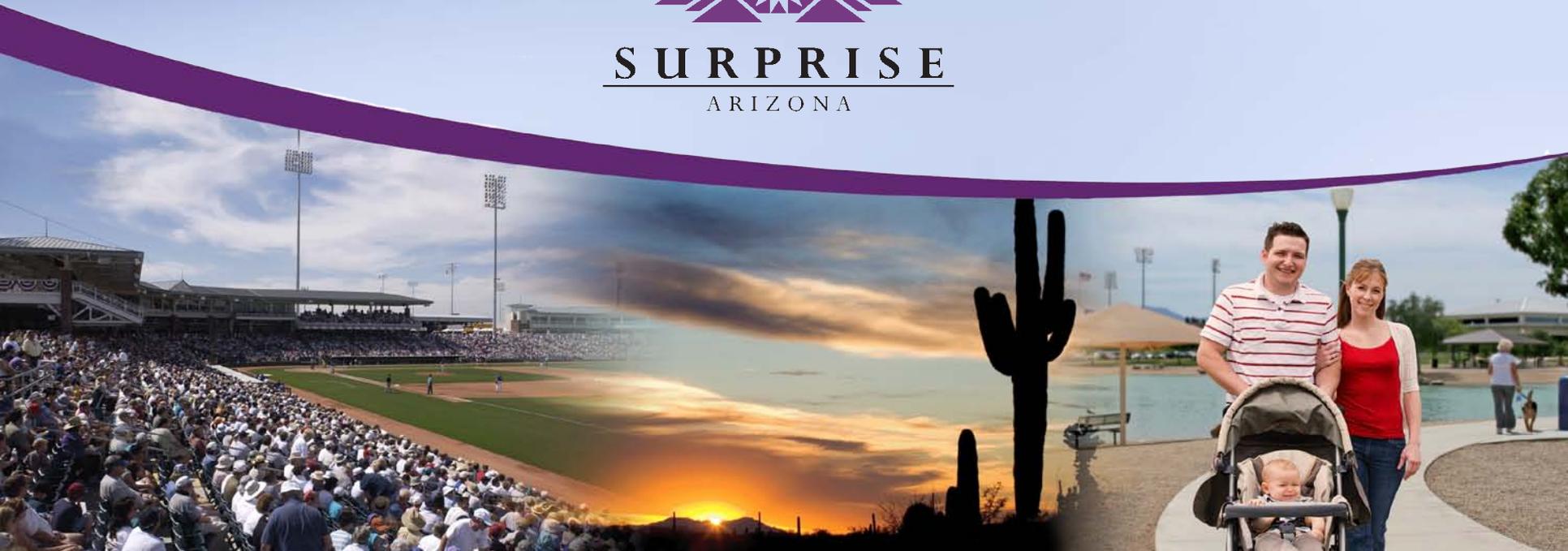


Self Insured Medical/Rx Report for the Quarter ended December 2010

Issued: March 2011



Purpose of Presentation



1. Review Utilization Information and December 2010 Financial Report
2. Discuss Next Steps and Calendar
3. Review Wellness Strategic Plan

Overview



- It's Early...but it appears we picked the Right Time to Move to Self-Funded
 - Lower Utilization compared to Prior Year
 - YTD Financial Results are good
- Population Census (1,700 covered lives)
 - 70% in HMO plan, 30% in PPO plan
- 3-5 Years until a Fully Mature Plan
- Developing a more comprehensive quarterly report
 - Posted on "It's Your Money"

Utilization Highlights: Rx



	2010	2009	Benchmark / Change	
Rx: Retail vs. Mail Order	4.0%	3.5%	7% or more	
Generic (per script)	\$11.65	\$9.37	+24%	
Multi Source Brand (per script)	\$51.57	\$39.10	+32%	
Single Source Brand (per script)	\$158.20	\$167.98	-6%	
% Generic (# of scripts)*	68%	63%	70%	
Rx as a % of Total Claims	12%	tbd	15% or less	

* Reduced Generic co-pay to \$7 effective July 1, 2010.

Utilization Highlights: Medical



	2010	2009	Benchmark / Change	
Employee Assistance Program	13%	tbd	4%	
Preventive Care	29%	33%	-12%	
Hospital Bed Days per 1,000 members	245	386	239	
Average Hospital Stay (days)	4	5	4	Neutral
Gross Claims per month (PEPM)	\$752	\$824	-9%	
Network Discounts	61%	62%	60% or more	
In-Network Usage	97%	95%	95% or more	
Large Claims (Greater than \$50K):				
# of Claims	12	14	-14%	
\$\$ Claims	\$1M.	\$2M.	-50%	

