

# Council Study Session

April 16, 2018

**Title:** Health Benefit Plan Review  
**Item Type:** Request for Direction  
**Requested by Council?** No  
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## **Discussion Questions:**

Does the City Council wish to proceed with moving to a Health Benefit Insurance Program Offered through City County Insurance Services (CIS)?

## **Resource Requirements:**

The plan offered by CIS could have no additional budgetary impact. If we remain self-funded the increased contributions would total \$1,412,755.

## **Suggested Next Steps:**

Staff recommends moving forward with the insurance program offered by CIS. Staff is seeking direction on whether to stay self-funded or move to a fully insured plan.

## **Policies, Plans and Goals Supported:**

## **Background and Additional Information:**

The City offers health benefits to employees. The well-being of our employees is a critical aspect in maintaining a high performing work force. The current premium allocation, as negotiated in labor contracts, is a 95 percent City Contribution and 5 percent employee contribution. The proposed change from having a local self-funded health insurance program to a larger self-funded health insurance trust program through CIS maintains the current benefit level to employees for the next 18 months.

The City currently offers health benefits to employees utilizing a self-funded health plan. Being self-funded means that the City is required to pay all claims incurred up to \$150,000 per participant. The City takes on all the risk of potential claims and must find funds if the budgeted revenue does not cover our actual expenditures. For the first eight months of the Fiscal Year the City has paid out over \$422,000 in claims above premiums received. For the current Fiscal Year

we are under collecting based on claim experience. Being self-funded means that we need to develop means to address the overage in claims. Our claims history over the past three years have not allowed us to develop any sort of reserve funding mechanism to remain sustainable over time.

At the end of February the fund has a balance of negative \$26,000 (Likely up to \$63,000 by the end of March). With negative reserves, the financial risk to the City becomes alarming and in need of evaluation. In anticipation of reaching a negative fund balance, Staff reached out to JL Jones, the City's Health Benefit Program consultant, to conduct a thorough analysis of our plan. The analysis included everything from the cost to maintain our self-funded plan, benefit changes, comparison with other jurisdictions, along with marketing our plan to insurance companies.

The fund has a restricted reserve for accrued claims of \$472,616 to cover incurred but not reported (IBNR) claims. These are claims that are attributed to the current period but yet to be billed. It is estimated that the City has an IBNR of approximately \$800,000-\$1 million currently.

### **Analysis of our Health Benefit Plan**

JL Jones provided City staff with a thorough analysis that determined entering into a self-funded insurance program through CIS would be the most beneficial to the City. This is primarily due to claim experience that has consistently exceeded previous estimates. The larger pool of participants associated with the CIS insurance dilutes the risk that the City currently faces (and pays for) as a very small, independent self-insured entity of approximately 730 covered lives.

In comparing our benefit offerings to other jurisdiction, the data shows that the City currently offers a superior benefit. The City's current benefits are better in essentially every category, with the exception in some cases of the pharmacy co-pay for non-formulary medications. The employee cost share is also lower than the other employers on the spreadsheet. The City's VEBA program is footnoted, as this program is unique to the City in comparison to the other employers included (see attached).

Every year, an analysis is completed to review projected claims for the proceeding years and the corresponding premium impact. The analysis based on our claim experience showed a need to raise premiums 37 percent for Fiscal Year 2018/19. The 37 percent premium increase far exceeded the amount budgeted and would have a \$1.4 million increase over currently budgeted amounts. A comparison of the increases is provided as an attachment. For example, the General Fund would need to contribute an additional \$513,389 next year (requiring budget adjustments for the final year of the biennium). This premium increase would only cover estimated claims for the next fiscal year and not build a reserve. In order to pay for the estimated claims, and build a reserve, the premiums would need to increase closer to 50 percent.

Making benefit changes, with increased deductible and co-pays, could produce a 10-15 percent savings but would still require a 25 percent premium increases (15 percent above budget). Having negotiated labor contract with the contribution split cannot be easily changed in a timely manner, due to the fact that the 95/5 premium payment split is embedded in each of the bargaining group contracts.

### **Health Plan Options (Bids Received)**

When marketing our plan to insurance companies, JL Jones was pleasantly surprised by the results. Both CIS and Moda Health Insurance provided premiums well below the estimated cost of remaining locally self-funded. CIS offered the City an 18 month plan option with no changes to benefit offerings, outside of changing from Pacific Source to the Blue Cross Regence Network. The 18 month plan would allow the City time to communicate to employees' potential changes to the health benefit plan over the next year and a half. It is anticipated that the deductibles and co-pays will increase in 18 months. Staff does not know at this time the premium changes in 18 months, but based on current claim experience, staff expects an increase of 10-20 percent. Over the next 18 months, the City expects to save around \$1 million in estimated claim cost within the self-insured plan versus CIS premiums. This savings would be used to pay the run out cost of the plan, as well as build a reserve fund to help mitigate future premium increases.

