



City of Fairburn Work Session

Agenda

February 13, 2023

6:00 PM

The Honorable Mayor Mario Avery

The Honorable Mayor Pro-Tem Linda J. Davis
The Honorable Alex Heath
The Honorable Hattie Portis-Jones

Mr. Tony Phillips
Mr. Rory Starkey
Ms. Brenda B. James

The Honorable Pat Pallend
The Honorable Ulysses J. Smallwood
The Honorable James Whitmore

City Administrator
City Attorney
City Clerk

I. Meeting Called to Order:

The Honorable Mayor Avery

II. Roll Call:

City Clerk

III. Agenda Items:

1. Benefits Renewal 2023 (Human Resources):

IV. Adjournment:

When an Executive Session is required, one will be called for the following Issues:
(1) Personnel (2) Real Estate or (3) Litigation



2023 Benefits Renewal

MEDICAL, DENTAL, VISION, LIFE, DISABILITY & COBRA ADMINISTRATION / FLEXIBLE SPENDING ACCOUNTS (FSA)

EFFECTIVE APRIL 1, 2023

PRESENTED BY:



BALDWIN KRISTYN SHERMAN PARTNERS | INSIGHT BEYOND INSURANCE

Medical Renewal Claims Details

- The City's loss ratio for the renewal underwriting period of October 2021 – September 2022 is 111.4%, meaning that for every \$1 paid in premiums during the year, United Healthcare paid out \$1.11 in claims. The City's claims were better in October 2022, reducing the loss ratio to 105.6%.
- Medical and Prescription Drug trend (average increase in cost for Medical technology/services/care and prescription drug costs) is approximately 10% year over year.
- The ideal loss ratio for an insurance company to issue a rate pass (no increase) is 70%, which would also include no major ongoing claims.
- The City of Fairburn had a major claim in excess of \$1.2 million in September 2021. This is not an ongoing claim and is not factored into the renewal calculations. In addition, the City's current largest high-cost claimant is no longer on the plan effective January 2023.
- There are 4 large ongoing claimants, expected to significantly impact total paid claims for the upcoming year. Coupled with the City's high overall utilization since joining United Healthcare in 2015, this is the main driver for the 2022 renewal increase from United Healthcare.

United Healthcare Renewal

- The initial renewal from United Healthcare, due to utilization as discussed in the previous slide, came in at 29.5% above current. A 2.5% bundling discount has been included due to the City offering Dental & Vision with United Healthcare. This amounted to an initial proposed increase of \$604,611.
- After negotiations, the loss of a large high-cost claimant in January and most importantly due to the tenure & relationship the City has built with United Healthcare over the past several years, United Healthcare has agreed to lower the increase to approximately 9.8%. This reduces the increase amount to \$200,814 (*savings of \$403,797 from the initial renewal offer*).
- In an effort to support the City's ongoing wellness initiatives, United Healthcare will be increasing the City's wellness budget from \$5,000 to \$20,000 for the 2023 plan year.
- There is no increase on the Dental or Vision premiums for the upcoming plan year.

Additional Agenda Items

- BKS will present two additional cost savings options for the City to review once final rates are provided to BKS.
- All other lines of coverage, including Life and Disability, Health Reimbursement Account, Flexible Spending Accounts and COBRA Administration are offered with no renewal increases.
- We will provide additional details on the medical plan options and medical FSA options for the Council to approve, shortly.