DELIVERED NOV 1 7 2022

City of Middleburg Heights

RESOLUTION NUMBER 2022-90

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, 2023 to December 31, 2023, 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, 2023.

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.

PASSED 11-22-22

ATTEST M. Meola

PRESIDENT OF COUNCIL

APPROVED ON 11-23-22

PRESENTED TO MAYOR 11-23-22

MAYOR

ROLL CALL	YEAS	NAYS
BORTOLOTTO	X	
ALI	X	
SAGE	X	
MEANY	X	
MCGREGOR	X	
FERENCE	X	
GRECH	X	

I, Mary Ann Meola Clerk of the Council of the City of Middleburg Hts., Ohio, hereby certify that Res. 2022-90 adopted by the Council of the City of Middleburg Hts., on 11/22/22 was posted for a period of fifteen days, beginning 11/23/22 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 2022-90 passed on the 22nd day of November 20 22 by said Council.

Mary Ann Meola
Clerk of Council

2023 Employee Benefits Medical/Prescription Review – City of Middleburg Heights

Prepared by: **The Fedeli Group**

Submitted: November 4, 2022

Overview of Request for Proposals

The Fedeli Group received the January 1, 2023 medical and prescription renewal for the self-funded plan. In anticipation of the renewal, our firm prepared a comprehensive Request for Proposals (RFP) seeking competitive options from stop-loss insurers.

The purpose of this report is to summarize the renewal and offer a recommendation.

Medical Mutual's initial renewal included a 2.5% increase for administration. This increase is consistent with other Medical Mutual renewals. The initial stop-loss increase was 16.3%. The total fixed cost increase was 13.8%. The overall increase, at the maximum claims level, with fixed costs is an adjustment of 6.8%.

Fedeli was able to negotiate a better renewal with Medical Mutual for stop loss using competitive proposals from Berkley, Berkshire Hathaway, and Sun Life Financial. While all three insurers proposed savings, the offers are not firm. In addition, using a third party stop loss vendor carries certain disadvantages:

- $5 PEPM outside stop loss administration fee charged by Medical Mutual
- No immediate claim takeover – the City would fund full claim and submit for reimbursement
- Manual pharmacy, stop loss claim reconciliation

The Fedeli Group used the competitive proposals to arrive at a more appropriate stop loss offer from Medical Mutual. MMO has agreed to revise the renewal adjustment from 16.3% to 9%. With the revision, the total fixed costs will increase 7.7% compared to 13.8%. The total plan adjustment with fixed costs and maximum claims is an increase of 5.4%. The recommended increase is much lower than regional norms.

Recommendation

The Fedeli Group recommends the City of Middleburg Heights renew with Medical Mutual for administration and stop loss, dental administration, and vision administration.

	MMO- 2022	MMO Renewal (revised) 2023	Adjustment
Administration	$139,757	$143,257	2.5%
Stop Loss + Aggregate	$696,504	$757,464	8.7%
Maximum Claims	$3,639,452	$3,826,978	5.1%
Total	$4,389,942	$4,624,063	5.1%
Dental (Admin + Claims)	$142,572	$156,492	9.76%
Vision (Admin Only)	$2,007	$2,073	3%

Prepared for:

WELCOME TO THE CITY OF
Middleburg
HEIGHTS
-OHIO-

Presented by:

Mike McGrath, Senior Vice President
Jayne Czech, Client Manager

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City of Middleburgh Heights

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Medical & Pharmacy

City of Middleburgh Heights

Effective Date: 1/01/2023

	Current				Renewal				Revised Renewal			
	MMO		MMO		MMO		MMO		MMO		MMO	
	$350 Southwest Plan		$1000 Southwest Plan		$350 Southwest Plan		$1000 Southwest Plan		$350 Southwest Plan		$1000 Southwest Plan	
	Current				Renewal				Revised Renewal			
Carrier	Medical Mutual				Medical Mutual				Medical Mutual			
Coverage Included	Medical & Rx				Medical & Rx				Medical & Rx			
Contract Basis	Incurred in 18 / Paid in 12				18/12				18/12			
Administration												
Medical Claim Administrator	Medical Mutual of Ohio				Medical Mutual of Ohio				Medical Mutual of Ohio			
Prescription Drug Administrator	Express Scripts				Express Scripts				Express Scripts			
Network	Medical Mutual Services Direct SuperMed				Medical Mutual Services Direct SuperMed				Medical Mutual Services Direct SuperMed			
Specific Contract												
Deductible Level	$75,000				$75,000				$75,000			
Terminal Liability	No				No				No			
Aggregate Contract												
Maximum Aggregate Benefit	$1,000,000				$1,000,000				$1,000,000			
Aggregate Corridor	125%				125%				125%			
Terminal Liability	None				None				None			
Underwriting												
Laser Liability / No New Laser Provision	None				None				None			
Renewal Rate Cap	N/A				N/A				N/A			
Administration	**COST DEVELOPMENT**				**COST DEVELOPMENT**				**COST DEVELOPMENT**			
PEPM Composite	56	$86.27	79	$86.27	56	$88.43	79	$88.43	56	$88.43	79	$88.43
Monthly		$4,831		$6,815		$4,952		$6,986		$4,952		$6,986
Monthly Total		**$11,646**				**$11,938**				**$11,938**		
% Change						**2.5%**				**2.5%**		
Specific Stop Loss												
PEPM Composite	56	$412.53	79	$412.53	56	$479.77	79	$479.77	56	$449.49	79	$449.49
Monthly		$23,102		$32,590		$26,867		$37,902		$25,171		$35,510
Monthly Total		**$55,692**				**$64,769**				**$60,681**		
% Change						**16.3%**				**9.0%**		
Aggregate Stop Loss												
PEPM Composite	56	$17.77	79	$17.15	56	$20.08	79	$19.38	56	$18.45	79	$17.82
Monthly		$995		$1,355		$1,124		$1,531		$1,033		$1,408
Monthly Total		**$2,350**				**$2,656**				**$2,441**		
% Change						**13.0%**				**3.9%**		
Attachment Rates												
PEPM Composite	56	$2,290.40	79	$2,215.51	56	$2,413.05	79	$2,326.38	56	$2,413.05	79	$2,326.38
Monthly		$128,262		$175,025		$135,131		$183,784		$135,131		$183,784
Monthly Total		**$303,288**				**$318,915**				**$318,915**		
% Change						**5.2%**				**5.2%**		
Expected Rates												
PEPM Composite	56	$1,832.32	79	$1,772.41	56	$1,930.44	79	$1,861.10	56	$1,930.44	79	$1,861.10
Monthly		$102,610		$140,020		$108,105		$147,027		$108,105		$147,027
Monthly Total		**$242,630**				**$255,132**				**$255,132**		
% Change						**5.2%**				**5.2%**		

This is a summary of information and does not guarantee benefits.
In the event a discrepancy exists, the policy provisions or carrier proposal will prevail.

Medical & Pharmacy

City of Middleburgh Heights

Effective Date: 1/01/2023

	Current		Renewal		Revised Renewal	
	MMO	MMO	MMO	MMO	MMO	MMO
	$350 Southwest Plan	$1000 Southwest Plan	$350 Southwest Plan	$1000 Southwest Plan	$350 Southwest Plan	$1000 Southwest Plan
	Current		Renewal		Revised Renewal	
Carrier	Medical Mutual		Medical Mutual		Medical Mutual	
Coverage Included	Medical & Rx		Medical & Rx		Medical & Rx	
Contract Basis	Incurred in 18 / Paid in 12		18/12		18/12	
Administration						
Medical Claim Administrator	Medical Mutual of Ohio		Medical Mutual of Ohio		Medical Mutual of Ohio	
Prescription Drug Administrator	Express Scripts		Express Scripts		Express Scripts	
Network	Medical Mutual Services Direct SuperMed		Medical Mutual Services Direct SuperMed		Medical Mutual Services Direct SuperMed	
Specific Contract						
Deductible Level	$75,000		$75,000		$75,000	
Terminal Liability	No		No		No	
Aggregate Contract						
Maximum Aggregate Benefit	$1,000,000		$1,000,000		$1,000,000	
Aggregate Corridor	125%		125%		125%	
Terminal Liability	None		None		None	
Underwriting						
Laser Liability / No New Laser Provision	None		None		None	
Renewal Rate Cap	N/A		N/A		N/A	
Financial Summary						
Annual Administration	$139,757		$143,257		$143,257	
Annual Specific Premium	$668,299		$777,227		$728,174	
Annual Aggregate Premium	$28,200		$31,866		$29,292	
Estimated Annual Rebates	($85,766)		($103,637)		($103,637)	
Total Annual Fixed Costs	**$750,489**		**$848,713**		**$797,085**	
% Change			13.1%		6.2%	
Maximum Claim Liability	**$3,639,452**		**$3,826,978**		**$3,826,978**	
% Change			5.2%		5.2%	
Expected Claim Liability	**$2,911,562**		**$3,061,582**		**$3,061,582**	
% Change			5.2%		5.2%	
Total Fixed + Maximum Claims Liability	**$4,389,942**		**$4,675,691**		**$4,624,063**	
% Change			6.5%		5.3%	
Total Fixed + Expected Claims Liability	**$3,662,051**		**$3,910,295**		**$3,858,667**	
% Change			6.8%		5.4%	