The CIS option could not have come at a better time for the City of Ashland. With no premium increases, an 18 month period to work towards a health benefit reserve fund, and escalation in overall health care cost still happening. Over the last 35 years the cost of health insurance have grown an average of 7 percent annual, doubling costs in 10 years. With rising premiums, and overall healthcare cost increases, we can expect that our premiums will increase at least \$750,000 for the January 1, 2020 renewal. If we are able to build a reserve with unspent budgeted funds, we will be able to help offset the increase.

### **Budget Impacts/Reserve Fund Opportunity**

The premiums charged by CIS for the next 18 months are slightly lower than the current rates. It was anticipated during budgeting process that premiums would increase 10 percent in FY 2018/19. With the lower premiums from CIS, Staff is recommending that we maintain the actual 95/5 split with employees, resulting in a slight reduction in employee contributions, but keep the City's budgeted increase in place. There are several reasons for this recommendation:

- 1) Ensure the City has available resources to pay the run out cost of the plan. The City could have claims being processed for up to a year post self-funded plan dissolution.
- 2) Start building a health benefit reserve fund to help mitigate future premium increases. The reserve fund would only start after all claims are paid. With a health benefit reserve fund, Staff is optimistic that premium increases can be smoothed. The reserve will benefit the entire City including utilities.

Staff is also recommending the forgiveness of the loan between the Reserve Fund and the Health Benefit Fund. Staff is recommending dissolving the self-funded plan due to the financial well-being of the fund with a currently negative fund balance. The health benefit fund does not have the access to a funding source to repay the loan and with no new revenue will not have the capability to generate additional revenue.

## **Information about CIS (from CIS Website: <https://www.cisoregon.org/About>)**

### **Who We Are**

CIS (City County Insurance Services), was formed by the League of Oregon Cities and the Association of Oregon Counties to meet the risk management and employee benefit needs of Oregon cities, counties and other eligible local governments. The CIS Board of Trustees administers the CIS Trust which includes the CIS Property/Casualty Trust and the two CIS Benefits trusts: EBS (cities) and AOCIT (counties).

CIS provides comprehensive property/liability and workers' compensation (CIS P/C Trust) and employee benefits coverage (EBS and AOCIT) tailored to the needs of our members. These programs are supported by expert claims management and legal defense, training, and personalized risk management services.

### **Our Members**

CIS supports 98% of cities and over 78% of counties in Oregon with at least one type of coverage. Our members are large and small, and in every corner of the state. They join CIS knowing that by sharing their risks, they will accomplish more together than they can alone.

CIS knows Oregon; we know local government issues in different regions of the state and we make available to members a variety of risk management and loss prevention services to assist in meeting their communities' needs while protecting financial and human resources.

### **City of Ashland and CIS Partnerships**

The City of Ashland is one of the funding members of the CIS Trust.

The City of Ashland has been a member of CIS for many years under the property/liability insurance program. The City has been pleased with the level of service provided by CIS for insurance and legal matters.

Prior to becoming locally self-funded the City of Ashland purchased Health Insurance through CIS. One of the main reason the City severed the relationship was the lack of claim data being supplied. The City at the time felt that the City of Ashland was subsidizing other members of the pool. CIS since that time, almost 7 years ago, has made many changes to address the City's concerns.

CIS will individually underwrite the City of Ashland based on our actual experience and will utilize pool reserve to stabilize individual participants. The City would be part of a larger pool and the premiums will be aggregated over the entire pool, but the bulk of the City's premiums will be based on our own individual underwritten and experience. CIS will provide the City with quarterly claim data along with an 8 month renewal notice for budgeting purposes.

CIS also now works with consultant and brokers to improve their program. This is a change from the time the City had purchased insurance through CIS.

CIS has a board and Staff has reached out to have a member from the City of Ashland be nominated for the board in the future.

**Attachments:**

February Financial Report

Benefit Survey “Average Plan” Summary

Summary of Budgetary Impacts

Medical and Dental Summary Costs (City Spreadsheet with 37%)

Medical Plan Options- Fully Insured

Medical Plan Deviations

Dental Plan Deviations

Prescription Plan Deviations

Vision Plan Deviations

**City of Ashland  
Health Benefits Fund  
Fund Statement**

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Notes
	As of 3/31/2018					
<b>725 Health Benefits Fund</b>						
Intergovernmental						
Charges for Services	4,084,502	4,073,530	4,848,409	5,122,432	4,195,351	
Interest on Investments	1,547	2,067	3,877	5,497	5,318	
Miscellaneous	211,795	-	12,886	75,852	393,498	
Interfund Loan	500,000	400,000	200,000			
Transfer (From Insurance fund)		500,000				
Total Revenues and Other Sources	4,797,844	4,975,597	5,065,172	5,203,781	4,594,166	
Materials and Services						
Professional Services - TPA Charges	175,802	157,456	161,560	187,148	132,844	
Health Care Claims	3,895,437	3,708,602	4,311,653	4,127,895	4,394,492	
Health Care Premiums	37,239	43,350	53,325	56,263	47,882	
Health Care Re-insurance	520,000	511,829	546,596	576,821	478,746	
Total Materials and Services	4,628,478	4,421,237	5,073,134	4,948,127	5,053,964	
Debt: Interfund Loan		250,000	325,000			
Contingency						
Total Expenditures and Other Uses	4,628,478	4,671,237	5,398,134	4,948,127	5,053,964	
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	169,366	304,360	(332,963)	255,654	(459,798)	
Fund Balance, July 1,						
Fund Balance, June 30	\$ 169,366	\$ 473,726	\$ 140,763	\$ 396,417	\$ (63,380)	

