



RETIREE HEALTHCARE PROPOSAL

NOVEMBER 13, 2023



AGENDA

- Background
- Benchmark Data
- Covered Groups
- Plan Designs
- Draft Implementation Timeline



BACKGROUND

February Council
Retreat

Council direction:

- Proceed with study
- Desirable plan designs features:
 - Comprehensive coverage
 - Affordable to retiree
 - Minimize complexity

Developed Plan Design Options & Eligibility Rules using:

- Benchmarking
- Best Practices in Retiree
- Council Direction

Contracted with Milliman
for Actuarial Feasibility
Study

Develop Implementation Strategy
& Timeline



RETIREE HEALTHCARE

BENCHMARK DATA

CITY/TOWN	Provides Retiree Coverage	Post- 65	Same Plan as Active	Premium	General Eligibility
Chandler	Yes	Currently Yes Changing to No	Yes	Full Premium plus 2% admin fee*	Must commence retirement from a system (ASRS, EORP, PSPRS) and have benefits at the time of retirement.
Gilbert	Yes	No	Yes	Full Premium	10 Years with Town of Gilbert
Mesa	Yes	Yes	No	70% Retiree/30% ER Evaluated Annually	- Retire from the City of Mesa - Retire from one of the State pension plans - Have a total of 20 years or more of cumulative benefit eligible service with the City of Mesa - Have 10 or more consecutive years of benefit eligible service with the City of Mesa immediately before retirement
Phoenix	Yes, sunseting plans on or before 12/31/2025	Yes Medicare Sup. Plans	No Non-Medicare Plans Available	Full Premium*	Retired from City due to credited service or approved medical retirement
Tempe	Yes, Contribution only	Yes Medicare Sup. Plans	No	N/A	
Glendale, Scottsdale	Previously covered retirees suspended program during economic downturn. Glendale assessing market changes.				
Avondale, Buckeye, Peoria, Surprise	Does not provide retiree health coverage				

*Premium reduction programs - Retirement Health Account (RHA)

EXISTING COST REDUCTION PLANS

POST EMPLOYMENT HEALTHCARE COST REDUCTION PLANS	
PLAN	BENEFIT
RHS Retirement Health Savings	Per pay-period contribution \$12.50 Employee/ \$22.50 City
RHS Conversion	Annual conversion of sick leave to Retirement Health Savings Plan Based on accrued hours: 240 - 12-hours 360- 18-hours 480 - 24-hours 720 - 48-hours
RHS Conversion at time of Separation	Official retirement through ASRS or PSPRS or separation of employment due to disability retirement (<i>excludes Sworn Fire</i>). Eligible for sick leave conversion for unused hours above 480 based on years of service. 8-years 25% 10-years 35% 15-years 50% 20-years 75%

GOALS

- Maintain Workforce Stability
- Neutralize Workforce Impacts
- Improve Competitiveness
- Improve Workforce Retention
- Align with Culture Statement “We Care”



THREE COVERED GROUPS

PSPRS

Retirees covered under the Public Safety Retirement System.

ASRS

Retirees covered under the Arizona State Retirement System

Council

Retirees serving two full-terms on City Council



Retirees must meet eligibility requirements as outlined in the plan.

RETIREE HEALTHCARE PLAN TYPES

CONTRIBUTION-ONLY



- Contribution to retirement plan
- Used for retirees healthcare cost
- Not covered on City's self-insured plan
- Retiree finds coverage on the exchange or has other coverage

BRIDGE PLAN



- Provides coverage until 65
- At 65 Retiree moves to Medicare
- Retiree stays on City's self-insured plan
- Premium Equivalency set by plan

MEDICARE SUPPLEMENTAL



- Provides post-65 coverage
- May include medical only or medical and Part D coverage (pharmacy)
- May be combined with contribution only or bridge plans
- Can provide life-time coverage



CONTRIBUTION ONLY PLAN

Benefit and Eligibility Requirements

	Option A	Option B
Continuous Years of Service with City of Goodyear	ASRS & PSPRS – 10 Years Council - 2 Full Terms	ASRS & PSPRS – 15 Years Council - 2 Full Terms
Minimum Age	PSPRS – 50 Years ASRS – 55 Years Council - 45 Years	PSPRS – 45 Years ASRS – 55 Years Council – 55 Years
Contribution	Eligible employees receive a payment of \$900 per year of service at time of separation.	

