

Consider Change to HRA Administration Exhibit

Franklin Township

Effective 1/1/2021

Currently, Franklin Township reimburses covered members for a portion of all Office Visits, Specialist Visits, Urgent Care Visits and Emergency Room Visits.

The share is as follows:

- Office Visit: Employee pays \$35; Franklin Township reimburses \$25 (EE share = \$10)
- Specialist Visit: Employee pays \$50; Franklin Township reimburses \$40 (EE share = \$10)
- Urgent Care: Employee pays \$75; Franklin Township reimburses \$65 (EE share = \$10)
- Emergency Room: Employee pays \$250; Franklin Township reimburses \$175 (EE share = \$75)

MMO has offered to change the copay structure of the MMO Medical Plan to reflect the member portion of the copays above, thus eliminating all Franklin Township reimbursements for the copays.

This change to the plan design has zero impact on members, as they will still have the same exact copay liability (listed above).

The increase to the medical premiums to make this change would be 2.2% (making the renewal increase for 1/1/2021 at +12.2% versus the original negotiated increase of +10%). This amounts to a total ANNUAL increase in premiums of \$21,233.

Based on the minimum number of covered employees and dependents (159), we estimate Franklin Township has reimbursed members approximately \$36,000 annually for copays.

The estimated annual savings to Franklin Township would be approximately \$14,700 per year.

Because of the cost savings to Franklin Township, the increase to the member share of the Medical Mutual of Ohio medical premiums will be based on the agreed upon 10% increase for 1/1/2021. Franklin Township will absorb the additional 2.2% increase.

In addition, by making this change, Medical Mutual of Ohio (MMO) would be able to administer the HRA internally. Once a claim has been paid, MMO would reimburse the provider directly. This will be a benefit for the staff, as there is no need to file for reimbursement nor any need to submit Explanation of Benefits for claim substantiation.

MMO would collect the HRA expenditures from Franklin Township on a weekly basis and will not require any pre-fund or imprest balance.