Outstanding Loan	\$ 525,000
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## Benefits Survey "Average Plan" Summary

	Employer 1 (Fully Insured)	Employer 2 (Self Insured)	Employer 3 (Fully Insured)	Employer 4 (Fully Insured)	Employer 5 (Fully Insured)	Employer 6 (Fully Insured)	Employer 7 (Fully Insured-M Self Insured-D)	Employer 8 (Self Insured)	Employer 9 (Self Insured)	Employer 10 (Self Insured)	Employer 11 (Fully Insured)	Employer 12 (Self Insured)	Employer 13 (Self Insured-M Fully Insured-D)	Average	City of Ashland
# Ees (Approximate)	150	175	195	700	475	80	110	1,160	850	1,900	190	200	225	493	270
In Network Deductible	\$5,000	\$1,000	\$1,500	\$3,000	\$500	\$1,000	\$750	\$2,000	\$1,000	\$1,000	\$3,000	\$1,000	\$1,000	\$1,673	\$300
In Network OOP Max	\$6,350	\$7,150	\$5,000	\$3,000	\$2,000	\$1,000	\$4,500	\$6,350	\$6,000	\$3,000	\$6,350	\$6,500	\$5,500	\$4,823	\$900
In Network Coverage	70%	70%	80%	80%	90%	80%	80%	80%	80%	70%	70%	70%	80%	77%	90%
Office Copay	\$35	\$35	\$25	\$35	\$20	\$15	\$15	\$35	\$40	\$35	\$25	\$35	\$35	\$30	\$15*
Generic Rx Copay	\$15	\$10	\$15	\$15	\$15	\$10	\$15	\$15	\$15	\$15	\$10	\$15	\$15	\$14	\$5
Brand Rx Copay	\$50	20%	\$45	\$30	\$30	\$20	\$30	\$30	\$30	\$30	\$50	\$30	\$30	\$31	\$30
Non-formulary Rx Copay	\$75	30%	\$75	\$60	\$60	\$40	\$45	\$50 (\$100 Rx Ded)	\$50	\$50	\$75	\$50	\$50	\$52	\$55
Dental Deductible	\$100	\$25	\$50		None	\$50	\$0		\$0	\$50	\$50	\$0	\$50	\$38	\$0
Dental Annual Max	\$1,000	\$1,000	\$1,500		\$1,250	\$1,500	\$1,250		\$1,000	\$1,500	\$1,500	\$1,500	\$1,500	\$1,318	\$1,500
Preventive Coverage	50%	100%	100%			100%	100%			100%	100%		100%	94%	
Basic Coverage	50%	80%	80%	Voluntary	70% to 100% on the 4th year	80%	80%	Voluntary	70% to 100% on the 4th year	80%	80%	\$10 copay/visit Plan pays 100% of 1st \$500, then 50% of next \$2,000.	80%	76%	
Major Coverage	50%	50%	50%			60%	50%			50%	50%		50%	51%	
Orthodontia	No	Yes	Yes		Yes	Yes	Yes		Yes	Yes	No		No		Yes
Vision Plan	No	Yes	Yes	Voluntary	Yes	Yes	Yes	Voluntary	Yes	Yes	Yes	Yes	Yes		Yes
Monthly Employee Contrib - Single	\$110	\$60	\$135	\$75	\$40	\$65	\$55	\$90	\$45	\$118	\$124	\$135	\$50	\$85	\$38.96
Monthly Employee Contrib - Family	\$320	\$660	\$875	\$225	\$40	\$195	\$165	\$860	\$130	\$453	\$350	\$660	\$600	\$426	\$110.34

\* Office Visit copay based on City of Ashland benefit of 10% coinsurance. Average Office Visit = \$150, copay = \$15.

Note: The City of Ashland offers a VEBA to offset employee expenses. None of the other clients on this Summary offer a VEBA.

## City of Ashland Budgeted Health Care Costs

### Options

	Budgeted FY 2018	Self insured - Current FY 2019	Self insured - Proposed FY 2019	CIS FY 2019
		110%	137%	110%
Administration Department	391,616	430,778	536,514	430,778
IT Department	295,360	324,896	404,643	324,896
Administrative Services Department	346,180	380,798	474,267	380,798
City Recorder Department	40,810	44,891	55,910	44,891
Police Department	735,570	809,127	1,007,731	809,127
Fire and Rescue Department	753,140	828,454	1,031,802	828,454
Public Works Department	1,280,750	1,408,825	1,754,628	1,408,825
Community Development Department	285,000	313,500	390,450	313,500
Electric Department	345,720	380,292	473,636	380,292
Parks Department	758,280	834,108	1,038,844	834,108
	5,232,426	5,755,669	7,168,424	5,755,669

