

## City Clerk

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**From:** Mayor's Assistant  
**Sent:** Monday, November 20, 2023 10:18 AM  
**To:** City Clerk  
**Cc:** Brian Bailey (brian@chippewahotel.com); Richard Chambers (rchambers19@gmail.com); Tom Corrigan (tom@corrigan.tech); Margaret Doud (mdoud@lighthouse.net); Steve Moskwa (smoskwa@sbcglobal.net); Anneke Myers (annekemyers@yahoo.com); Alan Sehoyan (alsehoyan@gmail.com); Allen Burt  
**Subject:** FW: City DPW Health Plan Renewal  
**Attachments:** 2024 Renewal Booklet- Mackinac Island.pdf  
**Importance:** High

Good Morning Danielle,

Could you please add this as an agenda item to the November 30<sup>th</sup> meeting. Could you put this first on the agenda please.

Looking for an approval for the new rates for insurance, unfortunately we did not have time for this to go to the Finance committee.

Council members please read the attached as I am looking for an approval at council next week. I will see if Ryan can zoom in for questions.

Thanking you in advance,

*Frista L. France*

Mayor's Assistant  
City of Mackinac Island  
7358 Market Street  
P.O. Box 455  
Mackinac Island, MI 49757  
[assistant@cityofmi.org](mailto:assistant@cityofmi.org)  
(906) 847-6556 (office)  
(906) 847-6430 (fax)

Absolutely.

The purchasing of insurance is transferring risk of something to an insurance company. With auto insurance you are transferring the financial risk of an auto accident to the insurance company if something were to happen. In the case health insurance, purchasing insurance is transferring the risk of medical claims to the insurance company. The HRA is currently self-funded, therefore the City is paying / taking the risk of those claims from the 500 / 1000 deductible up to the BCBSM plan deductible of 5000 / 10000. This risk is relatively small, but in the last year the HRA plan cost increased quite dramatically. If the city and DPW wanted to transfer this risk over to an insurance company, you are able to do that with GAP insurance, therefore you pay the insurance company a premium, and they take the risk of the claims. Plan benefits for the most part stay the same.

Ultimately the amount of savings is \$2,000 if looking to keep benefit levels the same. I would need both groups, City and DPW, to make the move to GAP or stay HRA.

Let me know if that explains the insurance term, apologize for that. 😊

Thanks!

**Ryan Whitley**  
**Account Executive**  
**44North**  
**(P) 906.315.5365**  
**(M) 906.360.3320**

**From:** Allen Burt <[aburt@cityofmi.org](mailto:aburt@cityofmi.org)>  
**Sent:** Friday, November 17, 2023 1:44 PM  
**To:** Mayor's Assistant <[assistant@cityofmi.org](mailto:assistant@cityofmi.org)>; Ryan Whitley <[RWhitley@44n.com](mailto:RWhitley@44n.com)>  
**Subject:** RE: City DPW Health Plan Renewal

Good afternoon,

Can you elaborate a bit on “transfer the increasing risk of higher HRA claims to an insurance company.”? Where is that risk to the City/DPW?

Thank you,  
Allen

**Allen Burt**  
*Director of Public Works*  
*Coxswain, Mackinac Marine Rescue*  
  
City of Mackinac Island Department of Public Works  
Mobile: 231-412-7739  
7358 Market Street, PO Box 515, Mackinac Island, MI 49757  
Web: [www.cityofmi.org](http://www.cityofmi.org)  
Email: [midpw@cityofmi.org](mailto:midpw@cityofmi.org)

**From:** Ryan Whitley <[RWhitley@44n.com](mailto:RWhitley@44n.com)>  
**Sent:** Friday, November 10, 2023 12:41 PM  
**To:** Mayor's Assistant <[assistant@cityofmi.org](mailto:assistant@cityofmi.org)>  
**Cc:** Lesley Seelig <[lseelig@44n.com](mailto:lseelig@44n.com)>; Ryan Whitley <[RWhitley@44n.com](mailto:RWhitley@44n.com)>  
**Subject:** City DPW Health Plan Renewal  
**Importance:** High

Trista,

Good afternoon, I hope you had a good week.

