

August 25, 2011

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RE: Request for Information

During our negotiation session on July 29, 2011, the City provided several proposals and information on a proposed HMO high deductible health insurance plan. During our discussion, several inquiries were made regarding this HMO plan. We have been in contact with the Human Resources Department, and have received responses from the City's Insurance Broker. The following is responsive to the information you requested.

For Mental Health Services, Inpatient psychiatric hospitalization and intensive psychiatric treatment programs, would an employee be responsible for 30% of the cost for the care, in addition to the \$4,000 deductible?

The employee pays 30% after the employee has reached the annual deductible of \$1,500, up to an annual maximum of \$4,000 in a year.

If a medical bill is \$100,000, is the employee only responsible for paying \$4,000?

If the medical bill is \$100,000, (assuming this is an inpatient bill and all charges are reasonable and customary), the employee would be responsible for the first \$1,500 in order to reach the

deductible, and then 30% of the remaining amount of \$98,500, to a maximum of \$2,500. The employee will not have to pay more than \$4,000 (\$1,500 deductible plus the \$2,500 in coinsurance) in that year.

For Professional Services, Urgent care consultations and exams, what does "\$40 per visit (Deductible doesn't apply) mean?"

There is a flat copay of \$40 for these visits. The employee would not have to reach the deductible of \$1,500 prior to receiving these services.

For Outpatient Services, MRI, most CT and PET scans, what does "\$50 per procedure after Deductible" mean?"

The employee would need to reach the deductible of \$1,500 first before the copay would be applied. After reaching the deductible, the employee would only be responsible for paying a flat copay of \$50.

Is there a negative impact if the number of employee in the high deductible plan is greater than the number of employees in the current Kaiser Plan?

As the enrollment in the high deductible plan increases, the enrollment in the current plan is expected to decrease, which will put cost pressure on the current plan's premium. In the long term, it is expected that the current plan's premiums would rise in relation to the enrollment decreasing. The exact impact is not known at this point. In addition, in the long term, health costs can be affected by many other factors.

Sincerely,



Gina Donnelly
Deputy Director of Employee Relations

c: Charles Allen, AFSCME
Frank Crusco, IBEW