The budget was built with a 10% increase for each year



### Impact

	Self insured - Current FY 2019	Self insured - Proposed FY 2019	CIS FY 2019
	<b>110%</b>	<b>137%</b>	<b>110%</b>
Administration Department	-	105,736	-
IT Department	-	79,747	-
Administrative Services Department	-	93,469	-
City Recorder Department	-	11,019	-
Police Department	-	198,604	-
Fire and Rescue Department	-	203,348	-
Public Works Department	-	345,803	-
Community Development Department	-	76,950	-
Electric Department	-	93,344	-
Parks Department	-	204,736	-
	-	1,412,755	-
	-	1,412,755	-

**The budget was built with a 10% increase for each year**

**City of Ashland  
Health Care Premiums  
Medical and Dental Summary Costs**

\*\*Excludes specific items such as Parks Dental\*\*

<u>Health Insurance</u>	Self insured - Current		Self insured - Current		Self insured - Proposed		CIS	
	FY 2017-2018		FY 2018-2019		FY 2018-2019		FY 2018-2019	
<b>Increases</b>	<b>110%</b>		<b>110%</b>		<b>137%</b>			
<u>Employer</u>								
- 95% Annual Cost								
Employee (Single)	8,883.01	95%	9,771.31	95%	12,169.73	95%	8,688.51	95%
Employee + Spouse (Two Party)	18,311.39	95%	20,142.53	95%	25,086.60	95%	18,178.10	95%
Employee + Family (Three Party)	25,156.67	95%	27,672.33	95%	34,464.63	95%	25,006.70	95%
Employee + 1 Child(ren)							15,186.05	95%
Employee + 2 Child(ren)							21,676.42	95%
<u>Employee</u>								
- 5% Annual Cost								
Employee (Single)	467.50	5%	514.25	5%	640.47	5%	457.29	5%
Employee + Spouse (Two Party)	963.72	5%	1,060.09	5%	1,320.29	5%	956.74	5%
Employee + Family (Three Party)	1,324.02	5%	1,456.42	5%	1,813.91	5%	1,316.14	5%
Employee + 1 Child(ren)							799.27	5%
Employee + 2 Child(ren)							1,140.86	5%
<u>Total</u>								
Employee (Single)	9,350.51		10,285.56		12,810.20		9,145.80	
Employee + Spouse (Two Party)	19,275.11		21,202.62		26,406.90		19,134.84	
Employee + Family (Three Party)	26,480.69		29,128.76		36,278.54		26,322.84	
Employee + 1 Child(ren)							15,985.32	
Employee + 2 Child(ren)							22,817.28	
<u>Budgetary purpose</u>								
<u>Employer 95% Share</u>								
Employee (Single)	20,101.96		22,112.16		27,539.69		22,112.16	
Employee + Spouse (Two Party)	20,101.96		22,112.16		27,539.69		22,112.16	
Employee + Family (Three Party)	20,101.96		22,112.16		27,539.69		22,112.16	
Employee + 1 Child(ren)							22,112.16	
Employee + 2 Child(ren)							22,112.16	