(Based on current enrollment)

Dental

City of Middleburgh Heights
Effective Date: 1/01/2023

	Current		Renewal	
	MMO		MMO	
	Superior Dental		Superior Dental	
	NETWORK	NON-NETWORK	NETWORK	NON-NETWORK
Deductible				
Single	$0		$0	
Family	$0		$0	
Class I: Preventive	80%	80%	80%	80%
Class II: Basic	80%	80%	80%	80%
Class III: Major	50%	50%	50%	50%
Class IV: Orthodontia	50%	50%	50%	50%
Adult	N/A	N/A	N/A	N/A
Benefit Waiting Periods	N/A		N/A	
Annual Maximum	Unlimited		Unlimited	
Lifetime Orthodontia Limit	N/A	N/A	N/A	N/A
Endodontics	Class II		Class II	
Periodontics	Class II		Class II	
Implants	Class III	Class III	Class III	Class III
Notes				

		Current	Renewal
Contracts	136		
Administration Fee		$5.29	$5.48
Aggregate Stop Loss Fee		$0.87	$0.97
Attcahment Rates		$101.50	$111.80
Annual Fixed Costs	136	$10,053	$10,526
Annual Max Claims		$165,648	$182,458
Annual Expected Claims		$132,518	$145,966
Total Fixed Costs		**$10,053**	**$10,526**
% Change		N/A	4.71%
Total Fixed + Maximum Claims Liability		**$175,701**	**$192,984**
% Change		N/A	9.84%
Total Fixed + Expected Claims Liability		**$142,572**	**$156,492**
% Change		N/A	9.76%

(Based on current enrollment)

Vision

City of Middleburgh Heights

Effective Date: 1/01/2023

		Current	Option 1
		Medical Mutual	Medical Mutual
		Plan	Plan
		NETWORK	NETWORK
Frequency			
	Exam	12 months	12 months
	Lens	12 months	12 months
	Frame	12 months	12 months
Exam Co-Pay		Up to $35 Per Exam	Up to $35 Per Exam
Lens Co-pay	Single	Up to $150 Per Pair	Up to $150 Per Pair
	Bifocal	Up to $150 Per Pair	Up to $150 Per Pair
	Trifocal	Up to $150 Per Pair	Up to $150 Per Pair
	Lenticular	Up to $150 Per Pair	Up to $150 Per Pair
Frames Allowance		Up to $70	Up to $70
Contact Lenses	Elective	Up to $100	Up to $100
	Medically Necessary	Up to $100	Up to $100
Notes			
	Contracts	Current	Option 1
Admin Fee	136	$1.23	$1.27
Monthly	136	$167	$173
Annual		$2,007	**$2,073**
$ Adjustment			$65
% Adjustment			3%

(Based on estimated enrollment)

Compensation Disclosure - How We Get Paid

The Fedeli Group is committed to evaluating, developing, and executing strategy based on your specific needs. This includes providing insurance placement, communications, compliance, advocacy and other related services to you, our client. For our efforts, we are compensated in a variety of ways, primarily in the form of commissions paid by insurance companies and, sometimes, fees paid by clients.

Commission Income:
Commission, calculated as a percentage of the premium paid or PEPM, 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.

