



**MILWAUKEE  
PUBLIC SCHOOLS**



**Hays**

**January 1, 2019  
Benefit Changes**  
Milwaukee Public Schools  
April 10, 2018

# Agenda

## **Spousal Carve-Out**

- Proposed Plan Language
- Savings Estimates

## **Plan Design Changes**

- Outline of Proposed Changes
- Savings Estimates

## **Employee Contributions**

- Summary to get to 12%

## **Long Term Disability**

- Current Stats

## **Summary of Suggested Changes**



# Spousal Carve-Out



# Spousal Carve-Out

## Proposed Plan Language

**Employees will be asked to complete an affidavit asking:**

- Does your spouse have other coverage available to them through their own employer?
  
- If yes, then they will be given the choice to:
  1. Remove the spouse from MPS coverage, or
  2. Allow spouse to remain on the plan but at a surcharge (surcharge yet to be determined)

**Based on initial discussions with compliance, a spousal carve-out appears to be an allowable provision. However, there are some areas that may require additional review for interpretation.**



# Spousal Carve-Out

## Saving Estimate

### Spouse Cost Analysis / Carve-Out Savings Estimate

#### Milwaukee Public Schools

#### Spouse Cost Analysis / Carve-Out Savings Estimate

#### Medical and Pharmacy Claims

Number of Spouses Incurring Claims between 7/1/16 - 6/30/17:

Estimated Percent of Spouses with MPS as Employer:

Spouses Eligible for Carve-out:

Estimated Percent of Spouses with "Other" Employment and Health Insurance Opportunities:

Spouses Eligible and Working:

Average Annual Cost of Spouse:

Estimated Annual Savings with Carve-Out:

Adjustment Factor (reduction of 25%) \*

Estimated Annual Savings:

Estimated Total Spouses to become Carved-Out

Total Estimated Savings

	20 - 34	35 - 54	55+	Total
Number of Spouses Incurring Claims between 7/1/16 - 6/30/17:	478	2,418	1,006	3,902
Estimated Percent of Spouses with MPS as Employer:	5.2%	8.7%	4.9%	7.3%
Spouses Eligible for Carve-out:	453	2,207	957	3,617
Estimated Percent of Spouses with "Other" Employment and Health Insurance Opportunities:	60.0%	60.0%	10.0%	
Spouses Eligible and Working:	272	1,324	96	1,692
Average Annual Cost of Spouse:	\$5,947	\$5,766	\$13,551	
Estimated Annual Savings with Carve-Out:	\$1,616,370	\$7,634,913	\$1,296,836	\$10,548,120
Adjustment Factor (reduction of 25%) *	25.0%	25.0%	25.0%	25.0%
Estimated Annual Savings:	\$1,212,278	\$5,726,185	\$972,627	\$7,911,090

**1,692**

**\$7,911,090**

\* Adjustment Factor includes health status factor (sick or unhealthy spouses don't have employment and stay on MPS's plan).

DISCLAIMER: The percentage and estimated savings are projections and are not a guarantee of potential savings for MPS.

3/5/2018



# Plan Design Changes



# Plan Design Changes

## Proposed Plan Design Changes

	<u>Est. Savings</u>
▪ Increase office visit copays:	\$3,814,943
▪ Primary Care Physician (PCP) - \$20 to \$35	
▪ Specialists - \$35 to \$50	
▪ Increase Urgent Care copay from \$35 to \$50	\$ 96,018
▪ Increase Emergency Room copays from \$150 (PPO plan) and \$125 (EPO plan) to \$175	\$ 383,885
<b>Estimated annual savings =</b>	<b>\$4,294,846</b>

Savings listed above are estimated based on UHC actuarial factors and MPS 2018 annualized premiums



# Employee Contributions





# Employee Contributions

For the EPO and PPO plans increase employee contributions by 2% for employees in the two lower salary bands, and for employees in the upper two salary bands increase by 3%.  
No change in employee contributions for the HDHP plan.

\* Excludes Early and Post 65 Retirees

	PPO Plan		EPO Plan		HDHP Plan	
	Current	Recom.	Current	Recom.	Current	Recom.
<b>Salary &lt;= \$25,000</b>						
Employee	11%	13%	5%	7%	2%	2%
Family	11%	13%	5%	7%	2%	2%
<b>Salary \$25,001 - \$50,000</b>						
Employee	12%	14%	8%	10%	5%	5%
Family	12%	14%	8%	10%	5%	5%
<b>Salary \$50,001 - \$75,000</b>						
Employee	13%	16%	10%	13%	7%	7%
Family	13%	16%	10%	13%	7%	7%
<b>Salary \$75,001 and Above</b>						
Employee	14%	17%	12%	15%	9%	9%
Family	14%	17%	12%	15%	9%	9%
<b>Estimated Savings =</b>	<b>\$3,246,743</b>		<b>Employee Percentage =</b>		<b>12.06%</b>	
			<b>Goal =</b>		<b>12.00%</b>	

