

# POTENTIAL RETIREE MEDICAL PLAN SAVINGS - ANNUAL BASIS

(ALL OF THE FOLLOWING SAVINGS ARE BASED UPON 2006 ACTUAL DATA FOR RETIREES)

## SAVINGS

### RECOMMENDATION #1: ELIMINATE THE TRADITIONAL INDEMNITY PLAN OPTION

2006 TRADITIONAL PLAN MEDICAL SPEND (MEDICAL ONLY - EXCLUDES MEDICARE)	\$	6,457,672.00	
MOVING TO THE PPO PLAN OPTION WOULD REDUCE CRS REIMBURSEMENTS TO PROVIDERS BY 20%			\$ 1,291,534.40

### RECOMMENDATION #2: REVISE THE PRESCRIPTION DRUG COPAYS

2006 CURRENT RETIREE COPAYS =	\$	1,326,337.00	
MOVING TO A \$5 GENERIC, \$15 BRAND AND \$30 NON-FORMULARY COPAY SCHEDULE			
AND ASSUMING NO NON-FORMULARY PRESCRIPTIONS AND NO OUT-OF-POCKET CAP - RETIREE COPAYS =	\$	2,771,015.00	\$ 1,444,678.00
WITH A \$1,000 OUT-OF-POCKET MAXIMUM (CAP) FOR DRUG COPAYS - RETIREE COPAYS =	\$	1,808,030.00	\$ 481,693.00

### RECOMMENDATION #3: CHANGE THE COORDINATION OF BENEFITS METHODOLOGY

2006 CRS MEDICAL SPEND FOR RETIREES WITH MEDICARE AS PRIMARY PAYOR	\$	7,785,813.00	
RETIREE OUT-OF-POCKET UNDER CURRENT COB METHODOLOGY (ESTIMATE ONLY)	\$	-	
RETIREE OUT-OF-POCKET UNDER PROPOSED COB METHODOLOGY (ESTIMATE ONLY)	\$	848,653.61	\$ 848,653.61

### RECOMMENDATION #4: REPLACE THE INDEMNITY PLAN W/MODIFIED PPO PLAN

2006 RETIREE OUT-OF-POCKET (DEDUCTIBLES,COPAYS & COINSURANCE) MEDICAL ONLY	(1.43%)	\$	335,943.00	
RETIREE OUT-OF-POCKET UNDER MODIFIED PPO PLAN				
(\$100 DEDUCTIBLE ; 20% COINSURANCE ; OUT-OF-POCKET MAXIMUM OF \$1,000)	(10.99%)	\$	2,587,200.00	\$ 2,251,257.00

**TOTAL ANNUAL SAVINGS COMBINED WITHOUT DRUG CAP** **\$ 5,836,123.01**

**TOTAL ANNUAL SAVINGS COMBINED WITH \$1,000 DRUG CAP** **\$ 4,873,137.61**

(706 members exceed the \$1,000 cap by \$962,985)