



Healthcare

CITY COUNCIL BUDGET WORKSHOP
FEBRUARY 9, 2022

Benefits Overview

Four Year Benefits Enhancements Summary

Trends and Claims Drivers

Funding Considerations

Four Year Healthcare Enhancements

FY19	FY20	FY21	FY22
Premium Holiday Premium Relief Program Implemented Lowered deductible and out-of-pocket maximum in Plan D Reduced Plan E Family premium by 10%, all other premiums remained flat	Implemented city-paid Hospital Indemnity for all employees covered by medical Implemented Health Advocate benefit for all employees Reduced Plan B premiums by 5%, all other premiums remained flat Lowered deductible and out-of-pocket maximum in Plan A Added behavioral health services at Marathon Health Enhanced the specialty drug tier in Plan D and E	Reduced mental health and substance abuse copays in Plan D and E Waived all cost sharing for COVID testing and treatment Increased Employee Assistance Program visit to 10 Added physical therapy services to Marathon Health Reduced Plan B employee only premium by 15%, all other premiums remained flat	Lowered deductible and out-of-pocket maximum in all plans Implemented copay optimization pharmacy benefit Reduced all health plan premiums by at least 5%

Clinics Have Allowed Us Better Experience Than the National Trend

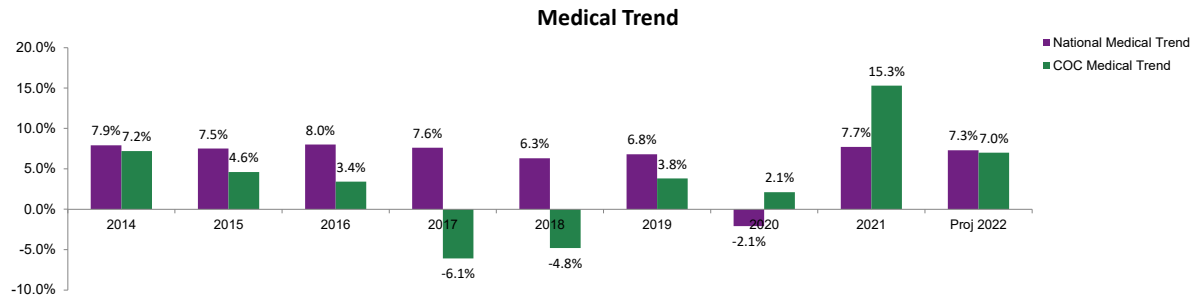
National Since 2013
Total Medical Claims Increase
61%

Compounded Average
Medical Claims Increase
6.2%

City of Charlotte Since 2013
Total Medical Claims Increase
27%

Compounded Average
Medical Claims Increase
3.0%

City of Charlotte Medical Experience Compared to National Trend



Lower than average cost savings drivers:

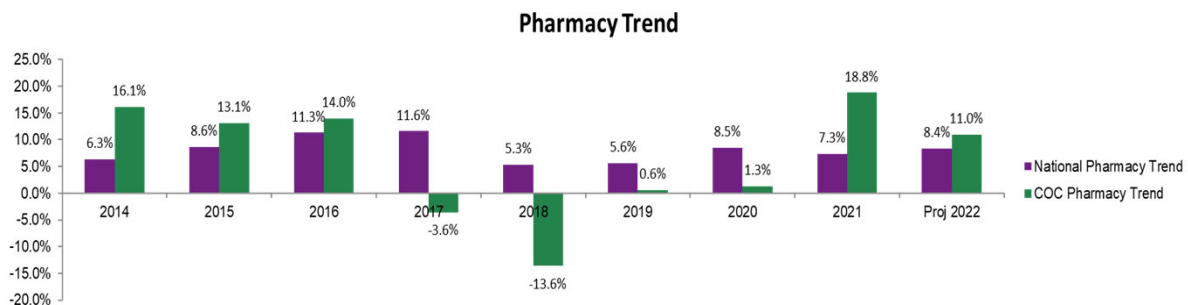
- High utilization of the nearsite clinic model
 - 82% employee, 64% retiree, 62% spouses, 16% dependents
- Four Plan strategy
- Plan design changes

2020-2021 cost increase drivers

- 20% increase in claims costs from 2020 to 2021.
- Currently, claims are projected to run 105% - 107% of the premiums collected.
- A few large COVID-19 related claimants are a primary driver of this increase.

