

Health Care in Your Hands

This newsletter is the first of several communication documents that you will be provided in the coming weeks to inform and educate you about the proposed health care benefit changes. We want all of our employees to not only understand what these changes are, but why they have been proposed. We encourage you to take an even greater role in managing your health care. No one knows you and your family's needs better than you do, and we hope all the information we provide will prove useful and valuable as you consider your health care plan options for 2013. The next installment of this communication series will focus on the "Consumer Choice health plan" option proposed for 2013.

The Cost of Health Care and How We Can Manage it Together

As you may know, health care costs continue to rise and cities across the state and the country are working to control costs in the best ways possible. Fortunately, our City has been able to provide you with affordable health care options and salary increases during a time when many other municipalities were freezing or reducing salaries. The City remains committed to providing you with health care options that meet the needs of you and your family, while managing the costs that you and the City pay. The introduction of the Consumer Choice plan as a fourth option for 2013 and the expansion of the Employee Wellness Program, both of which were presented to City Council last month, support this commitment. The Consumer Choice plan is a Consumer-Driven Health Plan, which many cities, including Dallas, El Paso, Houston, and Denver, are now offering to their employees. And we are happy to add this as a fourth choice for you and your family in 2013.

There are a number of factors that are considered each year when the health care plans are being evaluated. The information below outlines one primary factor—plan utilization. How do City employees use their health care plan, and how much does it cost? The City reviews this information annually to determine the proposed changes for the next year.

How City Employees Use the Health Care Plans

In 2011, the City's civilian health care claims cost approximately \$46 million, \$36 million of which were medical claims and \$10 million were pharmacy claims. A review of these claims revealed that there are three chronic conditions driving the City's claims costs—**diabetes, hypertension, and back pain**. Of all of the civilian employees enrolled in one of the three health plans, 35% have one of these three conditions. These employees account for 87% of medical claims costs, approximately \$31.3 million.

- Diabetes accounted for approximately 33% of all civilian health care claims—\$11.4 million
- Costs for diabetic employees are three times higher than non-diabetic employees—\$9,553 vs. \$3,016
- Hypertension accounted for approximately 30% of all civilian health care claims—\$10.4 million
- Cost for an employee with hypertension was \$5,236 vs. \$2,884 for an employee without hypertension
- Treatment for back injuries and back pain accounted for approximately 28% of all civilian claims—\$9.5 million

While these three conditions account for a majority of claims, the good news is that in many cases, these are preventable and manageable diseases. Working together, we can improve the health of the City's workforce, and in turn, reduce the number of claims.

Next Let's Talk About will focus on the new Consumer Choice Health Plan!

How This Impacts You

The costs to pay for the claims spent each year are recovered through premiums paid by both the City and you. The City pays the great majority of the cost (approximately 80%), but you also share in a percentage of these costs. So, if these costs go down, your premiums could also go down.

What You Can Do

Regardless of which health care plan you select, you can help become part of the solution to managing rising health care costs by:

- Participating in preventive care—all preventive care is covered at 100%, so take advantage of wellness check-ups and screenings.
- Utilizing the Employee Wellness Program—an array of free information, events, and services are available to you that can assist with physical, mental, and emotional wellness. More information will be provided to you on this program in future newsletters.
- Shopping around for medical services—not all health care providers charge the same amount for the same service; we will show you how to find high-quality health care at reasonable costs.
- Incorporating physical fitness into your life.
- Using generic medications when available.
- Taking advantage of the online tools provided by UnitedHealthcare, including the Health Plan Cost Estimator and Treatment Cost Estimator, both found at myuhc.com.

What the City Can Do

Because managing health care is a team effort between the City and its employees, what the City must do is:

- Educate employees about all health care benefits, not only prior to open enrollment, but throughout the year.
- Provide convenient and accessible tools and resources to keep employees and their families informed.
- Continuously find ways to minimize costs without compromising quality of care.
- Offer a comprehensive and easy-to-use Employee Wellness Program that includes opportunities for all employees to participate.
- Reward employees for achieving and maintain healthy lifestyles.

By working together, we can have a direct and positive impact on the cost of health care. As mentioned above, educating you about all your benefits and options is key to managing our health care costs. Taking a more active role in your health care is what employee **consumerism** is all about. And while consumerism is important, regardless of which health plan you select, the new Consumer Choice plan is designed to achieve and reward increased consumerism. The following information provides you with details about this fourth health care plan option—the Consumer Choice—so you can begin to understand what it is and how it works.

