



# Gallagher

Insurance | Risk Management | Consulting



# City of Redmond

## 2020 Administration Analysis

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**IMPORTANT:** This proposal is an outline of the coverages proposed by the carrier(s) based upon the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, and conditions of the actual contract language. See the policies and contracts for actual language. This proposal is not a contract and offers no contractual obligation on behalf of GBS. This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.



**CityofRedmond**  
WASHINGTON

# Medical TPA Comparison

## Cost Outline



	Current	Renewal	Alternative 1	Alternative 2	Alternative 3
<b>Medical Plan</b>					
<b>Administrator</b>	HMA	HMA	First Choice Health	UMR	Premiera Blue Cross
<b>Medical Network</b>	HMA Preferred with PHCS National	HMA Preferred with PHCS National	First Choice Health PPO with First Health & Cofinity	UHC Choice Plus	Heritage/Heritage Plus with BlueCard
<b>Network Disruption</b>					
• % of Providers In-Network	91.1%		93.7%	92.5%	95.1%
• % of Claims In-Network	93.6%		93.9%	93.3%	94.8%
<b>PBM</b>	CVS Caremark	CVS Caremark	CVS Caremark	CVS Caremark	Express Scripts
<b>Pharmacy Disruption</b>					
• Members Positively Impacted	N/A		N/A	N/A	Pending
• Members Negatively Impacted	N/A		N/A	N/A	Pending
<b>Stop Loss Reinsurer</b>	Symetra	Symetra	Symetra	Symetra	Symetra
<b>Administration Fees (PEPM)</b> 549					
• Medical & Rx Administration	\$23.90	\$23.90	\$23.00	\$34.22	\$29.13
• Network Access Fees	\$5.50	\$5.50	FCH: Included FH & C: 20.0% of savings*	Included	Included
• Network Management	\$3.75	\$3.75	Included	\$2.15	\$7.37
• Case Management	Included	Included	\$185-\$300 per hour	\$2.00	Included
• Telehealth	\$1.30	Included	\$49 per visit**	\$1.25	Included
• Fiduciary	\$2.00	Included	\$1.95	Included	\$1.00
• PBM Interface Fee	N/A	N/A	N/A	\$0.53	N/A
• Stop Loss Interface Fee	N/A	N/A	N/A	N/A	N/A
• SBS Preparation	Included	Included	Included	Included	Included
• Medicare Part D Testing	\$385 per plan	\$385 per plan	Included	Included	Included
<b>Rate Guarantee</b>		36 months	36 months	24 months*	12 months*
<b>Annual Medical Administration Cost</b>	<b>\$240,903</b>	<b>\$219,162</b>	<b>\$165,179</b>	<b>\$264,508</b>	<b>\$247,050</b>
% Change		-9.0%	-31.4%	9.8%	2.6%
<b>Dental Plan</b>					
<b>Dental Network</b>	HMA Dental (Regence + DenteMax)	HMA Dental (Regence + DenteMax)	Any licensed provider	UHC Dental	Choice
<b>Network Disruption</b>					
• % of Providers In-Network	74.2%		N/A	44.8%	Pending
<b>Administration Fees (PEPM)</b> 625					
• Dental Administration	\$3.00	\$3.00	\$3.00	\$2.72	\$3.50
• Network Access Fees	\$1.50	\$1.50	N/A	\$1.25	Included
<b>Annual Dental Administration Cost</b>	<b>\$33,750</b>	<b>\$33,750</b>	<b>\$22,500</b>	<b>\$29,775</b>	<b>\$26,250</b>
% Change		0.0%	-33.3%	-11.8%	-22.2%
<b>Vision Plan</b>					
<b>Vision Network</b>	Any licensed provider	Any licensed provider	Any licensed provider	Spectera	Heritage/Heritage Plus with BlueCard
<b>Network Disruption</b>					
• % of Providers In-Network	N/A		N/A	32.3%	Pending
<b>Administration Fees (PEPM)</b> 624					
• Vision Administration	\$0.65	\$0.65	Included in medical	\$1.00	\$0.50
• Network Access Fees	N/A	N/A	N/A	N/A	N/A
<b>Annual Vision Administration Cost</b>	<b>\$4,867</b>	<b>\$4,867</b>	<b>\$0</b>	<b>\$7,488</b>	<b>\$3,744</b>
% Change		0.0%	-100.0%	53.8%	-23.1%
<b>COBRA Administration</b> Navia					
<b>Administration Fees (PEPM)</b> 625	\$1.35	\$1.35	\$1.50	\$1.05	\$0.50
<b>Annual COBRA Administration Cost</b>	<b>\$10,125</b>	<b>\$10,125</b>	<b>\$11,250</b>	<b>\$7,875</b>	<b>\$3,750</b>
% Change		0.0%	11.1%	-22.2%	-63.0%
<b>Total Administration Cost</b>	<b>\$289,645</b>	<b>\$267,904</b>	<b>\$198,929</b>	<b>\$309,646</b>	<b>\$280,794</b>
% Change		-7.5%	-31.3%	6.9%	-3.1%
\$ Change		(\$21,740)	(\$90,716)	\$20,001	(\$8,851)

