

# Household/Adult Designee Benefits Proposal

# Current Situation

Married Employee



Can put their spouse and other dependents on the current PEHP plan

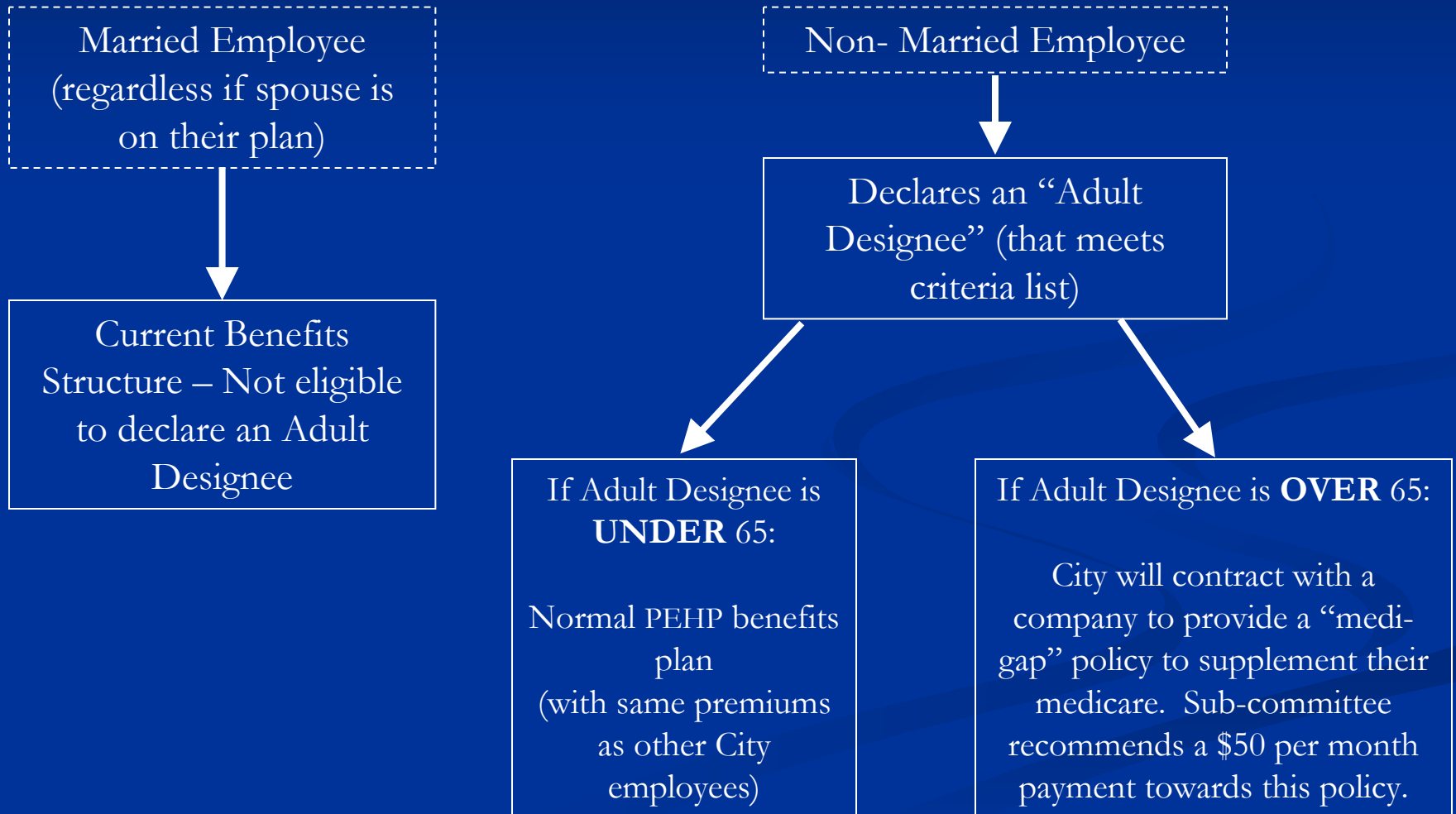
Non- Married Employee



Can only put their legal dependents on the current PEHP plan

# Sub-committee proposal

## Who is eligible? For what plan?



# Criteria for “Adult Designee”

1. has resided in the same domicile with the eligible employee for at least the past consecutive 12 months and intends to remain so indefinitely;
2. is at least 18 years of age and has the capacity to enter into a contract;
3. is directly dependent upon, or interdependent with the employee, sharing a common financial obligation. Acceptable documentation is:
  - a) IRS form defining Adult Designee as a dependent;
  - OR
  - b) THREE of the following must be documented:
    - i. Joint loan obligation, mortgage, lease, or joint ownership of a vehicle,
    - ii. Designated as beneficiary under the employee’s life insurance policy, retirement benefits account, or will or executor of each other’s will,
    - iii. Mutually granted power of attorney (health care or financial management)
    - iv. Status as authorized signatory on bank or credit accounts,
    - v. Joint bank or credit accounts,
4. Agrees to sign a notarized statement with the attached documentation to be filed with the Human Resources Division attesting to the above statements.