Contribution Only Plan Highlights

- Retirees receive a lump-sum contribution to a Health Reimbursement Arrangement (HRA)
- Contributions are tax free
- Funds can be used for insurance premiums and qualified medical expenses
- Retirees find insurance on the exchange with advocate assistance

Option A - Estimated Cost

One-time (Liability)	\$3,297,309
On-going	\$232,761

Option B - Estimated Cost

One-time (Liability)	\$3,280,958
On-going	\$220,972

GROUPS UNDER BRIDGE PLAN OPTION

PSPRS

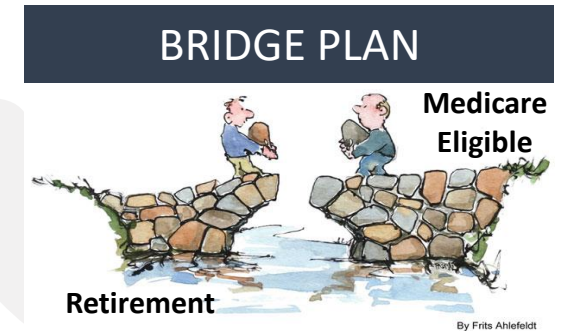
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Bridge Plan Highlights

- Retirees remain on City's benefit plan to age 65 (Medicare Eligible)
- Plan is the same as active employees
- Retirees maintain access to the Goodyear Wellness Center



Retirees must meet eligibility requirements as outlined in the plan.

75%/25% BRIDGE PLAN OPTIONS

Employee Employer

BRIDGE PLAN



Option A

Plan Design - Age and Service

Age and Service	PSPRS	ASRS	Council
Continuous Years of Service with City of Goodyear	10	10	Two Full-Terms
Minimum Age	50	55	45

Option B

Plan Design - Age and Service

Age and Service	PSPRS	ASRS	Council
Continuous Years of Service with City of Goodyear	15	15	Two Full-Terms
Minimum Age	45	55	55

Option A - Estimated Cost

One-time Cost (Liability)	\$21,177,836
Ongoing Cost	\$1,727,933

Option B - Estimated Cost

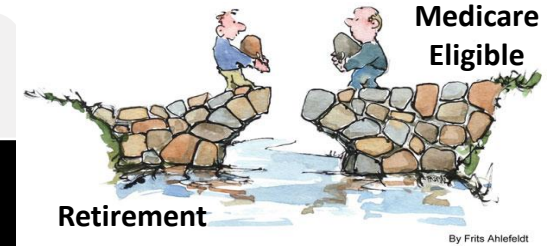
One-time Cost (Liability)	\$20,976,790
Ongoing Cost	\$1,564,950



50%/50% BRIDGE PLAN OPTIONS

Employee Employer

BRIDGE PLAN



Option A

Plan Design - Age and Service

Service & Age Requirement	PSPRS	ASRS	Council
Continuous Years of Service with City of Goodyear	10	10	Two Full-Terms
Minimum Age	50	55	45

Option B

Plan Design - Age and Service

Service & Age Requirement	PSPRS	ASRS	Council
Continuous Years of Service with City of Goodyear	15	15	Two Full-Terms
Minimum Age	45	55	55

Option A - Estimated Cost

One-time Cost (Liability)	\$26,505,251
Ongoing Cost	\$2,115,649

Option B - Estimated Cost

One-time Cost (Liability)	\$26,263,564
Ongoing Cost	\$1,915,716



PREMIUM EQUIVALENCY

Insurance Plan	Coverage Level	Total Monthly Premium	Monthly Retiree Premium	
			75%EE - 25% ER	50%EE - 50%ER
HMO Plan	Retiree Only	\$727.20	\$545.40	\$363.30
	Retiree + Spouse	\$1,717.43	\$1,288.07	\$858.71
H.S.A. Plan	Retiree Only	\$627.48	\$470.61	\$313.74
	Retiree + Spouse	\$1,407.35	\$1,055.51	\$703.67
PPO Plan	Retiree Only	\$746.09	\$559.57	\$373.04
	Retiree + Spouse	\$1,656.40	\$1,242.30	\$828.20

ASRS Monthly Premium Comparison		
Insurance Plan	Coverage Level	Premium
Economy In-Network Only	Single	\$660
	Family Single +1	\$1,320
Premier In-Network Only	Single	\$1,132
	Family Single +1	\$2,264
PPO Plan	Single	\$1,408
	Family Single +1	\$2,816

- All coverage levels not depicted
- Coverage comparison is not an apples for apples comparison, it is meant to compare high and low premium comps.