### Note

- \*FCH includes the First Health & Cofinity access fee as a line item on the monthly administration statement. From April 2018 through May 2019, approximately \$3.5 million in claims charges would have been processed in the First Health & Cofinity networks. Estimated savings are pending.
- \*\*FCH partners with Doctor on Demand as their preferred Telehealth provider. Administration is \$49 per visit with a minimum 3.0% utilization in year one.
- \*UMR has proposed a 24 month rate guarantee on medical administration and access fees, with a third year increase of 3.0% in 2022.
- \*Premiera Blue Cross has proposed multi-year fees through 12/31/2024. The combined Medical, Dental, & Vision administration fees will increase 4.0% at first renewal, then 3.0% in 2022, 2.0% in 2023, and 2.0% in 2024.

# Dental TPA Comparison

## Cost Outline



	Current	Renewal	Alternative 1	Alternative 2	Alternative 3	Alternative 4
<b>Dental Plan</b>						
<b>Administrator</b>	HMA	HMA	First Choice Health	UMR	Premera Blue Cross	Delta Dental WA
<b>Dental Network</b>	HMA Dental (Regence + DenteMax)	HMA Dental (Regence + DenteMax)	Any licensed provider	UHC Dental	Choice	Delta Dental PPO
<b>Network Disruption</b> • % of Providers In-Network	74.2%		N/A	44.8%	Pending	93.9%
<b>Administration Fees (PEPM)</b> 625						
• Dental Administration	\$3.00	\$3.00	\$3.00	\$2.72	\$3.50	\$5.25
• Network Access Fees	\$1.50	\$1.50	N/A	\$1.25	Included	Included
<b>Rate Guarantee</b>		36 months	36 months	24 months*	12 months*	36 months
<b>Annual Dental Administration Cost</b>	<b>\$33,750</b>	<b>\$33,750</b>	<b>\$22,500</b>	<b>\$29,775</b>	<b>\$26,250</b>	<b>\$39,375</b>
% Change		0.0%	-33.3%	-11.8%	-22.2%	16.7%
\$ Change		\$0	(\$11,250)	(\$3,975)	(\$7,500)	\$5,625

### Note

- **\*UMR** has proposed a 24 month rate guarantee on administration fees, with a third year increase of 4.8% in 2022. Network access fees will be determined each year at renewal.
- **\*Premera Blue Cross** has proposed multi-year fees through 12/31/2024. The combined Medical, Dental, & Vision administration fees will increase 4.0% at first renewal, then 3.0% in 2022, 2.0% in 2023, and 2.0% in 2024.

