

DELIVERED NOV 04 2021

**City of Middleburg Heights**  
**86**

RESOLUTION NUMBER 2021-\_\_\_\_\_

**Introduced By: Mr. Bortolotto, Mr. Meany and Mr. Grech**

**A RESOLUTION  
AUTHORIZING THE MAYOR AND FINANCE DIRECTOR TO  
ENTER INTO CONTRACTS FOR EMPLOYEE HEALTH  
COVERAGE WITH MEDICAL MUTUAL OF OHIO  
FOR A PERIOD OF ONE YEAR**

WHEREAS, proposals were received by the City for the furnishing of administrative services and stop-loss insurance coverage for the City of Middleburg Heights' employee health coverage for the period beginning January 1, 2022 to December 31, 2022, and;

WHEREAS, The Fedeli Group, the City's health insurance broker, has recommended accepting the proposal of Medical Mutual of Ohio, as carrier for the furnishing of administrative services and stop-loss insurance coverage for the City of Middleburg Heights' employee health coverage, a copy of said recommendation is attached hereto and marked "Exhibit A" and;

NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MIDDLEBURG HEIGHTS, CUYAHOGA COUNTY, STATE OF OHIO;

Section 1. That the Mayor and Finance Director are authorized to enter into contract renewals with Medical Mutual of Ohio for a one year period beginning January 1, 2022.

Section 2. It is found and determined that all formal actions of this council concerning and relating to the passage of this ordinance were adopted in an open meeting of this council and that all deliberations of this council and any of its committees that resulted in such formal actions were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of Ohio Revised Code.

Section 3. That this resolution is declared to be a measure for the preservation of the public peace, health, and safety of the citizens of the City of Middleburg Heights, Ohio, the immediate emergency being the necessity of the continuing health insurance for its employees through the year 2022, therefore, this ordinance shall be in full force and effect immediately upon its passage and signature of the Mayor.

PASSED 11-9-21

David Bortolotto  
PRESIDENT OF COUNCIL

ATTEST M Meola

APPROVED ON 11-10-21

PRESENTED TO MAYOR 11-10-21

Matthew Costello  
MAYOR

| ROLL CALL  | YEAS     | NAYS  |
|------------|----------|-------|
| BORTOLOTTO | <u>X</u> | _____ |
| ALI        | <u>X</u> | _____ |
| SAGE       | <u>X</u> | _____ |
| MEANY      | <u>X</u> | _____ |
| MCGREGOR   | <u>X</u> | _____ |
| FERENCE    | <u>X</u> | _____ |
| GRECH      | <u>X</u> | _____ |

I, Mary Ann Meola Clerk of the Council of the City of Middleburg Hts., Ohio, hereby certify that Res. 2021-86 adopted by the Council of the City of Middleburg Hts., on 11/9/21 was posted for a period of fifteen days, beginning 11/11/21 and remained so posted for fifteen days at the two posting places as designated by Charter.

Mary Ann Meola  
Clerk

**CERTIFICATE**

I, Mary Ann Meola, Clerk of Council of the City of Middleburg Heights, Ohio, do hereby certify that the foregoing is a true and accurate copy of Res 2021-86 passed on the 9<sup>th</sup> day of November 20 21 by said Council.

Mary Ann Meola  
Clerk of Council

## 2022 Employee Benefits Medical/Prescription Review – City of Middleburg Heights

Prepared by: **The Fedeli Group**

*Submitted: October 28, 2021*

### Overview of Request for Proposals

The City of Middleburg Heights has a self-insured, medical, prescription, vision, and dental plan with Medical Mutual. The stop loss level is \$75,000. In anticipation of the January 1, 2022 plan renewal, The Fedeli Group prepared a comprehensive Request for Proposals (RFP) seeking competitive stop-loss options from other insurers.

The original stop loss renewal from Medical Mutual included a projected increase of 15.67%. Through negotiations, we were able to arrive at a new stop loss increase of 9.5%. Medical Mutual's average stop loss increase has been 14% for the 2022 plan year. Approximately 0.75% of the increase represents inclusion in Medical Mutual's Gene Therapy Rider which provides stop loss protection for a new class of drugs categorized as gene therapy treatment. The Fedeli Group recommends adopting this coverage rider.