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PREMIUM COMPARISON

Insurance Plan	Coverage Level	Total Monthly Premium	Monthly Retiree Premium	
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GENERAL BRIDGE PLAN ELIGIBILITY RULES

Rules	
Enrollment	Employee required to be enrolled in the city's plan to be eligible
Termination of Coverage	• Once a retiree opts-out of a coverage option under this Plan, the retiree may never re-enroll in any such City-sponsored program again (even during a subsequent Open Enrollment period) • Once a covered dependents opts out of coverage they may not return
Changes in Coverage	Changes to coverage may only occur at open enrollment unless you experience a qualifying event under the plan

GROUPS UNDER MEDICARE SUPPLEMENTAL



PSPRS

Retirees covered under the Public Safety Retirement System.

ASRS

Retirees covered under the Arizona State Retirement System

Council

Retirees serving two full-terms on City Council

Medicare Supplemental Plan Highlights

- Retirees receive a lifetime supplemental benefit
- Contributions are fixed at \$50 per member per month



Retirees must meet eligibility requirements as outlined in the plan.



MEDICARE SUPPLEMENTAL PLAN

Option A			Post 65
Plan Design Elements			
	PSPRS	ASRS	Council
Continuous Years of Service with City of Goodyear	10	10	Two Full-Terms
Minimum Age	65 or Medicare eligible		
Option B			
Plan Design Elements			
	PSPRS	ASRS	Council
Continuous Years of Service with City of Goodyear	15	15	Two Full-Terms
Minimum Age	65 or Medicare eligible		

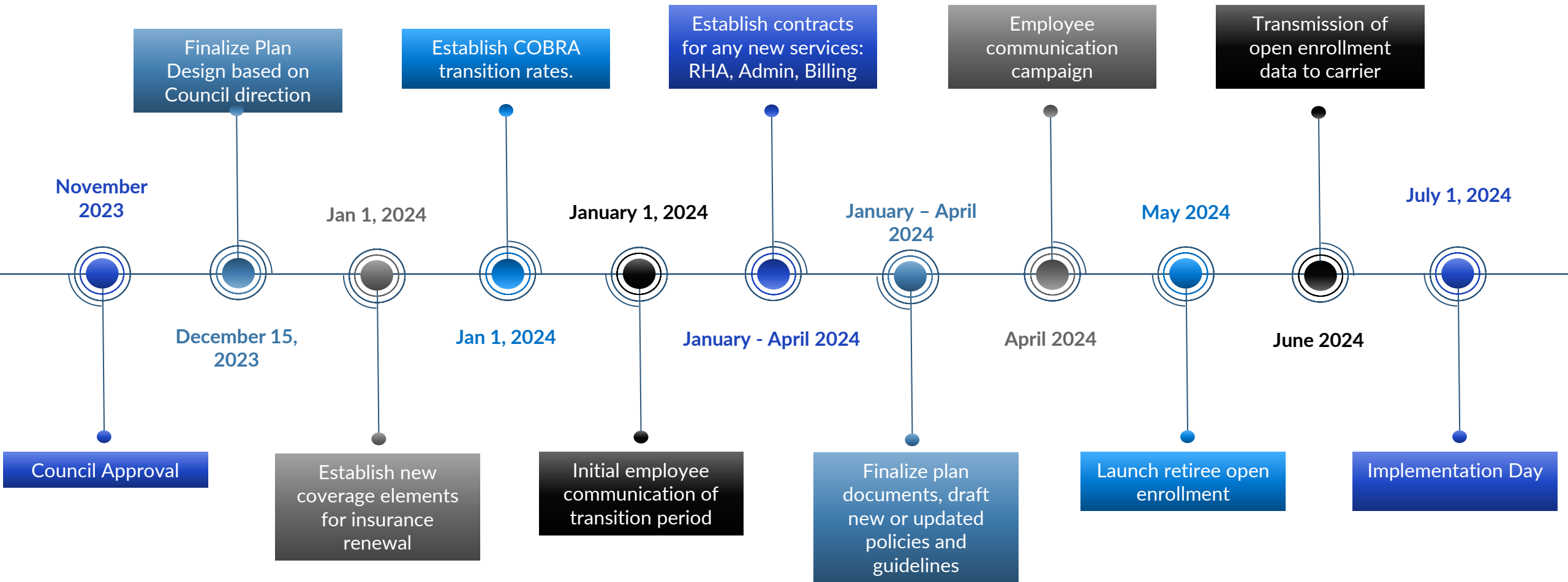
Option A - Estimated Cost	
One-time Cost (Liability)	\$16,787,059
Ongoing Costs	\$1,493,699