Coverage Type	Salary Band	Total Employees Enrolled	Variance in Employee Contributions
Single and Family	\$25,000 or under	2,024	\$568,038
	\$25,001 - \$50,000	2,181	\$607,482
	\$50,001 - \$75,000	2,626	\$1,293,804
	\$75,001 and above	1,542	\$777,419
<b>Totals</b>		<b>8,373</b>	<b>\$3,246,743</b>



# Employee Contributions

For the EPO and PPO plans increase employee contributions 0% for \$25,000 or less; 2% for \$25,001- \$50,000; 3% for \$50,001 - \$75,000 4% for \$75,001 - \$100,000; and create a new salary band for \$100,000+ and increase by 5%.

No change in employee contributions for the HDHP plan.

\* Excludes Early and Post 65 Retirees

	PPO Plan		EPO Plan		HDHP Plan	
	Current	Recom.	Current	Recom.	Current	Recom.
<b>Salary &lt;= \$25,000</b>						
Employee	11%	11%	5%	5%	2%	2%
Family	11%	11%	5%	5%	2%	2%
<b>Salary \$25,001 - \$50,000</b>						
Employee	12%	14%	8%	10%	5%	5%
Family	12%	14%	8%	10%	5%	5%
<b>Salary \$50,001 - \$75,000</b>						
Employee	13%	16%	10%	13%	7%	7%
Family	13%	16%	10%	13%	7%	7%
<b>Salary \$75,001 - \$100,000</b>						
Employee	14%	18%	12%	16%	9%	9%
Family	14%	18%	12%	16%	9%	9%
<b><u>New</u></b>						
<b>Salary \$100,001 and Above</b>						
Employee	14%	19%	12%	17%	9%	9%
Family	14%	19%	12%	17%	9%	9%
<b>Estimated Savings =</b>	<b>\$2,967,656</b>		<b>Employee Percentage =</b>		<b>11.85%</b>	
			<b>Goal =</b>		<b>12.00%</b>	

Coverage Type	Salary Band	Total Employees Enrolled	Variance in Employee Contributions
Single and Family	\$25,000 or under	2,024	\$0
	\$25,001 - \$50,000	2,181	\$607,482
	\$50,001 - \$75,000	2,626	\$1,293,804
	\$75,001 - \$100,000	1,366	\$917,441
	\$100,001 and above	176	\$148,929
<b>Totals</b>		<b>8,373</b>	<b>\$2,967,656</b>



# Long Term Disability



# Long Term Disability

## Employer Paid Long Term Disability

- Eliminate the employer paid long-term disability plan and offer a voluntary (employee paid) long-term disability plan to employees
- MPS currently paying approximately \$1,989,618 in annual premiums
- There are no employees currently receiving a LTD benefit as of March 1, 2018
- Total benefits paid out (January 1, 2017 – March 1, 2018)
  - 4 employees
  - \$47,534



# Long Term Disability

## Voluntary LTD Option (employee paid)

- Replication of current plan
  - 66 2/3%
  - Offset by SSN, city and state pension

Current plan design changing to voluntary	Monthly Cost for \$25,000 annual salary	Monthly Cost for \$50,000 annual salary	Monthly Cost for \$75,000 annual salary
Rate per \$100	\$22.88	\$45.75	\$68.63
1.098			

- Rates above assume 20% participation
- Quotes by other carriers may require participation requirements



# Summary of Suggested Changes



# Summary of Suggested Changes

## Suggested Plan Changes

Change	Estimated Annual Savings
Spousal Carve-Out	\$7,911,090
Increase PCP and Specialist Office Visit from \$20/\$35 to \$35/\$50 (EPO and PPO plans)	\$3,814,943
Increase Urgent Care Copay from \$35 to \$50 (EPO and PPO plans)	\$96,018
Increase Emergency Room Copay from \$150 (PPO plan) and \$125 (EPO plan) to \$175 (PPO and EPO plans)	\$383,885
Increase Employee Contributions* EPO/PPO plans: 0% for \$25,000 or less; 2% for \$25,001 - \$50,000 3% for \$50,001 - \$75,000; 4% for \$75,001 - \$100,000; 5% for \$100,000+ HDHP plan: no change.	\$2,967,656
* Does not include Early or Post 65 Retirees	
Long Term Disability - terminate MPS paid LTD plan	\$1,989,618
<b>Total</b>	<b>\$17,163,210</b>
Savings for FY2019 (at 50%)	\$8,581,605

All estimated savings are assumed to be effective beginning on January 1, 2019 and does not include future Early or Post 65 Retirees subsidy changes.

