

# GIC FOR THE HEALTH OF OUR CITY

Top quality benefits that provide significant budget relief



Mayor Joseph A. Curtatone  
August 11, 2011

# Why the Group Insurance Commission?

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High quality  
health care  
at a lower  
cost



# The GIC will

- Provide less costly overall health care for participants today and in the future
- Maintain high quality of health care – 4 of top 10 plans in the nation
- Deliver \$75 million in cumulative savings over 6 years
- Provide multi-year mitigation funds to help employees and retirees in need



# GIC Profile

- Proven program founded 1955, includes nearly 400,000 participants
- Guards against spiraling health care costs
- Mission – to deliver high quality health care at reasonable costs
- An insurance pool, *not* an insurance plan
- Includes 4 cities, 15 towns, 11 regional and charter school districts

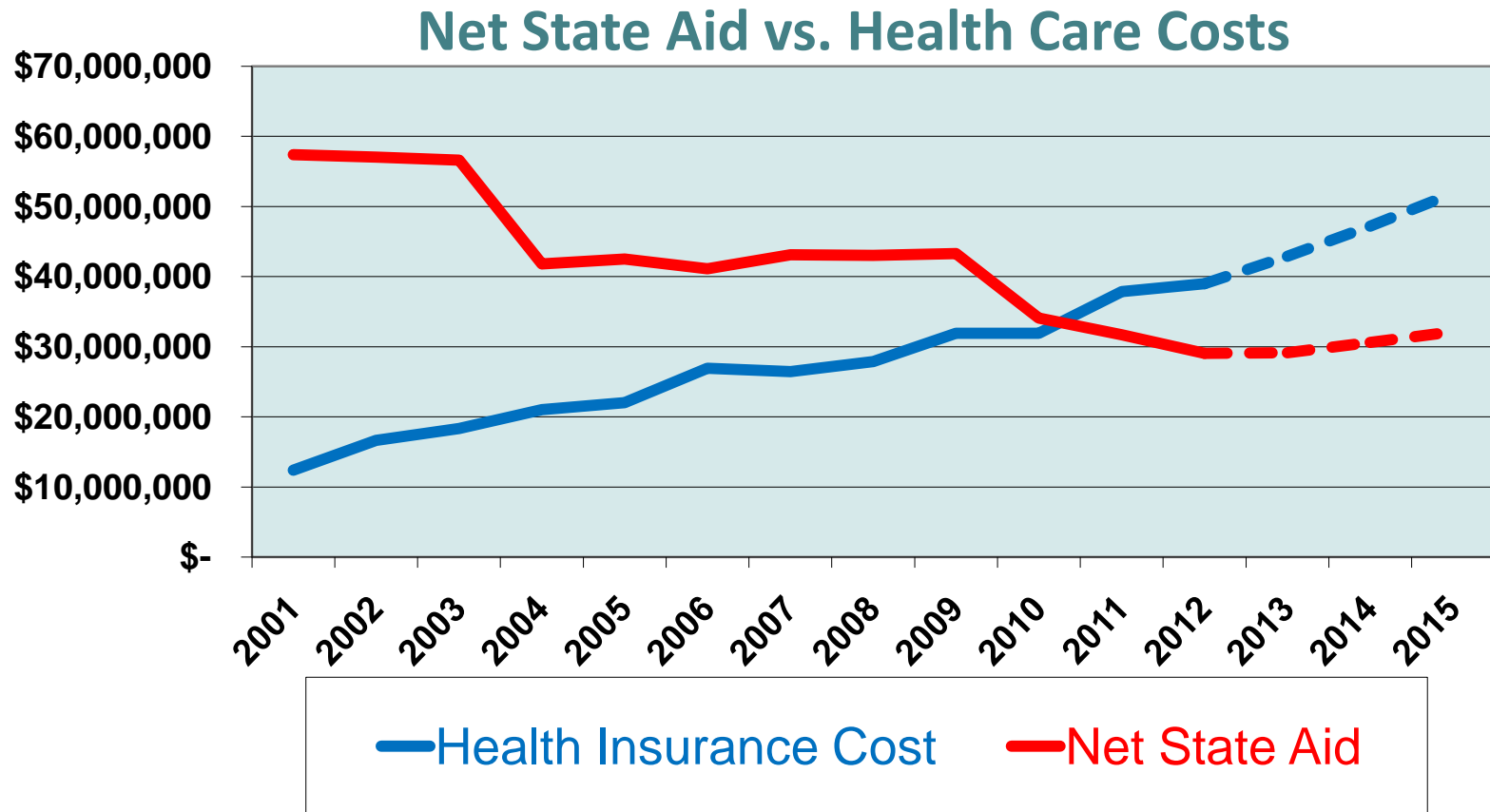


# Total First Year Savings

<b>City</b>	\$5.2 million
<b>Employees &amp; Retirees</b>	\$4.1 million
<b>Total</b>	<b>\$9.3 million</b>