Attached you will find the renewal information for The City of Mackinac Island; the City group and DPW. Overall not a bad renewal. BCBSM came in at a 7.11% increase. The HRA experienced an uptick in claim activity so far in 2023, causing the overall average claims for a 3 year period to increase. With this increase our recommendation is to increase the HRA

rates by 24%. The HRA plan design has saved the City of Mackinac Island over \$720,000 since 2015!! Some graphical information is provided on HRA Utilization so you can see how historical and current utilization is affecting the rates.

All in all the renewal is coming in at 8.56%; 8.24% for the City, and 9.09% for the DPW.

Due to the increase primarily due to the HRA, I wanted to keep the plan design the same as that is working for you; but look at a fully insured GAP Product to see if that would save money and transfer the increasing risk of higher HRA claims to an insurance company. With this product, you would simply pay a premium to the insurance company vs paying claims and administration fees for the HRA. Ultimately that GAP program is coming in slightly higher cost than renewal cost; therefore not an advantage to switch to that program causing disruption to employees in terms of process and higher copays as the GAP program is not able to reimburse copays down to your current benefit levels.

I also looked at increasing the deductibles on both City and DPW programs by 500 / 1000 with the GAP program. That increased deductible for employees (along with higher copays and process change) would decrease the renewal rate change to 6.96%.

Dental with MetLife had a rate cap of 5%. The renewal rate is coming in at a 5% increase.

All of the rate exhibits are included in the attached. If you would like the GAP exhibits to compare those plans or would like to see higher deductibles with the HRA program, let me know. I believe the cost savings with higher deductibles on the HRA would be about the same cost as with the GAP program.

Please let me know if you would like to set up a digital meeting to review and discuss.

Have a great weekend, thank you!!



**Ryan Whitley, Account Executive | 44North**

300 S. Front St. | P.O. Box 747 | Marquette, MI 49855

Phone (906) 315-5365 | Mobile 906-360-3320 | Toll Free (888) 269-7620

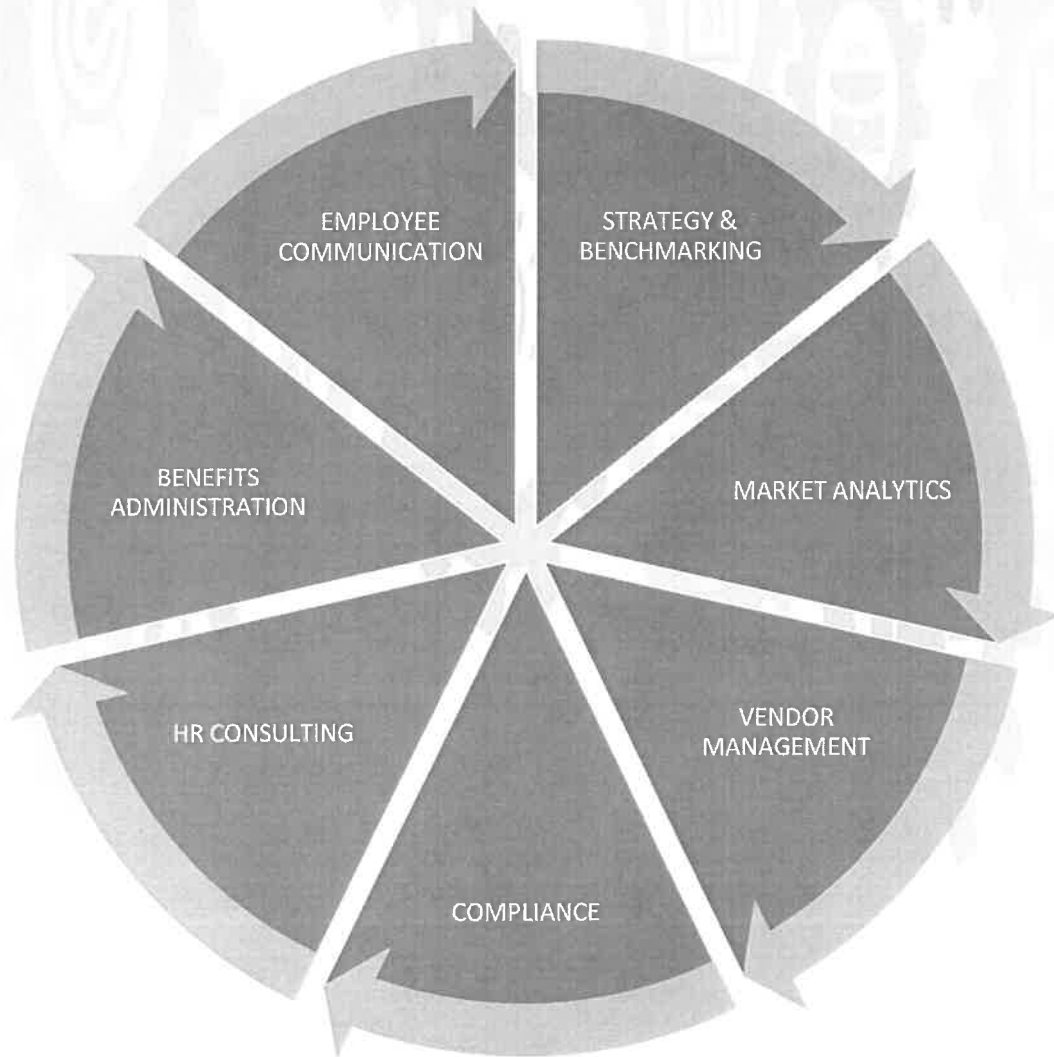
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Click [here](#) to check out our E-Book!