Option B - Estimated Cost	
One-time Cost (Liability)	\$16,386,453
Ongoing Costs	\$1,348,120

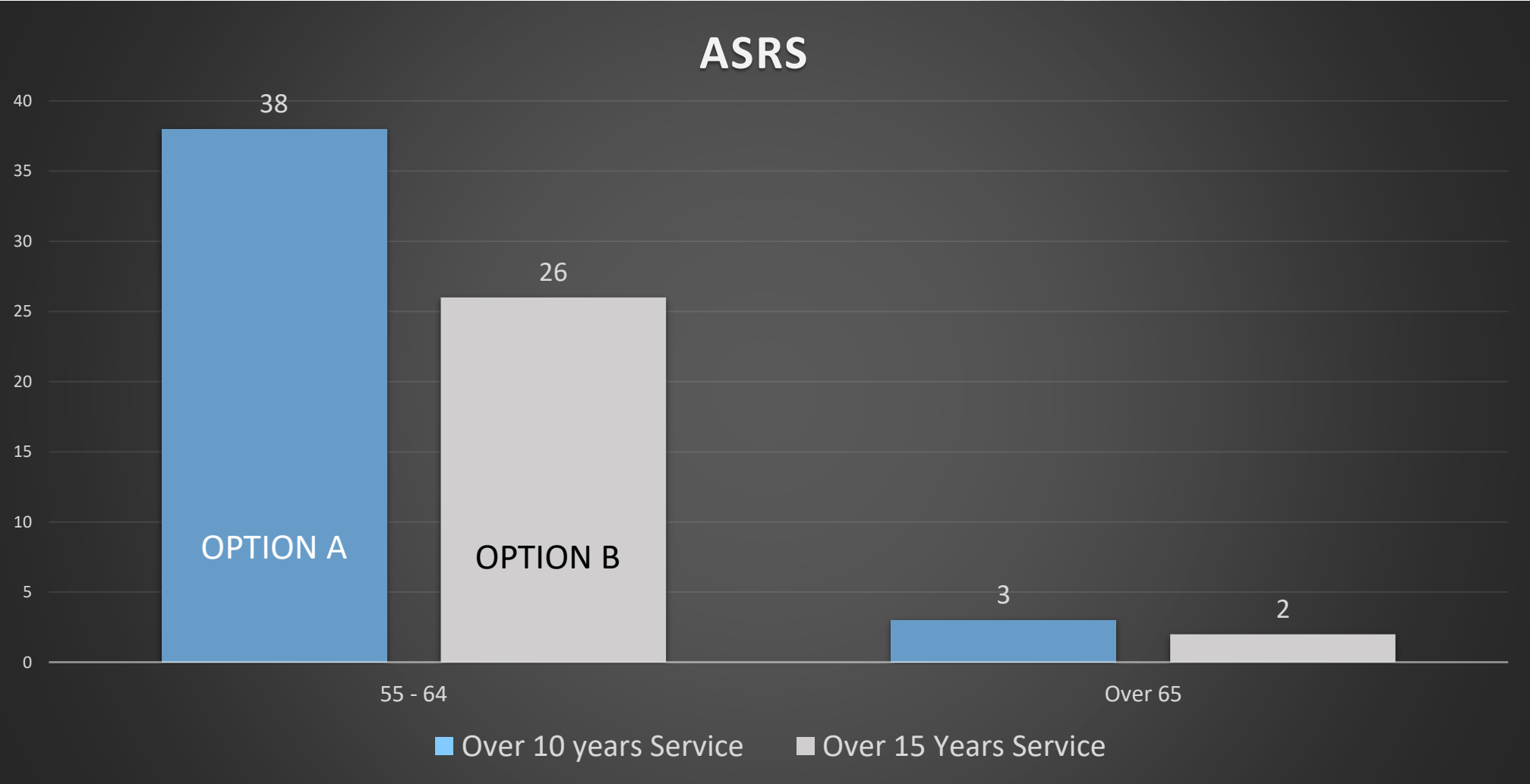




Retiree Healthcare Implementation Timeline



AGE AND SERVICE ELIGIBILITY



AGE AND SERVICE ELIGIBILITY

