

**COMMISSION FILE NO:** 16-155-11 **DATE INTRODUCED:** November 14, 2016

**INTRODUCED BY:** Executive Director (Signature on File in the Office of the Commission)

**REFERRED BY COMMISSION CHAIRPERSON TO:** Policy, Finance, and Personnel Committee

**RELATING TO:** Authorizing the Executive Director to Extend the Contracts for Prescription Drug and Supplemental Medical Coverage for Post Medicare Retirees

**SUMMARY:**

The District currently carries post-65 (Medicare) retiree medical coverage with United American and prescription coverage with Express Scripts. The renewal for retiree medical coverage with United American increased 2.7% from \$183.00 to \$188.00. In January 2015, the District changed carriers for retiree medical from Monumental Life to United American, decreasing costs from \$224.87 per retiree per month on the renewal to \$177.00 per retiree per month. This was a savings to the District of approximately \$320,000. In addition to the savings, United American had a five-year history of very stable, modest renewals (all between 2-4%). The 2.7% increase for 2017 is within this range and below average medical inflation.

The renewal for the retiree prescription program increased from \$211.50 to \$221.65 per retiree per month, or 4.8% for 2017. Increased pharmacy cost trend (or inflation), plan utilization, and the increase in specialty drug utilization lead to the increase in the pharmacy. The 4.8% retiree prescription renewal is similar (and slightly below last year's 6.82% increase) to what the industry has seen on other retiree prescription programs. The District and many retirees have also expressed extreme satisfaction in the customer service provided by the two retiree vendors.

The current contracts with United American and Express Scripts are authorized through December 31, 2016. The table below summarizes per retiree per month (PRPM) rate changes from 2016 to 2017 as well as the percentage rate increase/decrease anticipated with the recommended carrier.

**ATTACHMENTS:** **BACKGROUND** ☒ **KEY ISSUES** ☐ **RESOLUTION** ☒  
**FISCAL NOTE** ☒ **S/W/MBE** ☐ **OTHER** ☐ \_\_\_\_\_

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10-21-16

**COMMITTEE ACTION:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**COMMISSION ACTION:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

## **SUMMARY (Cont'd)**

Authorizing the Executive Director to Extend the Contracts for Prescription Drug and Supplemental Medical Coverage for Post Medicare Retirees

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### **Rates (PRPM)**

	<b>2016</b>	<b>2017</b>	<b>%Increase/Decrease</b>
Express Scripts (Rx)	\$211.00	\$222.00	4.8%
United American (proposed Medical Supplement)	\$183.00	\$188.00	2.7%

## **BACKGROUND**

### **Authorizing the Executive Director to Extend the Contracts for Prescription Drug and Supplemental Medical Coverage for Post Medicare Retirees**

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In August 2003, health insurance coverage for Medicare-eligible retirees and their spouses over the age of 65 was changed to an insured Medicare supplemental insurance plan. This transition to the insured Medicare supplemental plan was, in part, done because the District was having difficulty obtaining claims administration and stop loss quotes for self-insured health insurance due to the high retiree population. Since this is an insured plan, it is easier to budget the health plan expenditures for the retiree population. This plan has provided efficiencies in claims administration for the retiree population. With the retiree's concurrence, the claims administrator can obtain the Medicare payment on claims for retirees electronically, which expedites the claims processing time.

### **Recommendation**

The recommendation is to keep the retiree medical coverage with United American and prescription coverage with Express Scripts. United American and Express Scripts are two highly regarded carriers and the increases at renewal have been reasonable over the last couple of years, staying within or slightly below medical trend.

## **RESOLUTION**

Authorizing the Executive Director to Extend the Contracts for Prescription Drug and Supplemental Medical Coverage for Post Medicare Retirees

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**RESOLVED**, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to extend the contracts with Express Scripts for prescription coverage and with United American Insurance to provide supplemental medical coverage for Medicare-eligible retirees from January 1, 2017 through December 31, 2017.