The administration increase is 14.63%, largely driven by pharmacy administration. This increase is higher than normal; however, it includes coverage in Medical Mutual's Advanced Pharmacy Management program (APM). The APM program results in estimated annual increase of \$7,400 to the prescription drug administrative fees, however the APM program allows the group to receive prescription drug rebates for the first time. The prescription drug rebates, based on script counts from the renewal experience period, were worth approx. \$129,000, thus causing a net increase of revenue to the group of approximately \$121,600.

We received "Declines" from other markets as they were not able to be competitive with the current or renewal pricing.

|                   | MMO Current | MMO<br>(revised) | Renewal | Adjustment |
|-------------------|-------------|------------------|---------|------------|
| Administration    | \$136,957   | \$156,998        |         | 14.63%     |
| Stop Loss & Agg   | \$643,000   | \$701,632        |         | 9.1%       |
| Maximum Claims    | \$3,716,515 | \$3,782,587      |         | 1.78%      |
| Total at Maximum  | \$4,496,473 | \$4,641,218      |         | 3.22%      |
| Rebate Adjustment | --          | (\$129,000)      |         | --         |
| Net Cost          |             | \$4,512,217      |         | 0.35%      |

The above factors and projections are based on Medical Mutual underwriting and forecast and appear in the MMO renewal development. The City of Middleburg Heights 2021 plan expense was under budget and should be reflected in the City's 2022 budget.

The Fedeli Group recommends accepting the revised renewal from Medical Mutual and continuing the South West Hospital tiered network program. Life insurance options were not competitive with the City's current program.

# Health Care Renewal and Review

Prepared for:



**Presented by:**

Michael McGrath, Senior Vice President  
Jayne Czech, Client Manager

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# City of Middleburg Heights

## Current Plan Design - Medical

| Medical/Rx                        |  | Medical Mutual        |                       |                       |                       |                       |                       |                       |                       |                       |            |  |  |
|-----------------------------------|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------|--|--|
|                                   |  | Southwest 10% Plan    |                       | SuperMed PPO          | Non-Network           | Southwest 5% Plan     |                       | SuperMed PPO          | Non-Network           |                       |            |  |  |
| Plan                              |  | Tier 1                | Tier 2                | Tier 3                | Tier 1                | Tier 2                | Tier 3                | Tier 1                | Tier 2                | Tier 3                |            |  |  |
| Calendar Year Deductible          |  | \$100                 | \$350                 | \$750                 | \$500                 | \$1,000               | \$1,000               | \$500                 | \$1,000               | \$1,000               |            |  |  |
| Single                            |  | \$200                 | \$700                 | \$1,500               | \$1,000               | \$2,000               | \$2,000               | \$1,000               | \$2,000               | \$2,000               |            |  |  |
| Family                            |  |                       |                       |                       |                       |                       |                       |                       |                       |                       |            |  |  |
| Coinsurance                       |  | 100%                  | 100%                  | 70%                   | 100%                  | 100%                  | 70%                   | 100%                  | 100%                  | 70%                   |            |  |  |
| Out-of-Pocket Max                 |  | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) | (Includes Deductible) |            |  |  |