# Vision TPA Comparison

## Cost Outline



	Current	Renewal	Alternative 1	Alternative 2	Alternative 3	Alternative 4
<b>Vision Plan</b>						
<b>Administrator</b>	HMA	HMA	First Choice Health	UMR	Premera Blue Cross	VSP
<b>Vision Network</b>	Any licensed provider	Any licensed provider	Any licensed provider	Spectera	Heritage/Heritage Plus with BlueCard	Choice
<b>Network Disruption</b> • % of Providers In-Network	N/A		N/A	32.3%	Pending	48.3%
<b>Administration Fees (PEPM)</b> 624 • Vision Administration • Network Access Fees	\$0.65 N/A	\$0.65 N/A	Included in medical N/A	\$1.00 N/A	\$0.50 N/A	\$1.35 N/A
<b>Rate Guarantee</b>		36 months	36 months	24 months	12 months*	24 months
<b>Annual Vision Administration Cost</b>	<b>\$4,867</b>	<b>\$4,867</b>	<b>\$0</b>	<b>\$7,488</b>	<b>\$3,744</b>	<b>\$10,109</b>
<b>% Change</b>		0.0%	-100.0%	53.8%	-23.1%	107.7%
<b>\$ Change</b>		\$0	(\$4,867)	\$2,621	(\$1,123)	\$5,242

### Note

- **Premera Blue Cross** has proposed multi-year fees through 12/31/2024. The combined Medical, Dental, & Vision administration fees will increase 4.0% at first renewal, then 3.0% in 2022, 2.0% in 2023, and 2.0% in 2024.

# COBRA Administration Comparison & Consolidated Billing

## Cost Outline



	Current	Renewal	Alternative 1	Alternative 2	Alternative 3	Alternative 4
<b>COBRA Administration</b>						
<b>Administrator</b>	HMA	HMA	First Choice Health	UMR	GBS Administrators*	Navia
<b>Initial Setup Fee</b>	N/A	N/A	N/A	N/A	\$400	Waived
<b>Annual Renewal Fee</b> (per LOC) 7	N/A	N/A	N/A	N/A	\$40	\$250
<b>Administration Fees</b> (PEPM) 625	\$1.35	\$1.35	\$1.50	\$1.05	\$1.00	\$0.50
<b>Rate Guarantee</b>		36 months	36 months	24 months*	12 months	12 months
<b>Annual COBRA Administration Cost</b>	<b>\$10,125</b>	<b>\$10,125</b>	<b>\$11,250</b>	<b>\$7,875</b>	<b>\$7,900</b>	<b>\$3,750</b>
<b>% Change</b>		0.0%	11.1%	-22.2%	-22.0%	-63.0%
<b>\$ Change</b>		\$0	\$1,125	(\$2,250)	(\$2,225)	(\$6,375)

### Note

- UMR has proposed a 24 month rate guarantee, with a third year increase of 4.8% in 2022.
- \*GBSA COBRA Administration requires Single Billing Services to be implemented as well.
- GBSA: Active COBRA Participant Transfer Fee - \$35
- GBSA: COBRA General Notices - \$4 per notification
- GBSA: Fee for Notification Received After 30 Days - \$5 per notification
- Navia: Annual Renewal Fee only applies for plan and rate changes.
- Navia: Legislative Change Notifications - \$10 per letter
- Navia: Manual Data Entry - \$5 per participant
- Annual Renewal Fees are not included in the first year Annual COBRA Administration Cost.

<b>Proposed</b>	
<b>Single Billing Services</b>	
<b>Administrator</b>	GBS Administrators
<b>Initial Setup Fee</b>	\$250
<b>Administration Fees</b> (PEPM) 625	\$6.25
<b>Rate Guarantee</b>	12 months
<b>Annual Single Billing Services Cost</b>	<b>\$47,125</b>

### Note

- Editing Census Files - \$5 per employee
- Non-standard Report Request - \$500 per report (requires 2 week lead time)
- Carrier Eligibility Feed - \$2,000 when requested outside implementation