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# City of Mackinac Island

## 2024 Renewal Packet







## CONTENTS

Your Service Team

Benefit Plan Performance Renewal Summary

HRA Utilization

GAP Product

Renewal Rate Exhibits

YOUR DEDICATED

## SERVICE TEAM



**Vince Babcock**  
Group Benefit Consultant  
Office: Marquette, MI  
P: 855.306.1099 ext. 8116  
E: [vbabcock@44n.com](mailto:vbabcock@44n.com)



**Ryan Whitley**  
Account Executive  
Office: Marquette, MI  
P: 906.315.5365  
E: [rwhitley@44n.com](mailto:rwhitley@44n.com)



**Bonnie Nelson**  
Service Coordinator  
Office: Marquette, MI  
P: 855.306.1099 ext. 8138  
E: [bnelson@44n.com](mailto:bnelson@44n.com)



**Lesley Seelig**  
Account Manager  
Office: Marquette, MI  
P: 855.306.1099 ext. 8124  
E: [lseelig@44n.com](mailto:lseelig@44n.com)



**Stacey Alcott**  
Account Administrative  
Coordinator  
Office: Marquette, MI  
P: 855.306.1099 ext. 8152  
E: [salcott@44n.com](mailto:salcott@44n.com)

As always, our emergency 24/7 service  
line is available at (855) 306-1099



## MEDICAL/Rx/HRA RENEWAL SUMMARY

Carrier(s)	2021 BCBSM	2022 BCBSM	2023 BCBSM	2024 BCBSM
Enrolled Employees	27	26	27	27
<b>Medical / Rx Plan Cost</b>	<b>\$251,403</b>	<b>\$315,649</b>	<b>\$309,008</b>	<b>\$330,389</b>
<i>Med / Rx Rate Change</i>	<i>3.54%</i>	<i>9.64%</i>	<i>13.02%</i>	<i>7.11%</i>
<b>44North HRA</b>	<b>\$36,566</b>	<b>\$31,684</b>	<b>\$27,559</b>	<b>\$34,383</b>
<i>HRA Rate Change</i>	<i>21.37%</i>	<i>-9.97%</i>	<i>-14.01%</i>	<i>24.76%</i>
<b>Medical &amp; HRA Plan Illustrative Cost</b>	<b>\$287,970</b>	<b>\$347,333</b>	<b>\$336,567</b>	<b>\$364,772</b>
<b>Total Illustrative Cost Change</b>	<b>5.50%</b>	<b>7.50%</b>	<b>10.18%</b>	<b>8.56%</b>