| Single                            |  | \$1,000               | \$1,350               | \$2,250               | \$2,000               | \$3,000               | \$4,000               | \$2,000               | \$3,000               | \$4,000               |            |  |  |
| Family                            |  | \$2,000               | \$2,500               | \$3,500               | \$3,000               | \$4,000               | \$5,000               | \$3,000               | \$4,000               | \$5,000               |            |  |  |
| Primary Care Physician/Specialist |  | \$25/\$25             | \$25/\$25             | Ded.-70%              | \$25/\$25             | \$25/\$25             | Ded.-70%              | \$25/\$25             | \$25/\$25             | Ded.-70%              |            |  |  |
| Preventive Care                   |  | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              |            |  |  |
| Emergency Room                    |  | \$50 Copay            | \$50 Copay            | Ded.-70%              | \$50 Copay            | \$50 Copay            | Ded.-70%              | \$50 Copay            | \$50 Copay            | Ded.-70%              |            |  |  |
| Emergency Transport               |  | 20% Coinsurance       | 20% Coinsurance       | Ded.-70%              | 20% Coinsurance       | 20% Coinsurance       | Ded.-70%              | 20% Coinsurance       | 20% Coinsurance       | Ded.-70%              |            |  |  |
| Urgent Care                       |  | \$25 Copay            | \$25 Copay            | \$25 Copay            | \$25 Copay            | \$25 Copay            | \$25 Copay            | \$25 Copay            | \$25 Copay            | \$25 Copay            |            |  |  |
| Inpatient Hospital                |  | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              |            |  |  |
| Diagnostic Lab & X-ray            |  | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              |            |  |  |
| Outpatient Surgery                |  | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              | 100%                  | 100%                  | Ded.-70%              |            |  |  |
| Rx Plan                           |  | Retail                |                       |                       | Mail Order            |                       |                       | Retail                |                       |                       | Mail Order |  |  |
| Tier 1                            |  | \$10                  |                       |                       | \$20                  |                       |                       | \$10                  |                       |                       | \$20       |  |  |
| Tier 2                            |  | \$20                  |                       |                       | \$40                  |                       |                       | \$20                  |                       |                       | \$40       |  |  |
| Tier 3                            |  | \$40                  |                       |                       | \$80                  |                       |                       | \$40                  |                       |                       | \$80       |  |  |
| Tier 4                            |  | N/A                   |                       |                       | N/A                   |                       |                       | N/A                   |                       |                       | N/A        |  |  |
| Days Supply                       |  | 30 Days               |                       |                       | 90 Days               |                       |                       | 30 Days               |                       |                       | 90 Days    |  |  |
| Notes                             |  |                       |                       |                       |                       |                       |                       |                       |                       |                       |            |  |  |