**CITY OF ASHLAND**  
**Medical Plan Options - Fully Insured**  
**July 1, 2018 Renewal**

		PacificSource - Current S.I.				CIS - Based on Current Plan Design		CIS - Option 1 Co-Pay Plan		
Annual Deductible										
Individual		\$300				\$300		\$500		
Family		\$900				\$900		\$1,500		
Out of Pocket Maximum										
Individual		<b>PPO</b>	<b>Non-PPO</b>			<b>PPO</b>	<b>Non-PPO</b>	<b>PREFERRED</b>	<b>PARTICIPATING</b>	<b>Non-PPO</b>
Family		\$900	\$1,900			\$900	\$1,900	\$2,500	\$2,500	\$4,500
		\$1,800	\$3,800			\$1,800	\$3,800	\$5,500	\$5,500	\$9,500
		<i>(Copays, transplants at Non-PPO, benefits paid in full, and Non-PPO charges in excess of allowable fee, do not apply to the OOP Maximum. PPO and Non-PPO OOP maximums accumulate separately.)</i>				<i>(Copays and Deductible applies to OOP maximum. PPO and Non-PPO OOP maximums accumulate separately.)</i>		<i>(Coinsurance for Complementary Care, Penalties, and Balance-Billed charges Do Not Apply to OOP Maximum)</i>		
<b>Physician Services</b>		<b>PPO</b>	<b>Non-PPO</b>			<b>PPO</b>	<b>Non-PPO</b>	<b>PREFERRED</b>	<b>PARTICIPATING</b>	<b>Non-PPO</b>
Routine Physicals		Paid in Full*				Paid in Full*		Paid in Full*		
Well Baby Care		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	Paid in Full*		
Immunizations - To age 19		Paid in Full*				Paid in Full*		Paid in Full*		
Immunizations		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	Paid in Full*		
Office/Urgent Care Visits		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	\$20 Copay, Ded Waived	After Deductible, 40%+	
Specialist Office Visit		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	\$20 Copay, Ded Waived	After Deductible, 40%+	
Office Procedures/Supplies		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%	After Deductible, 40%+	
Surgery		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%	After Deductible, 40%+	
<b>Hospital Services</b>										
Inpatient Hospital		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%	After Deductible, 40%+	
Outpatient Surgery		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%	After Deductible, 40%+	
Emergency Room		\$100 Copay <sup>a</sup> , then After Deductible 10%				\$100 Copay <sup>a</sup> , then After Deductible 10%		\$100 Copay <sup>a</sup> , then After Deductible 20%		
Ambulance		After Deductible, 10%				After Deductible, 10%		After Deductible, 20%		
<b>Other Services</b>										
X-Ray & Lab		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	Paid 100% 1st \$400 <sup>b</sup> , then After Deductible 20%		After Deductible, 40%+
CT Scans / MRIs		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%		After Deductible, 40%+
Durable Medical Equipment		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%		After Deductible, 40%+
Home Health Care		After Deductible, 10%	After Deductible, 30%+			After Deductible, 10%	After Deductible, 30%+	After Deductible, 20%		After Deductible, 40%+
Chiropractic Manipulations		After Deductible, 10%	After Deductible, 10%+ (Includes Massage Therapy, no Acupuncture)			After Deductible, 10%	After Deductible, 10%+ (No Acupuncture; Massage Therapy is covered under other medical plan benefits)	After Deductible, 20%		After Deductible, 40%+ \$20 Copay, Deductible Waived (Includes Acupuncture)
Additional Accident Benefit		100% of 1st \$1,000* within 90 day of Accidental Injury				Covered at No Charge, Deductible Waived		Not Covered		
Prescription Drugs - Retail		\$5 / \$30 / \$55 (PDL)				\$5 / \$30 / \$55		\$5 / \$25 / \$50		
Prescription Drugs - Mail Order		\$10 / \$60 / \$110 (PDL)				\$10 / \$60 / \$110		\$10 / \$50 / \$100		
Rx Out of Pocket Maximum		\$2,500 per member				None		None		
<b>Rates - Med/Rx/Vision/Chiro</b>		<b>Current (Annualized Claims)</b>	<b>Renewal</b>	<b># of Ees</b>	<b># of Ees</b>					
Employee Only	61	\$821.10		EE	61	\$701.59		\$663.11		
Employee + 1	73	\$1,759.51		ES	67	\$1,488.61		\$1,406.58		
Employee + 2 or more	142	\$2,346.01		EF	134	\$2,006.64		\$1,898.47		
				EC1	4	\$1,239.64		\$1,228.05		
				EC2	10	\$1,739.66		\$1,645.87		
<b>Monthly Premium</b>			<b>Expected Cost: \$5,896,082</b>			<b>\$433,779</b>		<b>\$410,456</b>		
<b>ANNUAL PREMIUM</b>	<b>276</b>	<b>\$6,139,977</b>	<b>Maximum Cost: \$7,172,773</b>		<b>276</b>	<b>\$5,205,345</b>		<b>\$4,925,477</b>		

\*Deductible Waived

<sup>a</sup>Copay Waived if Admitted and Only Applies to ER Physician & Facility

+ Balance Billing applies

This is only a brief description of plan benefits. Final benefits will be provided in the medical Plan Document.

-15.2%  
18 month contract. Plan will renew 1/1/2020.

-19.8%  
18 month contract. Plan will renew 1/1/2020.



**CITY OF ASHLAND**  
**Dental Plan Options Summary**  
**July 1, 2018 Renewal**

	Current PacificSource S.I. Incentive Plan (Parks Ees Only)	Current PacificSource S.I. Incentive Plan (All Other Ees)	Willamette Dental F.I. Current
Annual Deductible	\$0 / Individual, \$0 / Family	\$0 / Individual, \$0 / Family	\$0 / Individual \$0 / Family
Annual Maximum	\$1,500	\$1,500	Unlimited
Preventive Services	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	\$10 Copay, 100%
Basic Services	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	\$10 Copay, 100%
Major Services	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	\$10 Copay, 100% Oral Surgery Extraction: \$50 Copay
Orthodontia	50% to \$1,000 Individual Lifetime Max	<b>Not Covered</b>	Pre-Orthodontia: \$150 Comprehensive Ortho: \$1,500
<b>Rates</b>			<b>Current</b> <b>Renewal</b>
Employee Only	46	37	10   \$52.58   \$54.60
Employee + 1	2	66	10   \$90.51   \$94.00
Employee + 2+	15	95	25   \$158.82   \$164.90
	<i>(7 months annualized)</i>		
Administration Fee	\$12,358		
Paid Claims	\$303,921		
<b>Annual Cost</b>	\$316,279		45   \$5,401   \$5,609
<b>Total Renewal Cost (+6%)</b>	<b>\$335,256</b>		<b>\$64,817</b> <b>\$67,302</b>
	6.0%		3.8%

\* Under this plan, benefits start at 70% your first calendar year of coverage. Thereafter, payments increase by 10% each calendar year (up to a maximum of 100%) provided the individual has visited the dentist at least once during the previous calendar year. Failure to do so will cause a 10% reduction in payment the following calendar year, although payment will never fall below 70%.

