

From: IAFF Local 1784 [<mailto:info@iaff1784.org>]
Sent: Tuesday, July 29, 2014 6:40 PM
Subject: (Local 1784) Healthcare Oversight Committee

Brothers and Sisters,

As you may remember, the Council voted recently to send the insurance issue back to the Healthcare Oversight Committee to meet and to possibly recommend changes to the plan.

Today, that Committee met. Led by the MFFA, MPA, and the Retiree Association (ACRE), of which we're all members of the committee along with City Admin, we introduced plan design changes that will accomplish our priorities of getting retirees and spouses back on the plan as it is today, along with working to reduce/eliminate the premium increase. The plan, without objection, was sent to the City Council's Personnel Committee where it will be debated after the City has an opportunity to run the numbers on the proposed changes.

The proposal will eliminate the Basic Plan as we know it today and introduce a High Deductible Plan that will have a cheaper premium (with higher deductibles, co-insurance, etc.). The Premier Plan would stay in place with some changes as well.

We understand that this may not sit well with everyone, but we feel that this is the best option for everyone involved. Our priorities were to get the retirees and spouses back in the plan, and we feel that this will accomplish that.

This proposal will save the healthcare plan and operating budget close to \$25 million. We will work with the Council to secure the support to pass this plan. Attached is a copy of the proposal. Should you have any questions, please feel free to contact an officer.



**PRESENTATION TO HEALTHCARE OVERSIGHT COMMITTEE
JULY 29, 2014**

The Healthcare Oversight Committee, by Resolution, is charged with making recommendations to the Administration & City Council's Personnel Committee on the operations and funding of the City's healthcare plan with such reports and recommendations to be made not less frequently than annually, and in any event prior to April 1 of each year. Unfortunately, the committee was unable to do so this year because the process was circumvented by the Administration. City Council approved changes to the health plan with no recommendation from the Oversight Committee.

The Council, by a unanimous vote, has sent this issue back to the Healthcare Oversight Committee for the purpose of discussion and potentially proposing changes to the plan.

The Memphis Fire Fighters Association, the Memphis Police Association, other labor unions, and the Association of City Retired Employees (ACRE) have consulted with underwriters and persons in the health insurance industry along with other municipalities, and have come up with a plan that will offer cost savings and be beneficial to the city and its employees and retirees. (see attached)

This plan will

- a. Restore ALL retirees to the plan with current subsidies from the city
- b. Do away with the spousal carve out
- c. Keep the premium split at 70%/30%
- d. Do away with the 24% premium increase
- e. Save a total of \$24 million with proposed changes to benefit levels

We urge the Healthcare Oversight Committee to approve this recommendation and send it to the Council's Personnel Committee where we will urge the Committee, and later the full Council, to approve and implement this recommendation as well.

\$17 million (plan changes)

\$7.6 million (reduction of city's contribution towards 24% increase)

\$24.6 million in savings

RECOMMENDED PLAN CHANGES (OVERSIGHT COMMITTEE)

17.6 million savings

Recommended Plan Changes		High Deductible		Premier		Value	
		Network	Non-Network	Network	Non-Network	Network	Non-Network
Annual Deductible		\$1,200/\$2,400	\$2,400/\$4,800	\$200/\$400	\$500/\$1,500	\$1,500/\$3,000	N/A
Coinsurance		80%	60%	90%	60%	70%	N/A
Yearly Out-of-Pocket Maximum		\$3,600/\$7,200	\$7,200/\$14,400	\$3,500/\$7,000	\$3,500/\$7,000	\$4,500/\$9,000	N/A
	Includes Deductible	Y	Y	Y	Y	Y	N/A
	Includes Copays	Y	Y	Y	Y	Y	N/A
Copay	Office Visit (PCP/Specialist)	ded & coin	ded & coin	\$20/\$40	ded & coin	ded/coins	N/A
	Inpatient Hospital	\$200/admission	\$500/admission	\$200/admission	\$500/admission	\$100/admission	N/A
	Outpatient Facility			\$200/admission	ded & coin	ded/coins	
	Urgent Care	ded & coin	ded & coin	\$30	ded & coin	ded/coins	N/A
	ER	\$0		\$200		\$200	N/A

- 1 No Premium Increase
- 2 Spouses Covered
- 3 70/30 remains