City of Middleburg Heights  
 January 1, 2022 Initial Renewal Illustration

| Medical/Rx                 |    |
|----------------------------|----|
| Plan                       |    |
| Stop Loss Carrier          |    |
| Specific Level             |    |
| Specific Contract          |    |
| Aggregate Contract         |    |
| Aggregate Corridor         |    |
| <b>Fixed Costs</b>         |    |
| <b>Administration</b>      |    |
| Single                     | 12 |
| Family                     | 41 |
| Monthly                    |    |
| Annual                     |    |
| <b>Total</b>               |    |
| Rate Adjustment            |    |
| <b>Specific Stop Loss</b>  |    |
| Single                     | 12 |
| Family                     | 41 |
| Monthly                    |    |
| Annual                     |    |
| <b>Total</b>               |    |
| Rate Adjustment            |    |
| <b>Aggregate Stop Loss</b> |    |
| Single                     | 12 |
| Family                     | 41 |
| Monthly                    |    |
| Annual                     |    |
| <b>Total Fixed Costs</b>   |    |
| Monthly                    |    |
| Annual                     |    |
| <b>Total</b>               |    |
| Rate Adjustment            |    |
| <b>Notes:</b>              |    |

| Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Current |    |                     |            |
|---|----|---------------------|------------|
| Southwest - 10% Plan  |    | Southwest - 5% Plan |            |
| Medical Mutual  |    | Medical Mutual      |            |
| Specific Level  |    | \$75,000            |            |
| Specific Contract   |    | 18/12               |            |
| Aggregate Contract  |    | 18/12               |            |
| Aggregate Corridor  |    | 125%                |            |
| <b>Administration</b>   |    |                     |            |
| Single  | 12 | \$ 83.92            | 17         |
| Family  | 41 | \$ 83.92            | 66         |
| Monthly   |    | \$ 4,448            | \$ 6,965   |
| Annual  |    | \$ 53,373           | \$ 83,584  |
| <b>Total</b>  |    |                     |            |
| \$136,957.44  |    |                     |            |
| Rate Adjustment   |    |                     |            |
| <b>Specific Stop Loss</b>   |    |                     |            |
| Single  | 12 | \$ 376.74           | 17         |
| Family  | 41 | \$ 376.74           | 66         |
| Monthly   |    | \$ 19,967           | \$ 31,269  |
| Annual  |    | \$ 239,607          | \$ 375,233 |
| <b>Total</b>  |    |                     |            |
| \$614,839.68  |    |                     |            |
| Rate Adjustment   |    |                     |            |
| <b>Aggregate Stop Loss</b>  |    |                     |            |
| Single  | 12 | \$ 17.61            | 17         |
| Family  | 41 | \$ 17.61            | 66         |
| Monthly   |    | \$ 933              | \$ 1,413   |
| Annual  |    | \$ 11,200           | \$ 16,962  |
| <b>Total</b>  |    |                     |            |
| \$28,161.84   |    |                     |            |
| <b>Total Fixed Costs</b>  |    |                     |            |
| Monthly   |    | \$ 25,348           | \$ 39,648  |
| Annual  |    | \$ 304,180          | \$ 475,779 |
| <b>Total</b>  |    |                     |            |
| \$779,958.96  |    |                     |            |
| Rate Adjustment   |    |                     |            |

| Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Initial Renewal |    |                   |            |
|---|----|-------------------|------------|
| Southwest 10% Plan  |    | Southwest 5% Plan |            |
| Medical Mutual  |    | Medical Mutual    |            |
| Specific Level  |    | \$75,000          |            |
| Specific Contract   |    | 18/12             |            |
| Aggregate Contract  |    | 18/12             |            |
| Aggregate Corridor  |    | 125%              |            |
| <b>Administration</b>   |    |                   |            |
| Single  | 12 | \$ 96.20          | 17         |
| Family  | 41 | \$ 96.20          | 66         |
| Monthly   |    | \$ 5,099          | \$ 7,985   |
| Annual  |    | \$ 61,183         | \$ 95,815  |
| <b>Total</b>  |    |                   |            |
| \$156,998.40  |    |                   |            |
| Rate Adjustment   |    |                   |            |
| 14.63%  |    |                   |            |
| <b>Specific Stop Loss</b>   |    |                   |            |
| Single  | 12 | \$ 435.77         | 17         |
| Family  | 41 | \$ 435.77         | 66         |
| Monthly   |    | \$ 23,096         | \$ 36,169  |
| Annual  |    | \$ 277,150        | \$ 434,027 |
| <b>Total</b>  |    |                   |            |
| \$711,176.64  |    |                   |            |
| Rate Adjustment   |    |                   |            |
| 15.67%  |    |                   |            |
| <b>Aggregate Stop Loss</b>  |    |                   |            |
| Single  | 12 | \$ 17.77          | 17         |
| Family  | 41 | \$ 17.77          | 66         |
| Monthly   |    | \$ 942            | \$ 1,423   |
| Annual  |    | \$ 11,302         | \$ 17,081  |
| <b>Total</b>  |    |                   |            |
| \$28,383.12   |    |                   |            |
| Rate Adjustment   |    |                   |            |
| 0.79%   |    |                   |            |
| <b>Total Fixed Costs</b>  |    |                   |            |
| Monthly   |    | \$ 29,136         | \$ 45,577  |
| Annual  |    | \$ 349,635        | \$ 546,924 |
| <b>Total</b>  |    |                   |            |
| \$896,558.16  |    |                   |            |
| Rate Adjustment   |    |                   |            |
| 14.95%  |    |                   |            |
| Gene Therapy Rider \$2.52 PEPM included in above stop loss rates.           |    |                   |            |
| Admin rate includes Advanced Pharmacy Management.                           |    |                   |            |