National trends per Segal study

City of Charlotte Pharmacy Experience Compared to National Trend



Higher than national trend pharmacy drivers:

- More people taking more medications
- Medication cost increasing
- Specialty drug utilization has increased
 - Cancer, Hereditary conditions, Diabetes medications, Psoriasis

Top 10 Health Conditions

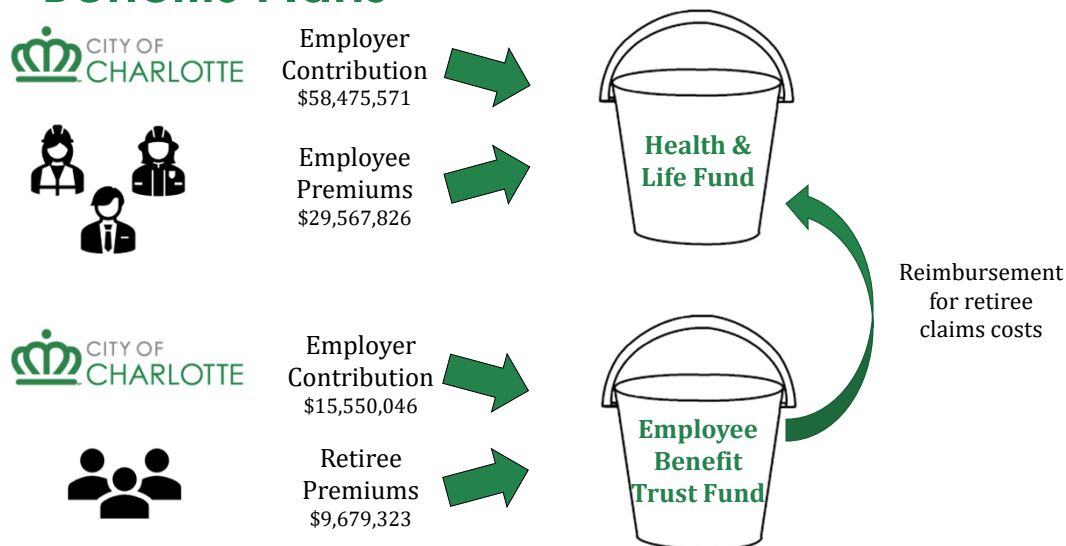
Diagnostic Category	2021 PMPM Paid Claims	2020 PMPM Paid Claims	YOY Percent Change
Musculoskeletal	\$51.22	\$45.44	+ 12.7%
Cancer	\$38.79	\$41.81	- 7.22%
Cardiology	\$30.62	\$27.79	+ 10.18%
Gastroenterology	\$28.06	\$24.71	+ 13.56%
Preventive & Administrative	\$25.41	\$17.34	+ 46.54%
Pulmonology	\$24.33	\$9.73	+ 150%
Neurology	\$20.58	\$15.90	+ 29.43%
Endocrinology	\$20.30	\$13.66	+ 48.61%
Psychiatry	\$17.65	\$13.50	+ 30.74%
Obstetrics	\$12.42	\$9.48	+ 31%



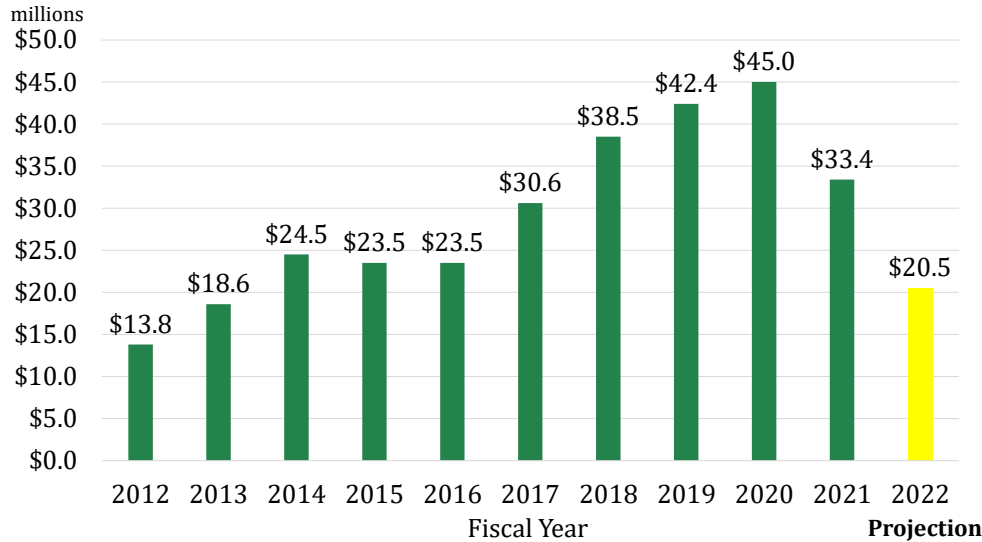
COVID-19 Claims Paid January 2020 – January 2022

COVID Services	Total Paid Claims
Testing and Screening	\$2,723,997
Treatment	\$6,087,775
Vaccines	\$260,103
Total	\$9,071,875

Primary Funding Sources for City's Benefits Plans



Fund Balance has helped stabilized COVID and inflationary-related medical impacts



Budget Considerations and Next Steps

Including enterprise funds, a \$7 to \$10 million increase in funding for the Healthcare Fund likely needed in FY 2023

Additional funds are intended to stabilize the Healthcare Fund over two fiscal years

Consideration will be given to employee attraction and retention considerations as healthcare recommendations are made

Questions?