performance Network:** Lower out of pocket cost by choosing from 12 categories of specialist. High quality care at reasonable cost.

- ⊙ **Adjustments to deductible levels**



HEALTHCARE COSTS POST PLAN RE-DESIGN





RESULT

- **70%*** of non-bargained enrollees will contribute ***the same or less*** with the proposed new plan design options.
- Reduced out of pocket premium cost for city/taxpayer and non-bargained enrollees by **\$3,163,620** for medical plan year beginning Jan. 1, 2017.



QUESTIONS?

"Delivering Outstanding Services"