What is a Consumer-Driven Health Plan (CDHP)?

A CDHP, like Consumer Choice, is a type of health plan that allows you to have more control over how your health care dollars are spent, which encourages you to be a more informed and involved health care consumer. Two key elements of a CDHP are: **1)** deductible that is set by the IRS, \$1,250 (individual)/\$2,500 (family); **2)** Health Savings Account (HSA)—a medical account—that allows you to pay for current routine health care out-of-pocket expenses or save for future health care expenses with money that is yours to keep.

How Does it Work?

With Consumer Choice, you do not pay co-pays for health care expenses, such as office visits, x-rays, or prescription medications. Until you meet your deductible, \$1,250 (individual)/\$2,500 (family), you are responsible for 100% of the cost of your health care services. However, the City will contribute \$500 (\$1,000 for a family) to an HSA for you to use to pay these expenses. After you have paid your deductible, you are responsible for 20% of the cost of covered health care services until you reach the out-of-pocket maximum, \$4,000 (individual)/\$8,000 (family). Once you have reached the out-of-pocket maximum, the health plan will cover 100% of the cost of covered health care services. As with the Value, Standard, and Premier health plan options, you will continue to have the freedom to choose health care service providers from a large provider network and have preventive care services covered at 100% with the new Consumer Choice plan.

Why a Health Saving Account (HSA)?

As mentioned previously, CDHPs allow you to pay for current health care expenses and save for your future health care needs with an HSA. HSAs provide a triple tax advantage, because the funds: **1)** are not taxable when deposited, **2)** accrue interest tax-free and **3)** are not taxable upon withdrawal for medical expenses. Funds in an HSA can be used to pay for your or your eligible dependent's health care expenses.

Those who enroll in the Consumer Choice plan will receive a City-funded HSA, \$500 for an individual and \$1,000 for a family, to get you started. This initial deposit from the City, plus any additional funds you choose to contribute to your HSA through deductions from your bi-weekly paycheck, and contributions obtained from participating in the 2013 Employee Wellness Program can all be used to pay for your health-related expenses, up to \$3,250 for an individual and \$6,450 for a family. Unlike a Flexible Spending Account (FSA), you own the funds, including interest, in the HSA, so whatever you do not use during the year automatically **rolls over to the next year and you can take it with you when you leave the City.**

Your Four Options in 2013

Below is a table offering a snapshot of all four plans, their features and associated deductibles, out-of-pocket maximums, office visits, co-insurance, and Health Savings Accounts (HSA) / Flexible Spending Accounts (FSA).

Deductibles, Out-of-Pocket Maximums, Office Visits, Co-insurance, & Health Savings Accounts / Flexible Spending Accounts (In-Network Benefits)				
Plan Benefit	Consumer Choice	Value	Standard	Premier
City Contribution to Health Savings Account (HSA) (\$500 for Individual/ \$1,000 for Family)	Funded by City contribution, employee payroll deductions, and participation in Employee Wellness Program	N / A	N / A	N / A
Flexible Spending Account (FSA)	N / A	Funded by employee payroll deductions and participation in Employee Wellness Program		
Preventive Care (Ex: mammogram / prostate screening / colonoscopy)	Covered at 100%			
Annual Deductible (Individual/Family)	\$1,250/ \$2,500	\$900/ \$1,800	\$750/ \$1,500	\$500/ \$1,000
Co-Insurance (After Deductible)	80%/20%	80%/20%	80%/20%	90%/10%
Annual Out-of-Pocket Maximum (most you will pay for covered health care services in a calendar year; once you reach it, plan pays 100%, not including co-pays) (Individual/Family)	\$4,000/ \$8,000	\$3,000/ \$6,000	\$2,400/ \$4,800	\$1,200/ \$2,400
Office Visits: Primary Care/Specialist/Urgent Care	80%/20% (after deductible)	\$25/\$35/\$40	\$25/\$35/\$40	\$25/\$35/\$40
Prescriptions	80%/20% (after deductible)	Tier 1: \$7 Tier 2: \$25 Tier 3: \$50 Tier 4: \$75	Tier 1: \$7 Tier 2: \$25 Tier 3: \$50 Tier 4: \$75	Tier 1: \$7 Tier 2: \$25 Tier 3: \$50 Tier 4: \$75

The next Let's Talk About will focus on the Consumer Choice health plan. Contact your department's Human Resources Generalist/Specialist or Human Resources Customer Service at 207-8705 for more information.