This is only a brief description of plan benefits. Final benefits will be provided in the dental Plan Document.

	CIS Incentive Plan (Parks Ees Only)	CIS Incentive Plan (All Other Ees)	Willamette Dental - CIS
Annual Deductible	\$0 / Individual, \$0 / Family	\$0 / Individual, \$0 / Family	\$0 / Individual \$0 / Family
Annual Maximum	\$1,500	\$1,500	Unlimited
Preventive Services	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	\$10 Copay, 100%
Basic Services	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	\$10 Copay, 100%
Major Services	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	*1st Year - 70% 2nd Year - 80% 3rd Year - 90% 4th Year - 100%	\$10 Copay, 100% Oral Surgery Extraction: \$50 Copay
Orthodontia	50% to \$1,000 Individual Lifetime Max	<b>Not Covered</b>	Pre-Orthodontia: \$150 Comprehensive Ortho: \$1,500
<b>Rates</b>			
EE 16	\$61.36	37	\$59.61   10   \$54.01
ES 2	\$108.59	62	\$104.32   8   \$94.91
EF 15	\$205.58	90	\$184.04   22   \$167.67
EC1 0	\$94.76	3	\$91.03   2   \$82.93
EC2 0	\$177.96	6	\$159.28   3   \$145.31
	\$4,283		\$26,466   45   \$5,590
33	<b>\$51,392</b>	198	<b>\$317,589</b>
		<b>\$368,981</b>	
		10.1%	



**City of Ashland  
Medical Benefit Deviations**



	Current Plan		Proposed RCBOSO Plan		Comments
	Participating Provider	Non-Participating Provider	In-Network Provider	Out-of-Network Provider	
<b>Annual Deductible</b>	\$300 per individual \$900 per family		\$300 per individual \$900 per family		
<b>Out-of-Pocket Maximum</b>	\$900 per individual \$1,800 per family	\$1,900 per individual \$3,800 per family	\$900 per individual \$1,800 per family	\$1,900 per individual \$3,800 per family	Deductible and Copayments apply to the out-of-pocket maximum. In an out-of-network amounts do not cross accumulate.
<b>Fourth Quarter Deductible Carry Over</b>	Yes		Yes		Only if prior deductible not met.
<b>Medical Benefits</b>					
<b>Acupuncture</b>	Not Covered		Acupuncture services are not covered. Coverage for other services provided by an acupuncturist according to plan benefits		Federal Provider Non-Discrimination Law requires coverage for medically necessary services provided by any type of provider.
<b>Additional Accident Benefit</b>	First \$1,000 of covered expenses within 90 days of an accident is covered at no charge, deductible waived		Accident expenses are covered at no charge, deductible waived		Regence is unable to administer a \$1,000 limit and timeframe of 90 days.
<b>Advanced Diagnostic Imaging</b>	10%	30%	10%	30%	
<b>Allergy Injections/Testing</b>	10%	30%	10%	30%	
<b>Ambulance (air and ground)</b>	10%		10%		
<b>Biofeedback</b>	10%	30%	10%	30%	
<b>Chiropractic Care</b>	10%	10%	10%	10%	Federal Provider Non-Discrimination Law requires coverage for medically necessary services provided by any type of provider.
	Covers treatment from licensed chiropractors. Chiropractic manipulation, massage therapy, lab, x-ray, radiology and DME ordered by a chiropractor. Limited to 12 visits per calendar year.		Spinal manipulations are covered by any provider. Limited to 12 visits per calendar. All other services are covered according to plan benefits.		
<b>Clinical Trials</b>	10%	30%	10%	30%	
<b>Diabetic Education (Including Nutritional Counseling)</b>	10%	30%	10%	30%	
<b>Diagnostic Radiology and Lab</b>	10%	30%	10%	30%	
<b>Durable Medical Equipment</b>	10%	30%	10%	30%	
<b>Emergency Room &amp; Services</b>	\$100 copay/visit then 10% coinsurance		\$100 copay/visit then 10% coinsurance		Copay waived if admitted directly to a hospital or facility on an inpatient basis.
<b>Family Planning</b>	10%	30%	10%	30%	This benefit includes tubal ligation and vasectomy. Infertility treatment is a separate benefit and is excluded from this plan.
<b>Genetic Testing</b>	10%	30%	10%	30%	
<b>Hearing Aids for Dependents</b>	10%	30%	10%	30%	
	Limited to one hearing aid per ear every 48 months		Limited to one hearing aid per ear every 4 years		
<b>Hearing Exam</b>	10%	30%	10%	30%	
<b>Home Health Care</b>	10%		10%		
<b>Hospice (Inpatient / Outpatient and Respite)</b>	10%		10%		Regence assumes coinsurance matches home health based on benefit booklet. Limited to 30 respite care days per lifetime. Regence - physician must refer member to hospice. No life expectancy timeline required.
<b>Hospital Care</b>	10%	30%	10%	30%	
<b>Infertility Treatment</b>	Not Covered		Not Covered		
<b>Infusion Therapy</b>	10%		10%		
<b>Maternity</b>	10%	30%	10%	30%	