# Runaway Health Care Costs



- Total health care costs have tripled since 2001
- Health care costs are now \$9 M more than net state aid

It takes the tax bills of  
**four** two-family homes to pay for  
**one** employee's family plan



**One  
Family  
= Insurance  
Plan**

# GIC = High Quality Health Care

- All 4 commercial plans ranked in top 10 of 239
- Two Medicare options ranked in top 10 of 166
- Same plans used by all state employees and elected officials
- Employees/retirees retain right to keep their doctor



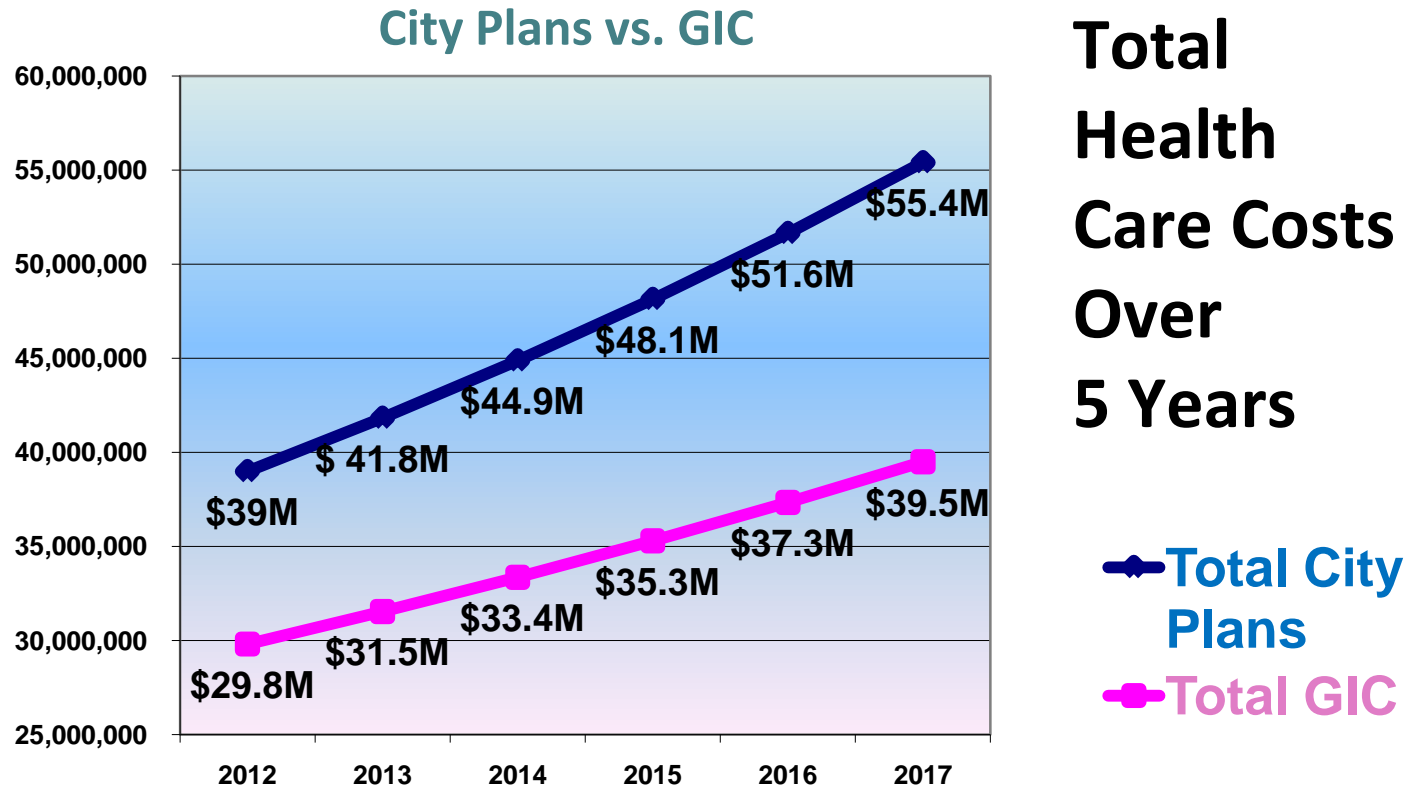


# GIC = Savings for Employees



- Employees and retirees overall will save **\$1.83 million** per year in premiums
- Average savings of more than **\$650** a year per subscriber
- Co-pays and deductibles are higher, **but weekly premiums are significantly lower**