\*All dependents (unmarried legal child under age 26) of the “Adult Designee” would be eligible for the plan, much like the current situation with spouses and their dependents.

# PEHP Analysis - Enrollment

## Ranges of Enrollment:

<b>Adult Designee Category</b>	<b>Percent Enrollment</b>	<b># of Employees enrolling</b>
Parent	0.75% - 1.5% of all subscribers	21 - 43
Sibling	1% - 2.5% of all subscribers	29 - 72
Domestic Partner	.75% - 4% of single subscribers	8 - 41

## Likely Enrollment Scenario:

<b>Adult Designee Category</b>	<b>Percent Enrollment</b>	<b># of Employees enrolling</b>
Parent	1% of all subscribers	29
Sibling	1.8% of all subscribers	52
Domestic Partner	1.5% of single subscribers	16
<b>Total</b>	<b>3.3% of all employees</b>	<b>96</b> (figures may not add due to rounding)

# PEHP Analysis - Costs

Increase in Claims per year - Siblings and Domestic Partners w/ .5 dependents					
	Parent	Sibling	Domestic Partner	Dependents	Total (including 4% admin cost)
High (5.4%)	\$218,000	\$201,000	\$116,000	\$158,500	\$721,240
<b>Likely Scenario (3.3%)</b>	<b>\$146,000</b>	<b>\$145,000</b>	<b>\$44,000</b>	<b>\$94,500</b>	<b>\$446,680</b>
Underutilization (2.0%)	\$109,000	\$81,000	\$22,000	\$51,500	\$274,040

A range of \$274,040 to \$721,240 in additional claims costs would be incurred.

This increase is **BEFORE** premiums are collected from employees.

\*This cost estimate include .5 dependents for each Adult Designee.

\*The “Parent” category refers to parents between the ages of 50-65.

# Premiums Generated vs. Actual Costs

	Employee-paid Amount (per pay period)	# of Employees enrolling	Premiums Generated (per year)	Actual Medical Cost (Claims)	Difference
<b>Higher Range Utilization (3.3% of all employees enroll)</b>					
Double Coverage	\$ 85.02	29	\$ 58,439	\$ 151,840	\$ (93,400.65)
Family Coverage	\$ 101.51	<u>67</u>	<u>\$ 163,379</u>	<u>\$ 294,840</u>	<u>\$ (131,461)</u>
Total		96	\$ 221,818	\$ 446,680	<b>\$ (224,862)</b>
<b>Lower Range Utilization (2.0% of all employees enroll)</b>					
Double Coverage	\$ 85.02	17	\$ 35,504	\$ 113,360	\$ (77,855.65)
Family Coverage	\$ 101.51	<u>41</u>	<u>\$ 98,911</u>	<u>\$ 160,680</u>	<u>\$ (61,769)</u>
Total		58	\$ 134,416	\$ 274,040	<b>\$ (139,624)</b>

A range of \$139,624 to \$224,862 is the “gap” that the Council would need to fund in order to keep premiums the same for the rest of the City.

Additionally, if the City were to pay \$50 per month towards a “medi-gap” policy costs would be roughly \$17,400 per year (assuming 29 enroll).

# Costs - Council's Proposal vs. Mayor's Executive Order

## Council's Proposal

	Employee- paid Amount (per pay period)	# of Employees enrolling	Premiums Generated (per year)	Actual Medical Cost (Claims)	Difference
<b>Higher Range Utilization (3.3% of all employees enroll)</b>					
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## Mayor's Executive Order

	Employee- paid Amount (per pay period)	# of Employees enrolling	Premiums Generated (per year)	Actual Medical Cost (Claims)	Difference
<b>Higher Range Utilization</b>					
Double Coverage	\$ 85.02	11	\$ 22,445	\$ 32,189	\$ (9,744)
Family Coverage	\$ 101.51	<u>11</u>	\$ 26,799	\$ 80,473	\$ (53,674)
		22	\$ 49,244	\$ 112,662	<b>\$ (63,418)</b>
<b>Lower Range Utilization</b>					
Double Coverage	\$ 85.02	8	\$ 16,324	\$ 23,410	\$ (7,087)
Family Coverage	\$ 101.51	<u>2</u>	\$ 4,872	\$ 14,632	\$ (9,759)
		10	\$ 21,196	\$ 38,042	<b>\$ (16,846)</b>

# Council's Proposal vs. Mayor's Proposal

	<b>Council Proposal</b>	<b>Mayor's Executive Order</b>
Enrollment	58-96 employees	10-22 employees
Increased Claims Costs	\$274,000 - \$447,000	\$38,000 - \$113,000
Increased <u>Real</u> Cost (after employee premiums are collected)	\$140,000 - \$225,000	\$17,000 - \$63,400
Criteria	Cohabitation for one year, 3 out of 5 interdependence documents, or an IRS defined dependent	Cohabitation for 6 months, 2 out of 3 interdependence documents