City of Middleburg Heights  
 January 1, 2022 Initial Renewal Illustration - Continued

| Medical/Rx              | Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Current |              |                     |              | Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Initial Renewal |              |  |              |
|-------------------------|---|--------------|---------------------|--------------|---|--------------|--|--------------|
|                         | Southwest - 10% Plan  |              | Southwest - 5% Plan |              | Southwest 10% Plan  |              | Southwest 5% Plan  |              |
| Plan                    | Medical Mutual  |              | Medical Mutual      |              | Medical Mutual  |              | Medical Mutual   |              |
| Stop Loss Carrier       | \$75,000  |              | \$75,000            |              | \$75,000  |              | \$75,000   |              |
| Specific Level          | 18/12   |              | 18/12               |              | 18/12   |              | 18/12  |              |
| Specific Contract       | 18/12   |              | 18/12               |              | 18/12   |              | 18/12  |              |
| Aggregate Contract      |   |              |                     |              |   |              |  |              |
| <b>Claim Liability</b>  |   |              |                     |              |   |              |  |              |
| <b>Maximum Factors</b>  |   |              |                     |              |   |              |  |              |
| Single                  | 12  | \$ 2,290.40  | 17                  | \$ 2,215.51  | 12  | \$ 2,333.12  | 17   | \$ 2,253.65  |
| Family                  | 41  | \$ 2,290.40  | 68                  | \$ 2,215.51  | 41  | \$ 2,333.12  | 68   | \$ 2,253.65  |
| Monthly                 |   | \$ 121,391   |                     | \$ 188,318   |   | \$ 123,655   |  | \$ 191,560   |
| Annual                  |   | \$ 1,456,694 |                     | \$ 2,259,820 |   | \$ 1,483,864 |  | \$ 2,298,723 |
| Total                   |   |              | \$3,716,515         |              |   |              | \$3,782,587  |              |
| Rate Adjustment         |   |              |                     |              |   |              | 1.78%  |              |
| <b>Expected Factors</b> |   |              |                     |              |   |              |  |              |
| Single                  | 12  | \$ 1,832.32  | 17                  | \$ 1,772.41  | 12  | \$ 1,866.50  | 17   | \$ 1,802.92  |
| Family                  | 41  | \$ 1,832.32  | 68                  | \$ 1,772.41  | 41  | \$ 1,866.50  | 68   | \$ 1,802.92  |
| Monthly                 |   | \$ 97,113    |                     | \$ 150,655   |   | \$ 98,924    |  | \$ 153,248   |
| Annual                  |   | \$ 1,165,356 |                     | \$ 1,807,856 |   | \$ 1,187,091 |  | \$ 1,838,978 |
| Total                   |   |              | \$2,973,212         |              |   |              | \$3,026,070  |              |
| Rate Adjustment         |   |              |                     |              |   |              | 1.78%  |              |
| Total Fixed Costs       |   |              | \$779,959           |              |   |              | \$896,558  |              |
| Maximum Claim Liability |   |              | \$3,716,515         |              |   |              | \$3,782,587  |              |
| Maximum Annual Cost     |   |              | \$4,496,474         |              |   |              | \$4,679,145  |              |
| Rebate Adjustment       |   |              |                     |              |   |              | -\$115,705   |              |
| Net Cost                |   |              |                     |              |   |              | \$4,563,440  |              |
| Rate Adjustment         |   |              |                     |              |   |              | 1.49%  |              |
| Notes:                  |   |              |                     |              |   |              | The net estimated annual rebates based upon the script counts from the experience period is \$115,705. |              |