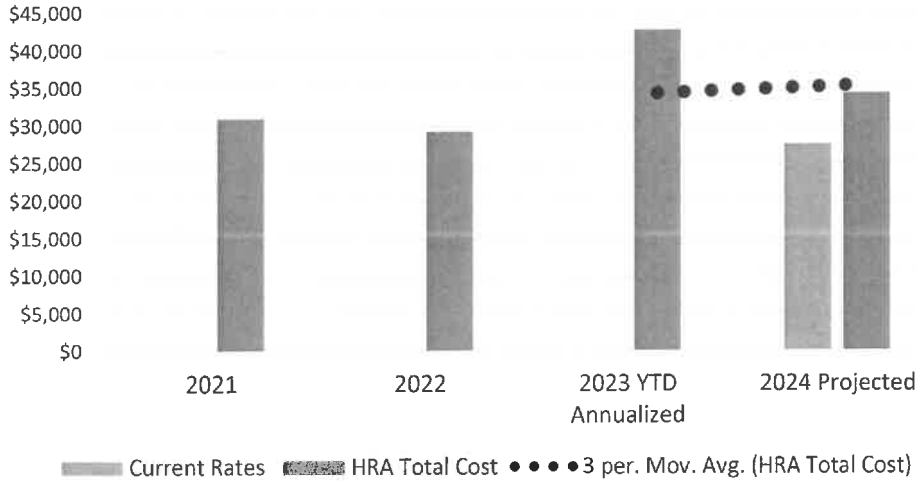
## RENEWAL BY PLAN COST SUMMARY

Plan	Total Cost	Rate Change from Current
<b>Total Plan Combined Cost - Current</b>	<b>\$336,014</b>	
City Medical Plan	\$207,111	6.95%
City HRA Plan	\$18,747	24.76%
<b>Total City Plan</b>	<b>\$225,858</b>	<b>8.24%</b>
DPW Medical Rx Plan	\$123,278	7.37%
DPW HRA Plan	\$15,636	24.76%
<b>Total DPW Plan</b>	<b>\$138,914</b>	<b>9.09%</b>
<b>Total Combined Cost - Renewal</b>	<b>\$364,772</b>	<b>8.56%</b>



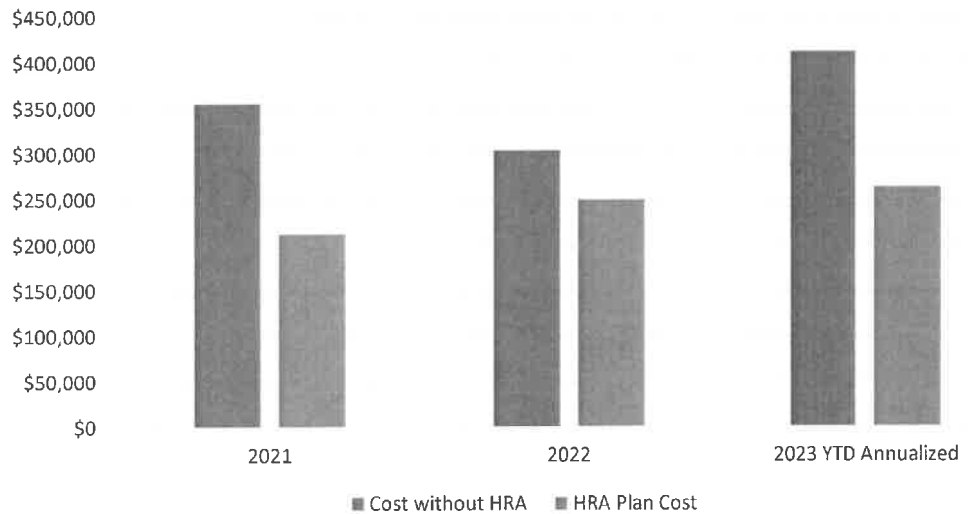
# HRA PROGRAM

### HRA Cost by Year



**HRA Claims Increased 60% from 2022 resulting in 24% HRA Rate Increase**

### Plan Cost with & Without HRA



**HRA Plan Design has saved the City of Mackinac Island over \$720,000 since 2015!!**

**With the HRA Self-Funded Claims increasing, moving to a fully insured GAP Program may be beneficial.**

# FULLY INSURED GAP PROGRAM



## What does Gap Health Insurance Cover?

A medical gap insurance plan is simple in that it follows an employer's major medical plan. It pays off the underlying major medical plan's Explanation of Benefits (EOB) directly to the subscriber or provider. A gap plan pays the benefits described in the Schedule of Benefits up to a maximum benefit amount. These plans may have a supplemental deductible or coinsurance (out of pocket) which the subscriber must meet prior to plan reimbursement.

A medical gap plan pays the amount applied to the insured's major medical deductible and coinsurance. It covers the same expenses as the major medical plan except for charges for professional fees in a doctor's office or medical clinic, outpatient prescription drugs, vision, dental, and plan copayments.

