

FY 2014-15 Employee Benefits Plans and Rates

Employee Benefits and Health
November 2013

Goals

- ▶ Maintain benefits as part of Total Compensation
 - Total Compensation Statements now available
- ▶ Continue to manage demand for, and cost of health care
 - Promote informed consumer choices
 - Encourage healthy behaviors
 - Minimize cost increases to BOTH employees and employer
 - “Core Buy Up” contribution model – employer pays base premium amount by tier (e.g., employee only, employee plus family, etc.), employees “buy up” for more expensive plans
- ▶ Implement changes required by the Patient Protection and Affordable Care Act (PPACA)

Current Benefits – Employer Subsidized

Benefit	Participation	
Health (Medical, Pharmacy, Beh. Health) HMO, PPO, HDHP w/HSA	11,303	89.0%
Dental 2 PPO plans, DHMO	11,421	88.5%
Vision	11,148	87.8%
Basic Life and Accidental Death and Dismemberment	12,699	100.0%

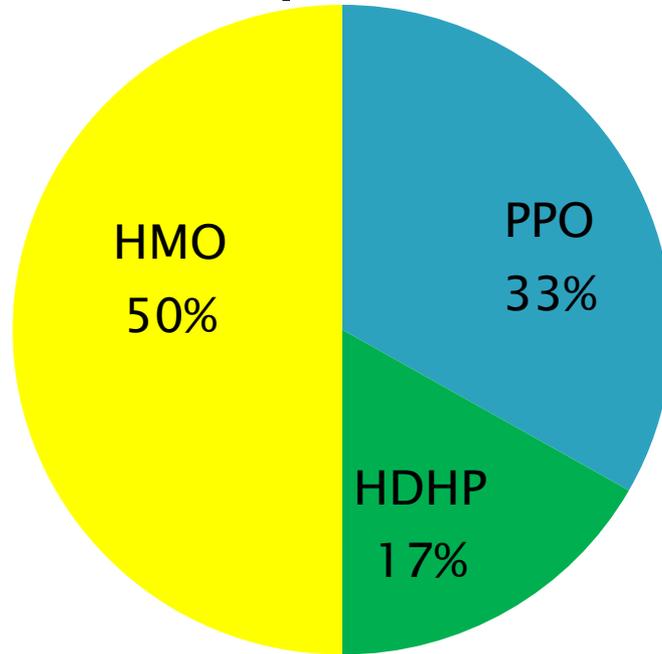
Current Benefits – Voluntary

(no employer contribution, some admin. cost)

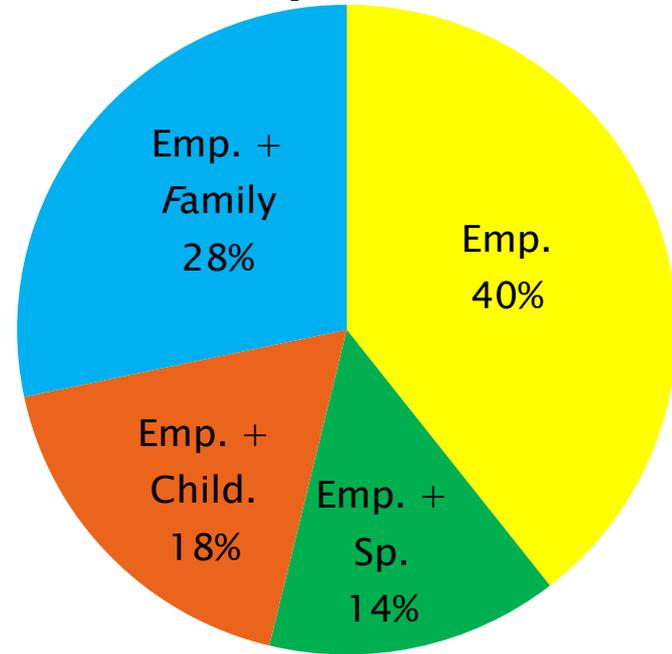
Benefit	Participation	
Short-Term Disability (40%, 50% and 60% plans)	8,442	66.5%
Health Care Flexible Spending Account	1,867	14.7%
Dependent Care Flexible Spending Account	269	2.1%
Group Legal	1,936	15.2%
Additional Life	8,487	66.8%
Spouse Life	3,346	26.3%
Child Life	3,990	31.4%
Add. Acc. Death and Dismemberment – Emp.	3,705	29.2%
Add. Acc. Death and Dismemberment – Family	4,436	34.9%
Accident Insurance	280	2.2%
Critical Illness Insurance	91	0.7%
Whole Life Insurance	93	0.7%
Term Life Insurance	44	0.3%
Group Auto/Home	50	0.4%