**City of Ashland  
Medical Benefit Deviations**



	Current Plan		Proposed RCBBSO Plan		Comments
	Participating Provider	Non-Participating Provider	In-Network Provider	Out-of-Network Provider	
Massage Therapy	Not Covered		10%	30%	Currently not covered as part of a physical therapy program. In order to cover massage therapy services rendered by a chiropractor, Regence will need to cover the service for all providers due to the Provider Non-Discrimination Law.
Mental Health/Chemical Dependency Treatment - Inpatient	10%	30%	10%	30%	
Mental Health/Chemical Dependency Treatment - Outpatient	10%	30%	10%	30%	
Naturopathic Services	Not Covered		Not Covered (Naturopathy). However, other services provided by a Naturopath are covered according to plan benefits.		Currently, naturopathic treatment, supplies or any services provided by a Naturopathic physician are not covered. Federal Provider Non-Discrimination Law requires coverage for medically necessary services provided by any type of provider.
Neurodevelopmental Therapy	10%	30%	10%	30%	
Nutritional Counseling	10%	30%	10%	30%	
Obesity Treatment Surgical (Inpatient/Outpatient)	Not Covered		Not Covered		
Office Visits	10%	30%	10%	30%	
Orthotic Devices	10%	30%	10%	30%	
Orthognathic Surgery	10%	30%	10%	30%	If accident related, services would be covered under the Additional Accident Benefit.
	Covered to repair an accidental injury within one year after the accident.		Covered with no timeframe, subject to medical policy		
Preventive Care - Breast Pumps	No Charge		No Charge		
	Covered once per pregnancy when purchased or rented from a licensed provider or retail outlet.		Covered once per year when purchased or rented from a licensed provider or retail outlet.		
Preventive Care - Colonoscopy	10%	30%	10%	30%	
Preventive Care - Immunizations 0-18 years	No Charge		No Charge		
Preventive Care - Immunizations age 19 and over	10%	30%	10%	30%	
Preventive Care - Routine Physicals	No Charge Ages 22 and older - one exam every calendar year		No Charge		Regence has no limit for routine physicals for members age 22 and older.
Preventive Care - Well Baby/Well Child Care	10%	30%	10%	30%	
Preventive Care - Well Woman Visits	No Charge		No Charge		
Preventive Care - Tobacco Use Cessation	No Charge		No Charge		
	Maximum lifetime benefit of two quit attempts is limited to members age 15 or older		Limited to two quit attempts per calendar year		
Prosthetic Devices	10%	30%	10%	30%	
Private Duty Nursing	Not Covered		Not Covered		
Cardiac Rehabilitation	10%	30%	10%	30%	PacificSource: Benefits are limited to services provided in connection with a cardiac rehabilitation exercise program. Lifetime maximum of 36 visits. Regence – No lifetime limit and according to medical necessity. Pre-authorization and medical review will still apply.
Rehabilitation/Habilitation Services - Inpatient	10%	30%	10%	30%	
Rehabilitation/Habilitation Services - Outpatient	10%	10%	10%	10%	
Repair of Teeth	10%	30%	10%	30%	Regence is unable to administer timeframe of 18 months after injury. Standard medical policy review will apply.
Routine Foot Care	10%	30%	10%	30%	
Sexual Reassignment Surgery	10%	30%	10%	30%	

**City of Ashland  
Medical Benefit Deviations**



Regence BlueCross BlueShield of Oregon is an independent  
licensee of the Blue Cross and Blue Shield Association

	Current Plan		Proposed RCBBSO Plan		Comments
	Participating Provider	Non-Participating Provider	In-Network Provider	Out-of-Network Provider	
<b>Skilled Nursing Facility Care</b>	10%	30%	10%	30%	
<b>Supplement Kidney Dialysis</b>	10%	30%	10%	30%	<p>The first 42 visits paid at regular plan benefits for in an out-of-network.</p> <p>Supplemental Outpatient Treatment period (following initial Outpatient Treatment Period): Visit 43 through Month 30, in-network benefit pays at 100% of allowed amount, not subject to deductible. Out-of-network benefit pays at 125% of Medicare allowed amount.</p> <p>Eligible members are reimbursed for Medicare part B premium.</p>
<b>Temporomandibular Joint Disorder (TMJ)</b>	Not Covered		Not Covered		
<b>Transplants</b>	0%	40%	0%	40%	Transplants performed at non-participating facilities do not apply towards out-of-pocket maximum.
<b>Transplant Travel</b>	Travel and housing expenses for recipient are limited to \$5,000 per transplant. Not covered for donor.		Travel and housing expenses for recipient are limited to \$5,000 per transplant. Not covered for donor.		
<b>Urgent Care</b>	10%	30%	10%	30%	
<b>Wigs</b>	Limited to \$150 per calendar year		Limited to one wig per calendar year		Essential health benefits don't allow Regence to apply a dollar limit.

