

Bobbie Walthall

To: David L. Corliss
Subject: RE: Healthcare 2011

-----Original Message-----

From: robchestnut@sunflower.com [mailto:robchestnut@sunflower.com]
Sent: Sunday, September 12, 2010 11:52 AM
To: David L. Corliss
Subject: Healthcare 2011

Attached is another cut of the information provided on medical claims. In fact, Lori's statement about the plan being backloaded is not completely accurate. In 2 out of the last 5 years, claims in the first half of the year exceeded those of the last half of the year.

I believe the projection for 2010 claims is possibly \$1,000,000 in excess of historic trends. It is based solely on the experience in 2009 which may or may not be accurate based on other factors in the 2009 experience. One factor in particular is the knowledge that the City was changing networks on 1/1/2010 could have created excess usage in late 2009.

I have included a projection using the 5-year average. Secondly, if the projection is close there should be an inquiry regarding the accountability of the broker's projections prior to this year of lower claims. General medical costs have not gone up by the factor in the projection.

Please include this information with the memo provided by staff.

Rob

Healthcare Plan Expenditures

2005		2006		2007		2008		2009	
<u>1st Half</u>	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>
2566321	2295777	2541605	2957921	3430061	3241238	3521958	3852527	4323869	5659399
52.8%	47.2%	46.2%	53.8%	51.4%	48.6%	47.8%	52.2%	43.3%	56.7%

5-yr Average		2010 Projected		2010 5-yr average		2nd half 2010 difference 1033268
<u>1st Half</u>	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>	
48.3%	51.7%	4323869	5659399	4323869	4626131	
		43.3%	56.7%	48.3%	51.7%	

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To: David L. Corliss
Subject: RE: Healthcare 2011

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From: robchestnut@sunflower.com [mailto:robchestnut@sunflower.com]
Sent: Sunday, September 12, 2010 12:03 PM
To: David L. Corliss
Subject: Healthcare 2011

Again, I would contend that Lori's statement on Tuesday was not completely accurate regarding single premium subsidy. In fact, most of the peer communities surveyed do not provide the entire premium subsidy. They subsidize at an average of 80% which would translate to about \$80 per month per employee for single premium employees with the City of Lawrence.

I believe we need to consider some contribution. If the direction pursued by the City toward wellness benefits continues, all employees need to have some financial motivation to participate. Otherwise, the expenditures toward this efforts are not as effective as possible with 30-35% of City employees with no monthly contribution.

On that note, I would like the actual breakdown within all categories. Wellness initiatives encourage early participation. Get younger employees in wellness programs to avoid long-term health care issues. I believe we will not see the benefits that might otherwise be obtained without some single employee contribution.

Rob