Current Health Plan Enrollment

By Plan



By Tier



Health Plans

(Medical, Pharmacy and Behavioral Health)

- ▶ Continue to offer three different plans:
 - HMO
 - Cigna medical
 - Catamaran pharmacy
 - Magellan behavioral health
 - PPO
 - UnitedHealthcare medical
 - Catamaran pharmacy
 - Magellan behavioral health
 - HDHP w Health Savings Account
 - UnitedHealthcare medical, pharmacy and behavioral health

Health Plan Changes

Changes	HMO	PPO	HDHP
Out-of-Pocket Maximums:			
PPACA – with some exceptions, medical copays, deductibles, and coinsurance will apply to Out-of-Pocket maximums; maximums increased for zero net cost*	✓	✓	NA
Remove \$1,000 limit/admission on coinsurance for inpatient hospitalization; apply to out-of-pocket maximums	NA	✓	NA
PPACA – no limit on hearing aids	✓	✓	NA
PPACA – no pre-existing condition exclusion for adults aged 19+	NA	✓	✓
Add coverage for medically-necessary excess skin removal after bariatric surgery	✓	✓	✓
Behavioral health – Increase copay for group therapy from \$10 to \$15	✓	✓	NA
*Will apply to pharmacy and behavioral health starting FY 2016.			

Out-of-Pocket Maximums

HMO	Current*	FY 2015**
Individual		
Deductible	\$ 350	\$ 350
Out-of-Pocket Maximum	1,000	1,600
Effective Maximums:	\$ 1,350	\$ 1,600
Family		
Deductible	\$ 700	\$ 700
Out-of-Pocket Maximum	2,000	3,200
Effective Maximums:	\$ 2,700	\$ 3,200
PPO	Current*	FY 2015**
Individual		
Deductible	\$ 350	\$ 350
Out-of-Pocket Maximum	2,000	3,000
Effective Maximums:	\$ 2,350	\$ 3,000
Family		
Deductible	\$ 700	\$ 700
Out-of-Pocket Maximum	4,000	6,000
Effective Maximums:	\$ 4,700	\$ 6,000

**Currently, out-of-pocket expenses up to deductible are not covered by Out-of-Pocket Maximums, but will be covered starting in FY 2015.*

***Amounts not additive.*

Health Plan Premiums

- ▶ Overall net reduction in premiums of 0.9%.
 - ▶ Greater reductions in PPO vs. HMO due to higher network discounts with plan administered by new vendor.
 - ▶ HMO and HDHP employee premiums unchanged.
 - ▶ HDHP employer contributions move closer to baseline, but are still slightly lower.
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Health Care Premium Drivers

	(millions)
Lower projection for FY 2014 trend (5% medical, 6% pharmacy to overall 4%)	\$ (4.00)
FY 2015 Health Care Cost Trend (4% overall)	4.00
Annualize Reinsurance Fee (PPACA)	0.89
Hearing Aids (PPACA)	0.18
Pre-Existing Conditions (PPACA)	-
Out-of-Pocket Maximums (PPACA); net of increase	-
Post-bariatric surgery excess skin removal	(0.10)
New Medical Vendor	(2.11)
Totals	\$ (1.14)