Fully Insured GAP Option	Total Cost	Rate Change from Current
<b>Change from HRA to Insured Reimbursement (GAP) Program</b>	<b>\$366,671</b>	<b>9.12%</b>
City with \$1000 / \$2000 GAP Plan	\$226,746	8.66%
DPW with \$500 / \$1000 GAP Plan	\$139,925	9.88%
<b>Change to GAP with Higher Plan Deductible</b>	<b>\$359,384</b>	<b>6.96%</b>
City with \$1500 / \$3000 Deductible GAP	\$223,283	7.00%
DPW with \$1000 / \$2000 Deductible GAP	\$136,101	6.88%

**Total Combined Cost - Renewal    \$364,772 8.56%**

## RENEWAL SUMMARY - CITY EMPLOYEES



ACRISURE<sup>®</sup> PARTNER

Customer Name: City of Mackinac Island  
 Contract/Group #: 007003463-0002  
 Renewal Date: 1/1/2024

	Current Base Plan	Reimbursed Plan
Deductible	5000/10000	1000/2000
Coinsurance %	30%	0%
Coinsurance Max	1350/2700	0
Prescription	20/60/100/20%/25%	20/60/100/20%/25%
90 Day Supply	MOPD 3x-\$10	MOPD 3x-\$10
OV/SP/CH/UC/ER	30/50/30/60/150	25/25/0/0/50
Out of Pocket Max	6350/12700	6350/12700
Notes:		
Plan Design:	Simply Blue HRA PPO Platinum	44North Seamless HRA

MEDICAL		Total #	#	Current Rates	Renewal Rates
		Single	9	9	\$611.25
Double	1	1	\$1,467.00	\$1,569.02	
Family	5	5	<u>\$1,833.75</u>	\$1,961.28	
		15	15		
<b>Total Annual Cost:</b>				<b>\$193,644</b>	<b>\$207,111</b>
<i>Cost Change from Current:</i>					\$13,467
<i>% Difference from Current:</i>					6.95%

HRA		Total #	#	Current Rates	Renewal Rates
		Single	9	9	\$56.07
Double	1	1	\$106.56	\$132.94	
Family	5	5	<u>\$128.20</u>	<u>\$159.94</u>	
		15	15		
<b>Total Annual Cost:</b>				<b>\$15,026</b>	<b>\$18,747</b>
<i>Cost Change from Current:</i>					\$3,720
<i>% Difference from Current:</i>					24.76%

<b>Rates Include Fully Insured Premium &amp; HRA Illustrative Rates.</b>		Total #	#	Current Illustrative Cost	Renewal Illustrative Cost	
COMBINED	Single	9	9	\$667.32	\$723.71	
	Double	1	1	\$1,573.56	\$1,701.96	
	Family	5	5	\$1,961.95	\$2,121.22	
			15	15		
	<b>Annual Total Cost:</b>				<b>\$208,670</b>	<b>\$225,858</b>
<i>Cost Change from Current:</i>					\$17,188	
<i>% Difference from Current:</i>					8.24%	

<b>COMBINED CURRENT COST</b>	<b>\$208,670</b>
<b>COMBINED RENEWAL COST</b>	<b>\$225,858</b>
<b>COST CHANGE</b>	<b>\$17,188</b>
<b>% CHANGE</b>	<b>8.24%</b>

2024 PA152 Calculations			Hard Cap	20% Cost
<b>Annual Hard Cap:</b>				
Single	\$7,702.85	Single	\$111.69	\$144.74
Two Person	\$16,109.06	Double	\$268.06	\$340.39
Family	\$21,007.83	Family	\$335.07	\$424.24

## RENEWAL SUMMARY - DPW EMPLOYEES

**Customer Name:** City of Mackinac Island  
**Contract/Group #:** 007003463-0003  
**Renewal Date:** 1/1/2024



**Group Health Options:**

	Current Plan	Reimbursed Plan
Deductible	5000/10000	500/1000
Coinsurance %	30%	0%
Coinsurance Max	1350/2700	0
Prescription	20/60/100/20%/25%	20/60/100/20%/25%
90 Day Supply	MOPD 3x-\$10	MOPD 3x-\$10
OV/SP/CH/UC/ER	30/50/30/60/150	25/25/0/0/50
Out of Pocket Max	6350/12700	6350/12700
Notes:		
Plan Design:	Simply Blue HRA PPO Platinum	44North Seamless HRA

