*City of Midland / SB 07 (Jansen) / HB 4572 (Johnson) / SJR C (Jansen) / May 27, 2011*

**The City of Midland has been addressing health care costs for a substantial period of time**

•We have successfully bargained with six (6) unions for 10 years to implement employee contributions and high deductible plans that save taxpayer dollars

•Over 5 years, the City's health premiums increased 4.6% compared to the national average of 5.4%

**City health care plans *shift risk to the employee* through higher deductible plans**

•95% of City employees have plans with higher deductibles and copayments and pay less in premium – employees with "richer" plans pay 32%

•Employees that are required to pay 20% of premium will select the richest health plan available, costing Midland taxpayers ~$600,000 more annually

**For employers who have bargained sophisticated health care cost containment models, a set maximum cap is a manageable approach**

**The City of Midland health care plan design is *working***

•Employees are making an economic choice by accepting up front risk for their health care costs

•Premiums are substantially lower for high deductible plans, saving the City $5,000 for each family plan per year

•The City spends $12,900 per year for a family plan versus the State average plan at $14,000 per year

**To set a maximum cap, consider how insurance rates are determined**

**Insurers use single plans as the base: $5,000**
**Multiply single x 2.4 for 2-Person: $12,000**
**Multiply single x 3 for family: $15,000**

•Employers can continue to make plan design changes to be lower than the cap