FYTD Sources are Greater than Uses



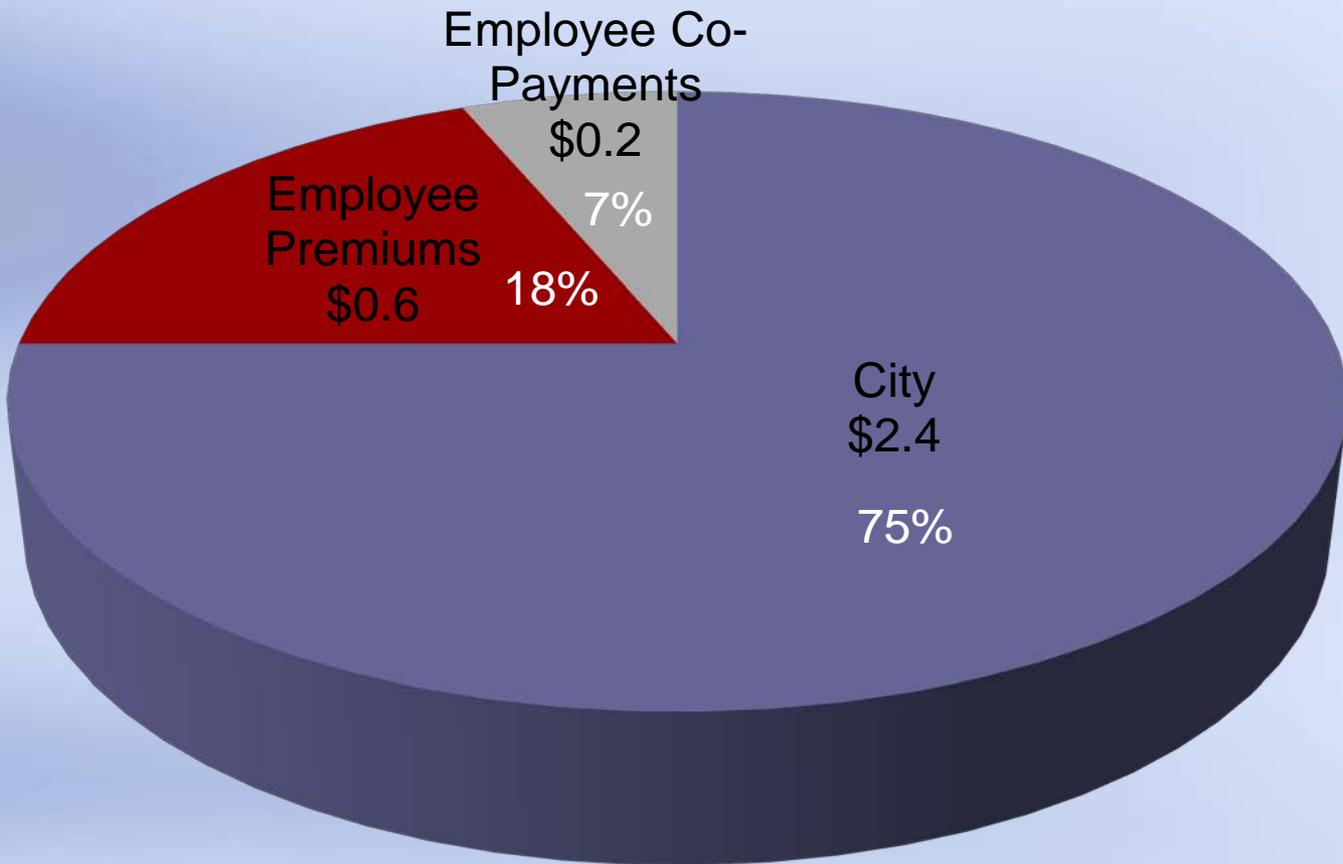
FYTD Results at 12/31/2011	Actual	Months of Activity
Total Sources	\$3.9	6
Total Uses	(\$3.3)	6
Source (Use) of Fund Balance*	\$0.6	

* Formal Reserve has not yet been established

Plan Cost Sharing: \$3.2 M.



75% City vs. 25% Employee



Next Steps



1. Review FY 2012 Projections with Consultant (all benefits)
2. Discuss Reserve Level at June 30, 2012
3. Formalize Recommendations to City Manager and the City Council re. FY 2012 Budget and Contribution Levels

Calendar



Date	Meeting
March 8	Employee Committee
March 15	City Council Update
March 16	Loss Trust Fund Board
April 5	City Council Policy Issues

Wellness Strategic Plan



Vision

Committed to supporting healthy and productive lifestyles of employees and their family members.

Mission

Educate, empower and support better health among employees and family members.

2011-2012 Goals



- Contain healthcare costs
- Encourage continuous preventative care
- Change unhealthy lifestyles

Strategies



- Monitor utilization of health plan
- Monitor claims activity
- Implement a customized education and wellness programs based on the health risk assessment data
- Drive and encourage participation
- Achieve 50% participation on health risk assessments
- Lower out of pocket costs for preventative care
- Create customized programs through employee engagement

Benefits to City of Surprise



- Contain our healthcare costs
- Healthy and productive employees
- Assist employees in dealing with stress
- Aid employees in obtaining education and information on their own health via onsite preventative screenings and workshops

Research has shown that 60% of Healthcare costs are preventable