

**RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN
AGREEMENT WITH ARTNA FOR THE PROVISION OF A MEDICARE
ADVANTAGE PLAN FOR RETIREES**

WHEREAS, the City of Winston-Salem offers a Medicare Advantage health insurance plan for retirees (age 65+) who are eligible for Medicare coverage; and

WHEREAS, this coverage supplements retirees' Medicare Parts A and B coverage and provides a benefit that closely matches the health insurance coverage provided for employees and pre-65 employees; and

WHEREAS, the current provider of this plan is Aetna; and

WHEREAS, the Medicare Advantage plan provides coverage for 722 retirees and 211 retiree spouses; and

WHEREAS, the current premium cost for retiree coverage is \$165.58/month/retiree, the cost of which is borne by the City; and

WHEREAS, the annual cost of the current agreement with Aetna for retiree coverage is \$1,362,000; and

WHEREAS, the current agreement with Aetna expires on December 31, 2017; and

WHEREAS, Aetna has submitted a proposal for a renewal rate of \$218.77/month/retiree, which is a 32.1% increase and above the City Council approved cap on retiree health care contribution of \$210.00/ month/retiree; and

WHEREAS, this increase primarily due to the imposition of a new Health Insurer Fee (HIF) required under the Affordable Care Act to help fund federal and state insurance marketplaces/exchanges; and

WHEREAS, City staff considered marketing the insurance coverage to achieve a lower rate; and

WHEREAS, since Aetna was a low bidder one year ago and all insurers are required to pay the HIF fee, City staff decided to consider plan modifications to bring the cost of the Aetna Medicare Advantage plan within the City Council approved cap of \$210/month/retiree ; and

WHEREAS, the two alternatives considered were (1) modifying the drug formulary to achieve a rate of \$201.32/month/retiree, a 21.6% increase, and (2) implementing a \$300 annual deductible for non-preventive medical coverage to achieve a rate of \$185.00/month/retiree, a 11.7% increase; and

WHEREAS, City staff determined that the second alternative with a \$300 deductible that would only apply to members' non-preventive medical services, and would not impact pharmacy and preventive care (annual physicals, mammograms, colonoscopies, etc.) coverages, causes the least disruption in retiree coverages and provides the best value; and

WHEREAS, City staff recommends that the City enter into an agreement with Aetna for the provision of a Medicare Advantage plan for retirees that includes a \$300 deductible for coverage of non-preventive medical services at a rate of \$185.00/month/retiree for plan year 2018; and

WHEREAS, funds are budgeted for these premiums in the Retiree Benefits Fund.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Winston-Salem City Council, that the City Manager is hereby authorized to enter into an agreement with Aetna for the provision of a Medicare Advantage plan for retirees at a rate of \$185.00/month/retiree and an annual not to exceed \$1,625,000 for plan year 2018.

BE IT FURTHER RESOLVED, that this resolution is effective upon adoption.