Healthcare Costs at **BELOW 2010** Levels?

How Did Palm Coast do **THAT**?
A Conversation about your Health Insurance
Before we get started, a few basic facts about our traditional healthcare insurance . . .
CLAIMS = COSTS +++
EMPLOYEES ARE USERS
THE RESULTS

Nationwide Healthcare Insurance Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$8,729</td>
</tr>
<tr>
<td>2011</td>
<td>$9,473</td>
</tr>
<tr>
<td>2012</td>
<td>$9,934</td>
</tr>
<tr>
<td>2013</td>
<td>$10,266</td>
</tr>
<tr>
<td>2014</td>
<td>$10,717</td>
</tr>
<tr>
<td>2015</td>
<td>$11,304</td>
</tr>
</tbody>
</table>

Source: Aon Hewitt
A New Approach
A New Approach

• Formed a Team
• Focused on Fixing or Containing Costs
A New Approach

Broker

Organization

Employees
Flat Fee $75,000 versus 2015 Projected 5% Fee $115,000
Your Organization

**Fully Insured**
- Premiums (including Administrative Fee) Paid to Insurance Provider
  - If Claims < Premiums, Insurance Provider Keeps $
  - If Claims > Premiums, Insurance Provider Pays + Raises Rates Following Year

**Self Insured**
- Administrative Fee Paid to Insurance Administrator
- Premiums Paid to Yourself
  - If Claims < Premiums, Your Organization Keeps $
  - If Claims > Premiums, Your Organization Pays
Your Organization

Palm Coast goes Self-Insured

• Fixed Costs
  • Broker Fee
  • Administrative Fee
  • Stop Loss Insurance - Claims over $125,000

• Premium Costs Paid to Yourself
  • Actuary Determines
Your Employees

Do your employees spend more time comparing yogurt (type, brand, price) than healthcare options?
Your Employees

Palm Coast High Deductible Health Care Plan with HSA

• High Deductible - $1,500 Single
  • 80/20 After Deductible is Met

• Maximum Out of Pocket - $3,000 Single

• After that...
  • City Health Insurance Fund up to $125,000 per claim
  • Stop Gap after $125,000

Helped Fix Costs to Palm Coast
Your Employees

Provided Incentives to Get Employees to Think Differently

• Provided HSA Funding
• Dis-incentivized Non-HDP Plans
• Offered Employee Clinic
• Wellness Programs
Let’s go back...
Now we can talk about the Clinic.
Request for Proposals

• Management Company
• Local ARNP – No Medical Doctor On-Site
• Insurance Company with Clinic
• Local Family Practice
• Local Urgent Care Facility
Our Medical Clinic

• Benefits
  • Urgent Care Services
  • New Facility
    • With Equipment, Staff, and Confidentiality Protocols
  • Offered Flat-Rate Per Hour of Services
  • No Capital Outlay
Results
## Clinic Analysis by Detail

**May 1, 2014 – April 30, 2015**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Average Cost to Plan</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>Diagnostic/Minor Surgical</td>
<td>24</td>
<td>$150</td>
</tr>
<tr>
<td>Injections</td>
<td>117</td>
<td>$80</td>
</tr>
<tr>
<td>Lab Tests (Metlyte, Lipid, Liver &amp; CBC)</td>
<td>1246</td>
<td>$52</td>
</tr>
<tr>
<td>Office Visits</td>
<td>659</td>
<td>$117</td>
</tr>
<tr>
<td>X-rays</td>
<td>39</td>
<td>$35</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$156,220</strong></td>
</tr>
<tr>
<td><strong>Clinic Cost</strong></td>
<td></td>
<td><strong>-$ 111,876</strong></td>
</tr>
<tr>
<td><strong>Estimated Cost Savings</strong></td>
<td></td>
<td><strong>$44,344</strong></td>
</tr>
</tbody>
</table>

Based upon average of Reasonable & Customary Plan Charges on BCBSF website
Employees as Consumers

• Emergency Room usage decreased 30%
• Prescription Costs decreased 13.8%
• Brand Name Drug usage decreased 8%
• Ambulatory Visits decreased 5.0%
• Clinic Usage by 72% of eligible members
Plan Costs

*Projected Costs Based on Aon Hewitt Health Value Initiative 2015

Per Employee

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Costs</th>
<th>Projected Fully Insured</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>$3,174,000</td>
<td>$3,174,000</td>
</tr>
<tr>
<td>2011</td>
<td>$2,804,901</td>
<td>$3,556,372</td>
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<tr>
<td>2012</td>
<td>$2,941,128</td>
<td>$3,254,322</td>
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<tr>
<td>2013</td>
<td>$3,118,929</td>
<td>$3,515,176</td>
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<tr>
<td>2014</td>
<td>$2,986,383</td>
<td>$3,741,624</td>
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</tbody>
</table>

2015 National Average $11,304

*Projected Costs Based on Aon Hewitt Health Value Initiative 2015
Flagler Schools just completed first year, no increased costs to employees and health insurance fund is almost fully funded!
## By the Numbers – A Recap

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Description</th>
<th>2014</th>
<th>SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker Commission Based</td>
<td>Estimated 2014 at 5%</td>
<td>$115,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>Broker Flat Fee</td>
<td>Actual 2014</td>
<td>$75,000</td>
<td></td>
</tr>
<tr>
<td>Clinic</td>
<td>Estimated Claims 2014</td>
<td>$156,200</td>
<td></td>
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<tr>
<td>Clinic</td>
<td>Fixed Expense</td>
<td>$111,876</td>
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<tr>
<td></td>
<td>SAVINGS</td>
<td></td>
<td>$44,324</td>
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<tr>
<td>Per EE/Year (331 EEs)</td>
<td>Nat’l Avg. $11,304</td>
<td>$3,741,624</td>
<td></td>
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<tr>
<td>Per EE/Year (331 EEs)</td>
<td>City of Palm Coast $9,022</td>
<td>$2,986,383</td>
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<tr>
<td><strong>TOTAL SAVINGS</strong></td>
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<td>$755,241</td>
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</tbody>
</table>
Contact Information

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