City of Middleburg Heights  
 January 1, 2022 Revised Renewal Illustration

| Medical/Rx  |    | Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Current |              |                     |    | Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Revised Renewal |    |                   |         |
|---|----|---|--------------|---------------------|----|---|----|-------------------|---------|
|   |    | Southwest - 10% Plan  |              | Southwest - 5% Plan |    | Southwest 10% Plan  |    | Southwest 5% Plan |         |
|   |    | Medical Mutual  |              | Medical Mutual      |    | Medical Mutual  |    | Medical Mutual    |         |
| Plan  |    |   |              |                     |    |   |    |                   |         |
| Stop Loss Carrier   |    |   |              |                     |    |   |    |                   |         |
| Specific Level  |    | \$75,000  |              | \$75,000            |    | \$75,000  |    | \$75,000          |         |
| Specific Contract   |    | 18/12   |              | 18/12               |    | 18/12   |    | 18/12             |         |
| Aggregate Contract  |    | 18/12   |              | 18/12               |    | 18/12   |    | 18/12             |         |
| Aggregate Corridor  |    | 125%  |              | 125%                |    | 125%  |    | 125%              |         |
| <b>Fixed Costs</b>  |    |   |              |                     |    |   |    |                   |         |
| <b>Administration</b>   |    |   |              |                     |    |   |    |                   |         |
| Single  | 12 | \$  | 83.92        | 17                  | \$ | 83.92   | 12 | \$                | 96.20   |
| Family  | 41 | \$  | 83.92        | 66                  | \$ | 83.92   | 41 | \$                | 96.20   |
| Monthly   |    | \$  | 4,448        |                     | \$ | 6,965   |    | \$                | 5,099   |
| Annual  |    | \$  | 53,373       |                     | \$ | 83,584  |    | \$                | 61,183  |
| Total   |    |   | \$136,957.44 |                     |    |   |    | \$156,998.40      |         |
| Rate Adjustment   |    |   |              |                     |    |   |    | 14.63%            |         |
| <b>Specific Stop Loss</b>   |    |   |              |                     |    |   |    |                   |         |
| Single  | 12 | \$  | 376.74       | 17                  | \$ | 376.74  | 12 | \$                | 412.53  |
| Family  | 41 | \$  | 376.74       | 66                  | \$ | 376.74  | 41 | \$                | 412.53  |
| Monthly   |    | \$  | 19,967       |                     | \$ | 31,269  |    | \$                | 21,864  |
| Annual  |    | \$  | 239,607      |                     | \$ | 375,233   |    | \$                | 262,369 |
| Total   |    |   | \$614,839.68 |                     |    |   |    | \$673,249.45      |         |
| Rate Adjustment   |    |   |              |                     |    |   |    | 9.50%             |         |
| <b>Aggregate Stop Loss</b>  |    |   |              |                     |    |   |    |                   |         |
| Single  | 12 | \$  | 17.61        | 17                  | \$ | 17.03   | 12 | \$                | 17.77   |
| Family  | 41 | \$  | 17.61        | 66                  | \$ | 17.03   | 41 | \$                | 17.77   |
| Monthly   |    | \$  | 933          |                     | \$ | 1,413   |    | \$                | 942     |
| Annual  |    | \$  | 11,200       |                     | \$ | 16,962  |    | \$                | 11,302  |
| Total   |    |   | \$28,161.84  |                     |    |   |    | \$28,383.12       |         |
| Rate Adjustment   |    |   |              |                     |    |   |    | 0.79%             |         |
| <b>Total Fixed Costs</b>  |    |   |              |                     |    |   |    |                   |         |
| Monthly   |    | \$  | 25,348       |                     | \$ | 39,648  |    | \$                | 27,905  |
| Annual  |    | \$  | 304,180      |                     | \$ | 475,779   |    | \$                | 334,854 |
| Total   |    |   | \$779,958.96 |                     |    |   |    | \$858,630.97      |         |
| Rate Adjustment   |    |   |              |                     |    |   |    | 10.09%            |         |
| <p>Gene Therapy Rider \$2.52 PEPM included in above stop loss rates.<br/>         Admin rate includes Advanced Pharmacy Management.</p> |    |   |              |                     |    |   |    |                   |         |
| <b>Notes:</b>   |    |   |              |                     |    |   |    |                   |         |

City of Middleburg Heights  
 January 1, 2022 Revised Renewal Illustration - Continued