## Dental Discrepancy Analysis - City of Ashland

3/29/2018

Dental Benefit	CIS Dental III	COA Existing Dental
Provider Network	Delta Premier w/PPO Overlay	Advantage PPO Overlay
Hold-Harmless for UCR	Delta Participating Providers	Advantage Dental Providers
<b>Class I Services</b>		
X-Rays	Complete mouth x-ray once in any 5 year period, supplementary bitewing x-rays once in any 12-month period	Complete mouth x-ray per 36 month period, 4 bite-wing x-rays in a 6-month period
Cleanings	No limit	Three procedures per person per year (combined with Periodontal Maintenance)
Vizilite	Dropped in 2017 - lack of clinical evidence to support benefit	Up to Two screenings per benefit year
Topical Fluoride	Once every 6 months under Age 19	Two applications per benefit year through age 22
Sealants	Permanent teeth for members age 17 and under	One application in a 60-month period to permanent molars and bicuspid only through age 17
<b>Class II Services</b>		
Space Maintainers	Primary teeth only	Through age 13
Periodontal Scaling	Once per quadrant in any 2-year period	Once per quadrant in any 24-month period
Full Mouth Debridement	Not more often than 24 months, and for members 19 and older, only if no prophalaxis in the prior 24 months	Not more often than 24 months, only if no prophalaxis in prior 24 months and obstruction by plaque and calculus
<b>Class III Services</b>		
Athletic Guards	Once every 12 month period through age 15, Once in any 24 month period age 16 and over.	One per lifetime through age 18
Crown or Bridge Replacement	Once every 7 years	Once every 60 months
Implant Placement	No waiting period	36-month wait for implant if tooth not lost or extracted while covered under this or prior plan
Inlays	Considered optional, benefit for composite filling	Covered as Class III benefit



## Rx Plan Deviations

City of Ashland 3/31/18

Plan Provision	City Plan	CIS/Express Scripts
<b>Differences that can be administered by Express Scripts according to COA current plan</b>		
Days' supply	Up to 34 days (1 month) Up to 94 days (3 months)	
Retail pharmacy supply	Up to 94 days	
Step therapy	Not permitted	
Prescription Copays To 34 days \$5/\$30/\$55 35 – 60 days \$10/\$60/\$110 61 to 94 days \$15/\$90/\$165  Up to 34 days \$5/\$30/55 35 – 90 days \$10/\$60/\$110	Retail: \$5/\$30/\$55 \$10/\$60/\$110 \$15/\$90/\$165  Mail order: \$5/\$30/55 \$10/\$60/\$110	
<b>Other Differences</b>		
Erectile dysfunction Rx	Not covered	Covered with prior authorization
Diabetes glucose monitoring device	Not covered under Rx	Covered at no cost
Immunizations (drug, plus administration)	Not covered under Rx	Covered for adults and children according to/recommended by the U.S. Preventive Services Task Force and the Advisory Committee on Immunization Practices
Refills	After 70% of medicine taken	After 75% of medicine taken

Exclusions	Appear to be covered, or unknown	<p>Acne medication for those over age</p> <p>Biological Sera, Blood or Blood Plasma</p> <p>Compound Medications containing certain ingredients that have an alternative that has been approved by the FDA and is commercially available are not covered.</p> <p>Devices or appliances of any type, excluding diabetic supplies, even if they require a prescription (covered by CIS medical plan)</p> <p>Foreign medications, except for medications obtained in emergency situations while traveling or living outside the U.S.</p> <p>Insulin pumps and pump administration supplies (covered by CIS medical plan)</p>
Specialty drugs	May receive from retail pharmacy with prior authorization	Must be obtained from Accredo specialty pharmacy

## Vision Discrepancy Analysis

3/28/2018

Vision Plan	CIS VSP-1	COA Existing Vision
<b>Benefit timing</b>		
Children 18 and Under	Exam and Lenses Every Calendar Year; Frames Every Other Calendar Year	Exam, Lenses and Frames Every 12 months
Adults 19 and Over	Exam and Lenses Every Calendar Year; Frames Every Other Calendar Year	Exam, Lenses and Frames Every 24 months
<b>Provider Panel</b>		
	VSP Choice	PacificSource
Large Chain providers	Costco, Walmart, Shopko available at chain pricing and reduced allowances	Unable to Identify Additional Network outside of PacificSource
<b>In-Network</b>		
	<b>You Pay</b>	<b>You Pay</b>
Progressive Lenses	\$50 copay	No Charge
Retinal Screening	Up to \$39 Copay	No Identifiable Benefit
Optional Coverages (Anti-Reflective Coating, Photochromatic or Tinted, Polycarbonate, Scratch-Resistant, UV Protection)	Discounted Pricing	No Identifiable Benefit
Safety Glasses (Lenses and Frames)	No Copay from Basic Selection, Pay Difference to Discounted Higher Value Selections	No Identifiable Benefit
<b>Out-of-Network</b>		
	<b>Plan Pays</b>	<b>Plan Pays</b>
Exam	Up to \$45	Up to \$71
Lenses	Up to \$30, \$50, \$65	Up to \$51, \$77, \$100
Lenticular	Up to \$100	Not Covered
Progressive	Up to \$50	Not Covered
Frames	Up to \$70	Up to \$66
Elective Contacts w/Exam	Up to \$105	Up to \$166
Necessary Contacts	Up to \$210	Up to \$166