



CITY OF GROSSE POINTE WOODS  
20025 Mack Plaza Drive  
Grosse Pointe Woods, Michigan 48236-2397

(313) 343-2440  
Fax (313) 343-2785

**NOTICE OF MEETING  
AND  
AGENDA**

**COMMITTEE-OF-THE-WHOLE**

Mayor Robert E. Novitke has called a meeting of the City Council, meeting as a Committee-of-the-Whole, for **Monday, August 5, 2019, at 6:30 p.m.** The meeting will be held in the Council Chambers/Municipal Court Room of the Municipal Building, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236 and is accessible through the Municipal Court doors. In accordance with Public Act 267, the meeting is open to the public and the agenda items are as follows:

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Retiree Health Care Prescription Coverage      A. Memo 07/30/19 – Treasurer/Comptroller, w/attachment
5. New Business/Public Comment
6. Adjournment

Bruce Smith  
City Administrator

IN ACCORDANCE WITH PUBLIC ACT 267 (OPEN MEETINGS ACT)  
POSTED AND COPIES GIVEN TO NEWSPAPERS

The City of Grosse Pointe Woods will provide necessary, reasonable auxiliary aids and services, such as signers for the hearing impaired, or audio tapes of printed materials being considered at the meeting to individuals with disabilities. All such requests must be made at least five days prior to a meeting. Individuals with disabilities requiring auxiliary aids or services should contact the City of Grosse Pointe Woods by writing or call the City Clerk's office, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236 (313) 343-2440, Telecommunications Device for the Deaf (TDD) 313 343-9249, or e-mail the City Clerk at [cityclk@gpwwmi.us](mailto:cityclk@gpwwmi.us).

cc:  
Council – 7  
Berschback  
Smith  
Hathaway

Rec. Secretary  
Email Group  
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File




CITY OF GROSSE POINTE WOODS  
Office of the Treasurer/Comptroller

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Memorandum

RECEIVED  
JUL 31 2019  
CITY OF GROSSE POINTE WOODS  
CLERK'S DEPARTMENT

**DATE:** July 30, 2019  
**TO:** Mayor Novitke and City Council  
**FROM:** Cathrene A. Behrens, Treasurer/Comptroller   
**SUBJECT:** Retiree Health Care Prescription Insurance Policy Recommendation

The City of Grosse Pointe Woods is a current member of a health care consortium, in cooperation with the four (4) neighboring Grosse Pointe communities, where our active and retiree health care benefits are provided through Blue Cross/Blue Shield of Michigan (BCBSM) managed by Manquen Vance (formerly Cornerstone Municipal). Members of this consortium are self-insured groups where BCBSM insurance claims are paid by the five (5) pointe communities from City funds.

City Administrator Bruce Smith and I were recently approached by Mark Manquen and Jordan Richard from Manquen Vance in regards to potential savings that our community could benefit from through the movement of all Medicare eligible retirees into a prescription drug coverage insurance policy through Humana Medicare Advantage Prescription Drug policy. Each of the five (5) Grosse Pointe communities have been approached with this option and three (3) of the five (5) have made the decision to move to this option.

Current prescription drug coverage plans the city holds through Navitus are the following:

<u>Carrier</u>	<u>Prescription Drug Co-Pay</u>	<u># of Medicare Retirees Enrolled</u>
Navitus (City Funded 100%)	Flat \$2.00	70
Navitus (City Funded 100%)	\$5.00 / \$10.00	5
Navitus (City Funded 100%)	\$10.00 / \$20.00	11
Navitus (City Funded 100%)	\$20.00 / \$40.00 / \$80.00	6

The Humana policy offers two levels of prescription drug coverage which are:

<u>Carrier</u>	<u>Prescription Drug Co-Pay</u>	<u># of Medicare Retirees Eligible</u>
Humana	Flat \$2.00	75
Humana	\$5.00 / \$15.00 / \$20.00 / \$20.00	17

Grosse Pointe Woods currently has 92 Medicare enrolled retirees and reducing the number of plans through Humana would provide a better prescription drug coverage benefits to 23 of the retirees who currently are insured through the City. The \$5/\$10 group would be moved to the Flat \$2

group and the \$10/\$20 and \$20/\$40/\$80 group would be moved into the \$5/\$15/\$20/\$20 group thereby providing reduced costs of prescriptions to the retiree.

The following is table represents how the pricing for the Humana plan would compare to what we are currently self-funding through Navitus:

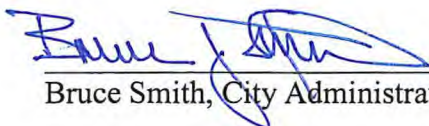
<b>Carrier</b>	<b>Monthly</b>	<b>Annual</b>
Navitus Estimated Cost at Current Design Plan (01/01/2020 – 12/31/2020)	\$36,839.92	\$442,079.00
<b>Total Self-Funded Navitus</b>		<b>\$442,079.00</b>

Humana Proposed Premium Costs for Plan Change	Monthly	Annual
Medicare Retirees (75)	\$19,585.50	\$235,026.00
Medicare Retirees (17)	\$2,834.58	\$34,014.96
<b>Total Annual Humana Premium</b>		<b>\$269,040.96</b>

Total Savings of 39.1%	<b>\$(14,419.84)</b>	<b>\$(173,038)</b>
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Administration annually reviews our rates and discusses the same with Manquen Vance, and this process would continue with the Humana premiums. In discussing the matter with Mark Manquen, if it was determined in the future that it would be more beneficial to the City to return to self-insuring our prescription drug coverage that would be a transition that could be accomplished with ease by the re-establishment of a relationship with a third-party administrator (TPA) similar to what we have currently with Navitus. A disclosure would have to be provided to those Medicare eligible retirees who are receiving a “richer” prescription benefit as a result of the move to Humana, in the event the City reverted back to self-insuring prescription drug coverage.

Recommend approval of the above stated and do not believe any benefit will accrue to the City by seeking further bids.

  
 Bruce Smith, City Administrator

Grosse Pointe Coalition

# Medicare Advantage Prescription Drugs

## Humana Plan Options - Grosse Pointe Woods

Attorney Client Privilege



<b>Current Plan Design</b>	Flat \$2	Flat \$5	\$10/\$20	\$10/\$20/\$40
<b>Current Enrollment</b>	70	5	11	6
<b>Proposed Plan Design</b>	Flat \$2	Flat \$2	\$5/\$15/\$20/\$20	\$5/\$15/\$20/\$20

			<b>Humana Proposed Rates Effective January 1, 2020 - December 31, 2020</b>	
			<b>Flat \$2</b>	<b>\$5/\$15/\$20/\$20</b>
Prescription Drugs				
Generic Copay			\$2	\$5
Preferred Brand Copay			\$2	\$15
Non-Preferred Brand Copay			\$2	\$20
Specialty			\$2	\$20
Mail Order			1x	1x
Monthly Rates			Proposed Premium	Proposed Premium
Comp Members	92		\$261.14	\$166.74
Humana Proposed Premium			\$235,026	\$34,015
Total Humana Premium for 1/20-12/20			<b>\$269,041</b>	
Estimated Cost at Current Plan Designs & Providers for 1/20-12/20			<b>\$442,079</b>	
Total Cost Change for 1/20-12/20			<b>-\$173,038</b>	
Percent Change			<b>-39.1%</b>	

Notes:

1. Estimated current cost is based on comp only pharmacy claims from 7/18-6/19 provided by Navitus, trended 11%
2. Members moved to plan design that is same or better than current
3. Actual comp pharmacy claims for July 2018 - June 2019 were \$432,850
4. Enrollment as of June 2019