| Medical/Rx                     | Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Current                                    |              |                     |              | Medical Mutual of Ohio<br>Southwest - 10% Plan & 5% Plan<br>Revised Renewal |              |                   |              |
|--------------------------------|--|--------------|---------------------|--------------|---|--------------|-------------------|--------------|
|                                | Southwest - 10% Plan   |              | Southwest - 5% Plan |              | Southwest 10% Plan  |              | Southwest 5% Plan |              |
| Plan                           | Medical Mutual   |              | Medical Mutual      |              | Medical Mutual  |              | Medical Mutual    |              |
| Stop Loss Carrier              | \$75,000   |              | \$75,000            |              | \$75,000  |              | \$75,000          |              |
| Specific Level                 | 18/12  |              | 18/12               |              | 18/12   |              | 18/12             |              |
| Specific Contract              | 18/12  |              | 18/12               |              | 18/12   |              | 18/12             |              |
| Aggregate Contract             | 18/12  |              | 18/12               |              | 18/12   |              | 18/12             |              |
| <b>Claim Liability</b>         |  |              |                     |              |   |              |                   |              |
| <b>Maximum Factors</b>         |  |              |                     |              |   |              |                   |              |
| Single                         | 12   | \$ 2,290.40  | 17                  | \$ 2,215.51  | 12  | \$ 2,333.12  | 17                | \$ 2,253.65  |
| Family                         | 41   | \$ 2,290.40  | 68                  | \$ 2,215.51  | 41  | \$ 2,333.12  | 68                | \$ 2,253.65  |
| <b>Monthly</b>                 |  | \$ 121,391   |                     | \$ 188,318   |   | \$ 123,655   |                   | \$ 191,560   |
| <b>Annual</b>                  |  | \$ 1,456,694 |                     | \$ 2,259,820 |   | \$ 1,483,864 |                   | \$ 2,298,723 |
| <b>Total</b>                   | \$3,716,515  |              |                     |              | \$3,782,587   |              |                   |              |
| Rate Adjustment                |  |              |                     |              | 1.78%   |              |                   |              |
| <b>Expected Factors</b>        |  |              |                     |              |   |              |                   |              |
| Single                         | 12   | \$ 1,832.32  | 17                  | \$ 1,772.41  | 12  | \$ 1,866.50  | 17                | \$ 1,802.92  |
| Family                         | 41   | \$ 1,832.32  | 68                  | \$ 1,772.41  | 41  | \$ 1,866.50  | 68                | \$ 1,802.92  |
| <b>Monthly</b>                 |  | \$ 97,113    |                     | \$ 150,655   |   | \$ 98,924    |                   | \$ 153,248   |
| <b>Annual</b>                  |  | \$ 1,165,356 |                     | \$ 1,807,856 |   | \$ 1,187,091 |                   | \$ 1,838,978 |
| <b>Total</b>                   | \$2,973,212  |              |                     |              | \$3,026,070   |              |                   |              |
| Rate Adjustment                |  |              |                     |              | 1.78%   |              |                   |              |
| <b>Total Fixed Costs</b>       | \$779,959  |              |                     |              | \$858,631   |              |                   |              |
| <b>Maximum Claim Liability</b> | \$3,716,515  |              |                     |              | \$3,782,587   |              |                   |              |
| <b>Maximum Annual Cost</b>     | \$4,496,474  |              |                     |              | \$4,641,218   |              |                   |              |
| <b>Rebate Adjustment</b>       |  |              |                     |              | -\$115,705  |              |                   |              |
| <b>Net Cost</b>                |  |              |                     |              | \$4,525,513   |              |                   |              |
| <b>Rate Adjustment</b>         |  |              |                     |              | 0.65%   |              |                   |              |
| <b>Notes:</b>                  | The net estimated annual rebates based upon the script counts from the experience period is \$115,705. |              |                     |              |   |              |                   |              |

## City of Middleburg Heights Current Plan Design - Dental

|                          |   |
|--------------------------|---|
| Benefits                 |   |
| Benefit Period           | January 1st through December 31st                           |
| Dependent Age Limit      | Same as Medical   |
| Calendar Year Deductible | One per benefit period                                      |
| Single                   | None  |
| Family                   | None  |
| Class I - Preventive     | 80%   |
| Class II - Basic         | 80%   |
| Class III - Major        | 50%   |
| Annual Maximum           | Unlimited   |
| Implants                 | Type III  |
| Endodontics              | Type II   |
| Periodontics             | Type II   |
| Predetermination         | Required for treatment over \$200 or any major restorations |

### Dental Factors Below are included in the Medical Renewal

|                     | Current  | Renewal  |            |
|---------------------|----------|----------|------------|
|                     | Rate     | Rate     | Adjustment |
| Administration      | \$5.14   | \$5.29   | 2.92%      |
| Aggregate Stop Loss | \$0.79   | \$0.87   | 10.13%     |
| Attachment          | \$101.50 | \$114.48 | 12.79%     |