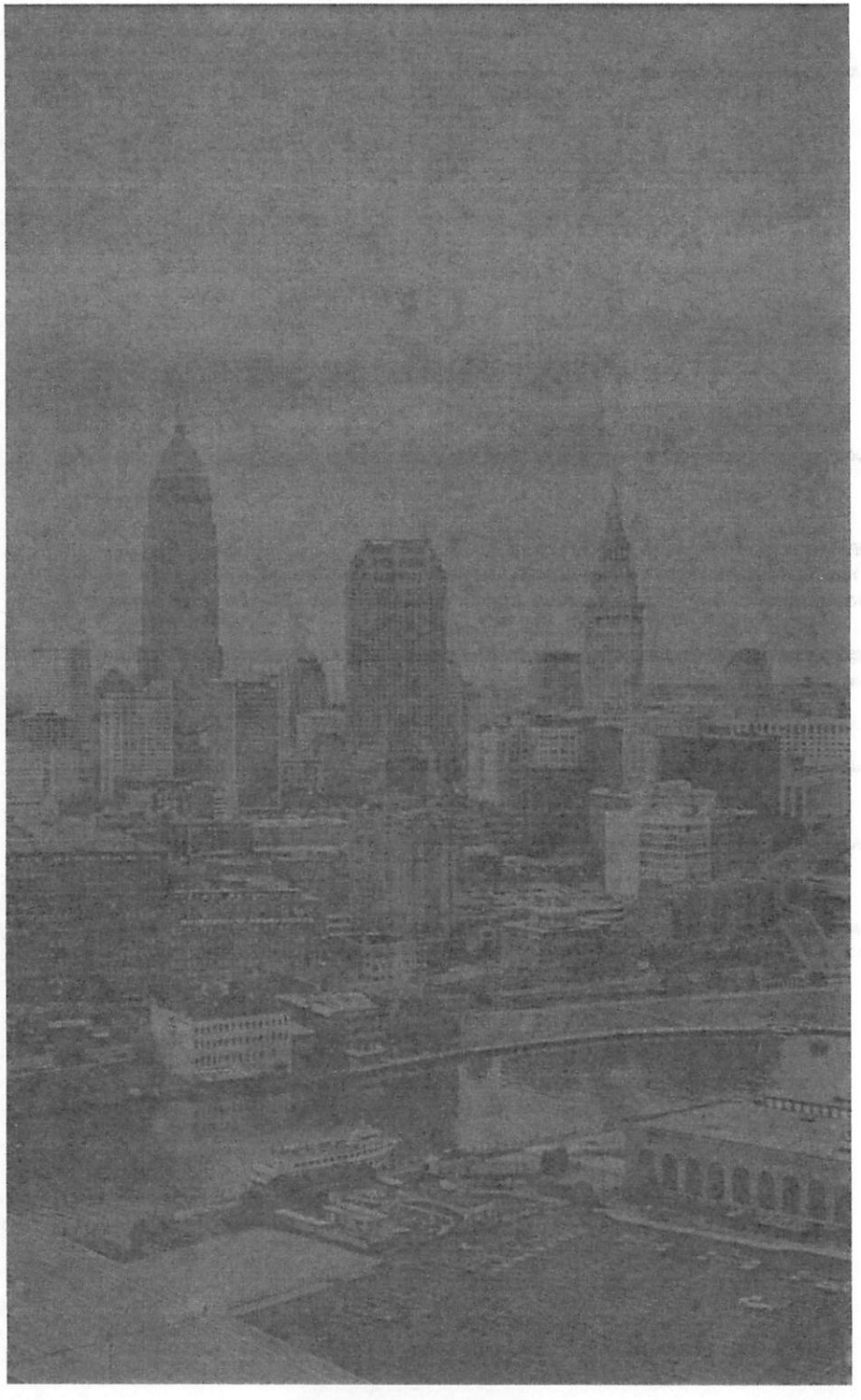
Indirect Compensation:
On occasion, we may be eligible for indirect compensation in the form of override income and other benefits. These forms of compensations are not guaranteed and will change based on the ongoing fluctuation of overall books of business with each unique carrier.

Override Income: 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. **Override income does not impact your premiums.**

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, payment 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. **Any other compensation or benefits will not impact your premiums.**

Fees Paid by Clients:

Any fee charged for the placement of insurance, or any other consulting service(s), will be detailed in our agreed to Scope of Service prior to engagement of the project. **Any direct fees paid will not impact your premium.**



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