MEDICAL		#	Current Rates	Renewal Rates
	Single	9	\$569.50	\$611.50
Double	2	\$1,366.80	\$1,467.60	
Family	1	\$1,708.50	\$1,834.50	
		12		
<b>Total Annual Cost:</b>			<b>\$114,811</b>	<b>\$123,278</b>
<i>Cost Change from Current:</i>				<b>\$8,467</b>
<i>% Difference from Current:</i>				<b>7.37%</b>

HRA		#	Current Rates	Renewal Rates
	Single	9	\$67.88	\$84.69
Double	2	\$134.91	\$168.31	
Family	1	\$163.64	\$204.16	
		12		
<b>Total Annual Cost:</b>			<b>\$12,533</b>	<b>\$15,636</b>
<i>Cost Change from Current:</i>				<b>\$3,103</b>
<i>% Difference from Current:</i>				<b>24.76%</b>

<b>Rates Include Fully Insured Premium &amp; HRA Illustrative Rates.</b>		#	Current Illustrative Cost	Renewal Illustrative Cost
COMBINED	Single	9	\$637.38	\$696.19
	Double	2	\$1,501.71	\$1,635.91
	Family	1	\$1,872.14	\$2,038.66
		12		
	<b>Annual Total Cost:</b>			<b>\$127,344</b>
<i>Cost Change from Current:</i>				<b>\$11,570</b>
<i>% Difference from Current:</i>				<b>9.09%</b>

<b>COMBINED CURRENT COST</b>	<b>\$127,344</b>
<b>COMBINED RENEWAL COST</b>	<b>\$138,914</b>
<b>COST CHANGE</b>	<b>\$11,570</b>
<b>% CHANGE</b>	<b>9.09%</b>

## DENTAL SUMMARY

**Customer Name:** City of Mackinac Island  
**Contract/Group #:** 7003463  
**Renewal Date:** 1/1/2024



Group Options:	Current Plan
<b>Dental</b>	
Class I	80%
Class II	50%
Class III	50%
Class IV	50% (\$1,000 Lifetime Max)
Annual Maximum	\$1,000
Deductible	\$25 / \$75
Notes:	Pediatric \$375 / \$750
Plan Design:	MetLife



	Total Enrolled	Current Monthly Cost	Renewal Monthly Cost
Single	18	\$26.85	\$28.19
Two Person	3	\$64.43	\$67.65
Family	<u>6</u>	\$80.54	\$84.57
	27		
<b>Total Annual Cost:</b>		\$13,918	\$14,613
<b>Cost Change From Current:</b>			\$696
<b>% Change from Current:</b>			5.00%

**DISCLAIMERS**

< Please read prior to making any decision >

- Rates do not include estimated federal and state taxes, fees and assessments.
- All carriers reserve the right to adjust rates if any of the assumptions or calculations used in the quoting process are incorrect.
- All carriers reserve the right to adjust rates if there is a +/- 10% change in enrollment, demographics or contract mix, or change in benefits.
- Final rates are determined by the underwriting carrier based on actual group enrollment and participation. This is only a brief summary of benefits, it is not a contract.
- Additional limitations and exclusions may apply. If there is a discrepancy between this document and any applicable plan document, the plan document will control.
- Census based on most current membership numbers available.
- Administrative fees may apply.
- Pre-existing conditions, participation rules, and medical underwriting rules may apply prior to final rates (not included above).
- Plan design above shows In-Network comparisons only. See specific plan benefit summary sheets for out of network.
- All benefit changes are subject to underwriting approval. Exceptions may apply with prior underwriting approval of union contract.
- Michigan public employers must comply with PA 152, Publicly Funded Health Insurance Act. Assistance with PA 152 calculations available upon request. Public employers who opt out of PA 152 should notify their representative
- Please allow a minimum of 45-60 days for a benefit change (varies based on carriers)
- This is not a binder of coverage, please do not cancel current coverage until final approval is given by new carrier.
- HRA and/or Rx Illustrative rates are not a guarantee of performance. Results may vary.
- Employee cost share cannot be higher than actual medical premium
- 44North is not responsible for typographical errors.