## City of Middleburg Heights Current Plan Design - Vision

|                            |                                   |
|----------------------------|-----------------------------------|
| Benefits                   |                                   |
| Benefit Period             | January 1st through December 31st |
| Dependent Age Limit        | Same as Medical                   |
| Examinations               | One per benefit period            |
| Vision Examinations        | \$35 per exam                     |
| Frames                     | One per benefit period            |
| Basic Frames               | \$70 per frame                    |
| Prescription Lenses        | One per benefit period            |
| Single Vision Lenses       | \$150 per pair                    |
| Bifocal Lenses             | \$150 per pair                    |
| Trifocal Lenses            | \$150 per pair                    |
| Lenticular Single Lenses   | \$150 per pair                    |
| Lenticular Bifocal Lenses  | \$150 per pair                    |
| Lenticular Trifocal Lenses | \$150 per pair                    |
| Contacts In Lieu of Lenses | One per benefit period            |
| Medically Necessary        | \$100 per pair                    |
| Cosmetic                   | \$100 per pair                    |

The administrative rate for this benefit is included with the medical renewal



## Compensation Disclosure - How We Get Paid

The Fedeli Group takes pride in the services we provide to you, our client, for insurance placement and other related services. For our efforts, we are compensated in a variety of ways, primarily in the form of commissions and contingency amounts paid by insurance companies and, sometimes, fees paid by clients. We are compensated by the following methods:

**Commission Income** - Commission, usually calculated as a percentage of the premium paid to the insurer for a specific policy, is paid to us by the insurer for the sale and servicing of an insurance policy. Our commission is included in the premium paid by you. The individuals at The Fedeli Group who place and service your insurance may be paid compensation that is directly related to the commissions we receive.

**Contingent Income** - We also receive income through contingency arrangements with many insurers. They are called “contingent” because to qualify for payment we need to meet certain criteria, normally calculated on an annual basis. Contingency arrangements vary, but payment under these agreements is normally the result of increasing the amount of business by attracting new customers, achieving certain claims results and/or renewing the policies of existing insureds. There is typically no meaningful method to determine the precise impact that any particular insurance policy has on contingency arrangements; however, agents tend to receive higher contingency payments when they increase their business and retain clients through better service. In other words, the amount of earned contingency income depends on the overall size and/or profitability of a group of accounts, as opposed to the placement or profitability of any particular account. The individuals involved in placing or servicing insurance are rarely compensated directly for the contingent income that we receive.

**Override Income** – Some insurance companies have replaced contingent commissions with override supplemental commissions. These commissions, in fixed amounts, are established annually in advance based on historical performance measured by criteria comparable to those by which contingent commissions are calculated. We refer to these commissions as overrides or guaranteed supplemental commissions.

**Fees Paid by Clients** - With more complex business insurance programs and where additional resources, products or services are appropriate, a fee may be negotiated for placement of insurance coverage or for additional services. Fees charged for the placement of insurance will be outlined in our proposal and approved, normally in writing, prior to binding coverage. On occasion, we may receive both commissions *and* client-paid fees for placing insurance, which will be disclosed in writing to you in advance. In some circumstances clients pay us mutually agreed-upon fees for additional services, such as risk management or for administration of employee benefits or workers’ compensation programs.

**Other Compensation and Benefits** - We may receive revenue or further benefits from our insurance activities in other ways, including, but not limited to, insurance company promotional events, payments from insurers for promotional marketing and/or employee training and development, fees or a percentage of the interest paid to us for the administration of premium finance contracts and interest paid to us by financial institutions earned on accounts in which we hold your premium payments pending remittance to the insurance company.

Our goal is to be the insurance agency of choice. We know you have many agencies to choose from, so to earn your confidence, we hold ourselves to the highest standard of service, a standard reflected in our written Client Commitment - we call it The Fedeli Way. We hope you will review our brochure outlining the principles in The Fedeli Way.

Please also feel free to ask any questions about our compensation generally, or as to your specific insurance proposal or placement, by contacting us.