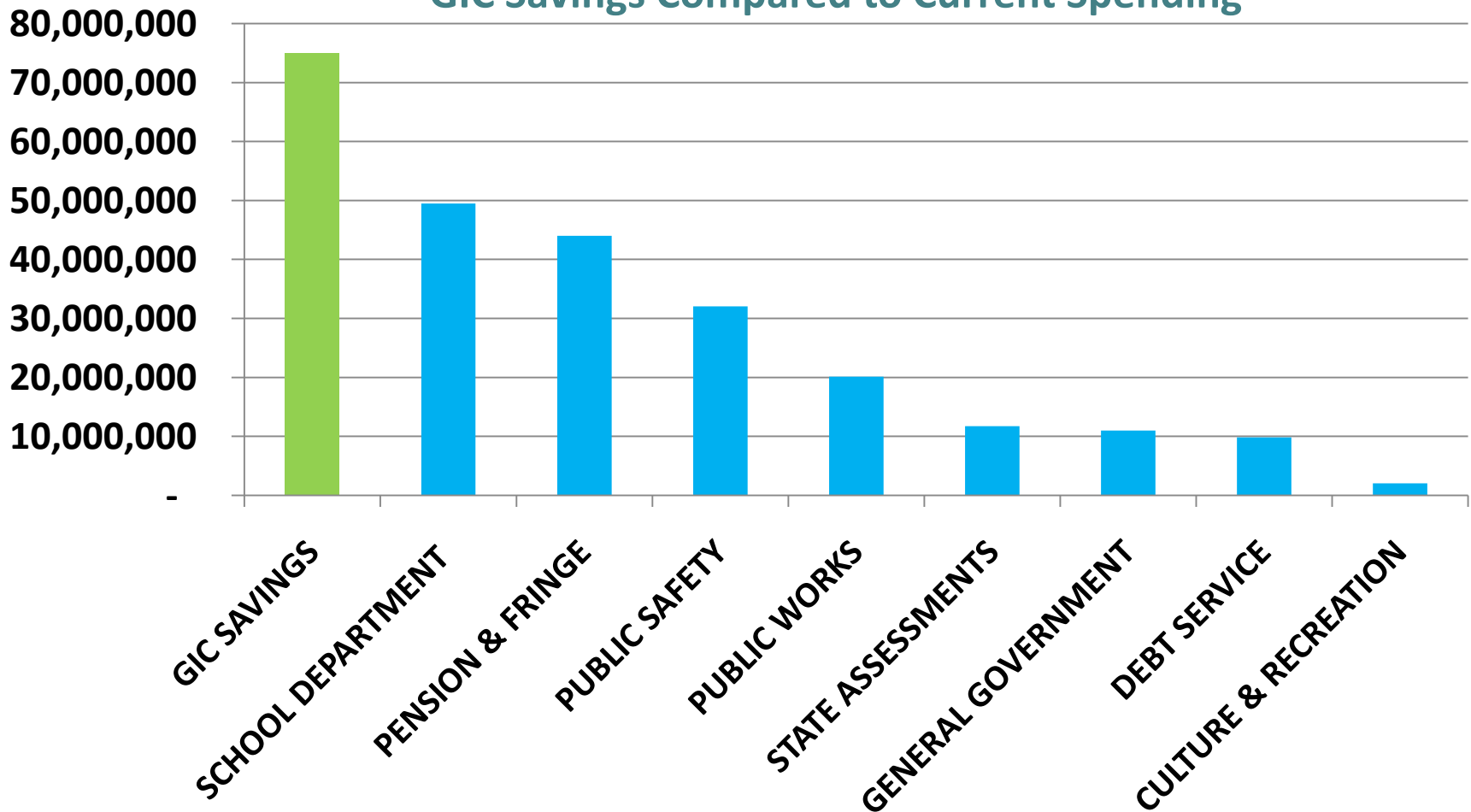
# Future Fiscal Impact



- \$75 million in cumulative savings over 6 years
- Superior buying power

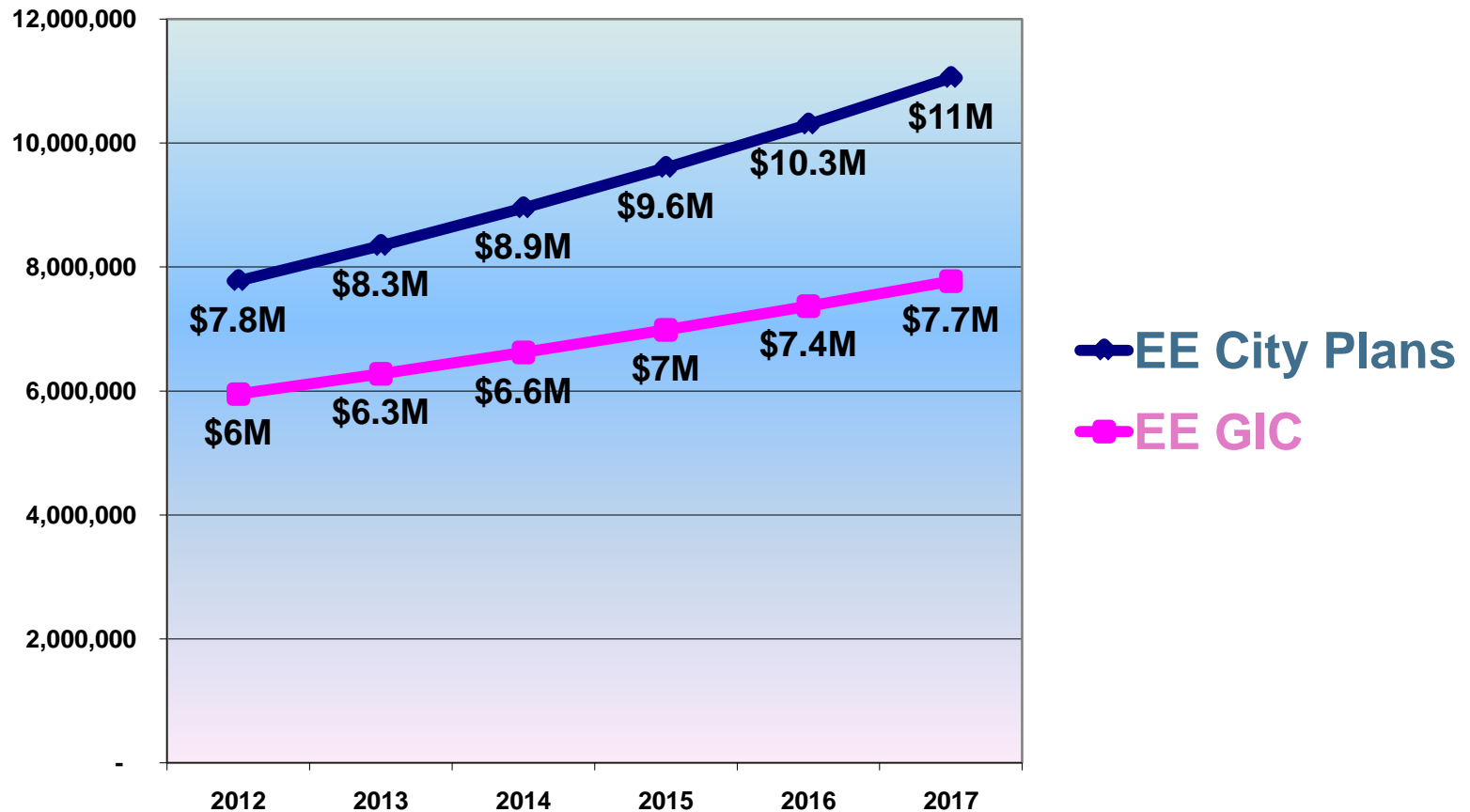
# \$75 million =

GIC Savings Compared to Current Spending



# Employee Contributions Over 5 Years

## City Plans vs. GIC



- Employees & retirees save **\$15 million** in contributions over next 6 years

# Mitigation Benefits

More than \$2.3 million to be dedicated to:

- Retirees
- Low-income subscribers
- Subscribers with high out-of-pocket costs



# Addressing Concerns

- GIC does not include Blue Cross/Blue Shield
  - Other plans rated higher
  - BC/BS now may have incentive to join
- Higher costs for higher utilization
  - Mitigation
  - More flexible plans

