

# Increase to Healthcare Benefits Medical Mutual of Ohio

Presented to: Finance Committee

January 10, 2017

Greater Cleveland Regional Transit Authority



# Healthcare Benefits Increase

- Request for additional funds to pay final Medical Mutual bill for 2016.
- Request \$285,051.44 to be added to Medical Mutual contract.
- Monies to be moved from unused dollars from UH Choice 2016 budget.

# Healthcare Benefits Increase

2015 vs. 2016 Employee Enrollment in Medical plans

2015 Enrolled Employees

MMO – 1,524

HealthSpan – 344

2016 Enrolled Employees

MMO – 1,752

UH Choice - 160

# Healthcare Benefits Increase

## 2015 vs. 2016 Healthcare Budget Comparison

### 2015 Beginning Budget

MMO - 22.6 M

HealthSpan - 4.5 M

### 2015 Actual Costs

MMO - 21.7 M

HealthSpan - 4.3 M

### 2016 Beginning budget

MMO - 21.83 M

UH Choice - 3.66 M

### 2016 Actual Costs

MMO - 22.84 M

UH Choice - 2.12 M



# Healthcare Benefits Increase

- Justification for Increase:
- Increased employee enrollment and claims in MMO plan for 2016.
- Less than expected costs in UH Choice Plan.
- Overall medical budget for 2016 is about \$260,000.00 below budget.

## Healthcare Benefits Increase

- On September 23, 2014, by Resolution 2014-078, the Board of Trustees authorized Contract 2014-092A with Medical Mutual of Ohio to provide Medical Plan and Managed Prescription Benefit Program to Authority employees for a one year period with three, one year options in annual amounts not to exceed \$18,500,000 and \$4,100,000 respectively, totaling \$22,600,000.
- GCRTA is currently in the first year option or second year of the contract.

# Healthcare Benefits Increase

- Due to the unanticipated increase enrollment of employees into the Medical Plan FY 2016, on October 19, 2016, the CEO, General Manager/Secretary-Treasurer approved Change Order No. 1 in the amount of \$500,000 for a total amount NTE \$19,000,000 for the Medical Plan. This resulted in a total contract amount NTE \$23,100,000 for the 2016 enrollment period.
- The Authority now requires Change Order No. 2 to cover final payment of 2016 medical and prescription costs.
- Change order authority has been exhausted, requiring authorization from the Board of Trustees to ratify this.

# Healthcare Benefits Increase

- Recommendation:
  - Staff requests that the Finance Committee recommend to the Board of Trustees ratification of an increase to Contract 2014-092A with MMO to provide additional Healthcare Medical Plan and Prescription Benefits in amounts NTE \$216,608.28 and \$68,443.16 respectively, for a total change order amount NTE \$285,051.44 FY 2016.