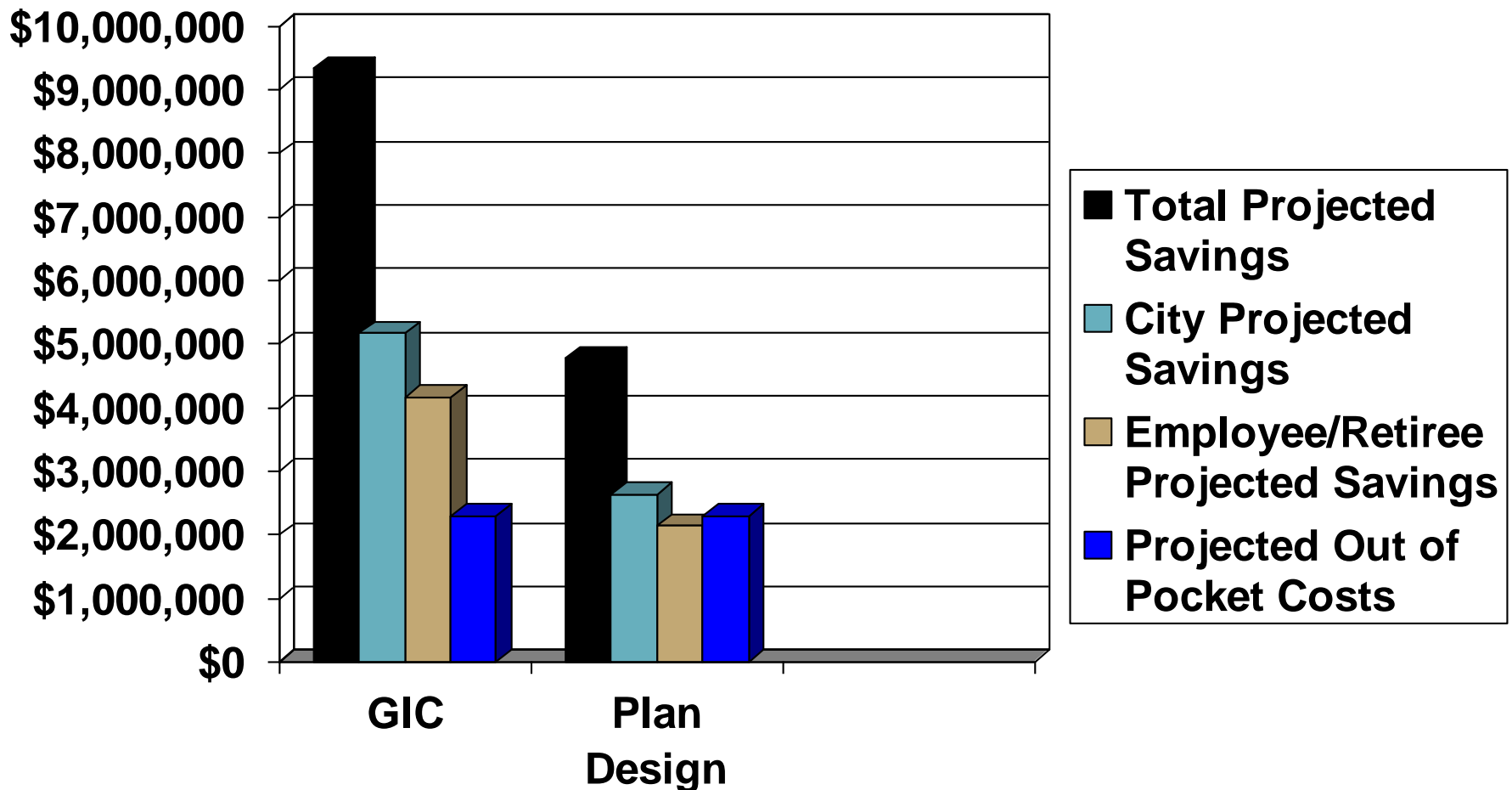
**U.S. News** & WORLD REPORT

## Top Ten U.S. Health Insurance Plans

1. **Harvard Pilgrim Health Care**
2. Harvard Pilgrim Health Care of New England
3. **Tufts Associated Health Maintenance Organization**
4. Grand Valley Health Plan
5. Capital Health Plan
6. Geisinger Health Plan
7. **Fallon Community Health Plan**
8. **Health New England**
9. CIGNA HealthCare of New Hampshire
10. Group Health Cooperative of South Central Wisconsin

— U.S. News 2009-10

# GIC Double the Savings of Plan Design



# Good Government

## Meets Good Health Care

- GIC offers **sustainable** health insurance
- **Top quality** at lower overall costs for employees/retirees and City
- **Predictable** costs helps future budgeting