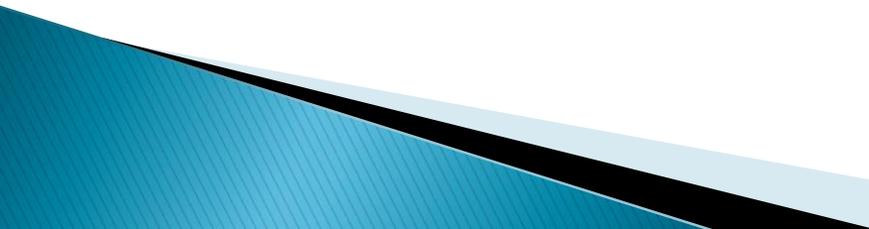
Health Plan Premium Changes

Full-time, Active Emp. Plan/Coverage	FY 2015 Monthly			FY 2015 Change		
	Total	Employer	Employee*	Total	Employer	Employee
PPO	UnitedHealthcare PPO					
Employee	\$ 533.28	\$ 493.46	\$ 39.82	\$(10.64)	\$ (1.74)	\$ (8.90)
Emp. + Family	\$1,462.98	\$1,237.08	\$ 225.90	\$(29.52)	\$ (5.32)	\$(24.20)
HMO	Cigna CMG					
Employee	\$ 512.16	\$ 493.46	\$ 18.70	\$ (1.74)	\$ (1.74)	\$ -
Emp. + Family	\$1,369.48	\$1,237.08	\$ 132.40	\$ (5.32)	\$ (5.32)	\$ -
HDHP w/H.S.A.	UnitedHealthcare HDHP					
Employee	\$ 456.80	\$ 456.80	\$ -	\$ -	\$ -	\$ -
Emp. + Family	\$1,262.44	\$1,237.08	\$ 25.36	\$ (3.00)	\$ (3.00)	\$ -
	*Net of all incentive reductions (\$60).					

Changes in Other Benefits

- ▶ **Dental Insurance:**
 - Cigna self-insured premiums going down, while Delta fully-insured premiums increasing per contract
- ▶ **Life and AD&D Insurance:**
 - Change effective date for movement to higher age tier from January 1 to July 1
- ▶ **Short-term Disability:**
 - FY 2015 premiums increased to fund expanded benefits
 - FY 2016 premiums will be increased again to fully fund current benefits

Proposed Changes in Benefits Eligibility and Administration

- ▶ Discontinue the County-sponsored Cigna Medicare Select Plan (136 retirees), plus participation in vision and dental plans.
 - ▶ Discontinue benefits for employees who work less than 30 hours per week.
 - ▶ Limit employees to a 60-day grace period to restore coverage after failure to comply with dependent verification.
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Premium Impact Summary

Benefit Program	(millions)		
	Employer	Employee	Total
Health	\$ (0.41)	\$ (0.72)	\$ (1.14)
Dental	(0.31)	0.29	(0.02)
Vision	–	–	–
Life and AD&D	–	–	–
Short-term Disability	NA	0.45	0.45
Employee Assistance Program	0.01	NA	0.01
Wellness	–	NA	–
Benefits Administration	–	NA	–
Totals	\$ (0.72)	\$ 0.02	\$ (0.70)

Budget impact to departments is estimated at \$7.1 million, based on current employee numbers.

Benefit Trust Reserves

	Health, Dental and Vision	Short-term Disability	Total
As of June 30, 2013:			
Net assets available	\$ 47,633,732	\$ 2,464,916	\$ 50,098,648
Actuary's Recommended Reserves	\$ 36,852,117	\$ 589,459	\$ 37,441,576
Net assets in excess of reserves	\$ 10,781,615	\$ 1,875,457	\$ 12,657,072
Projected as of June 30, 2014:			
FY 2015 Premium Hoidays (est.)	\$(10,400,000)	\$ -	\$ (10,400,000)
FY 2015 Margin (Rev. – Exp.)		\$ (800,000)	\$ (800,000)
Net assets in excess of reserves	\$ 381,615	\$ 1,075,457	\$ 1,457,072

Renewal Process and Timeline

Month	What Happens
August–October	County and consultant analyze cost experience, as well as impact of any plan changes under consideration
November	Finalize plan design and premium recommendations; review with Benefits Board of Trustees
December	Review and approval by the Board of Supervisors
January	Start preparations for Open Enrollment
February	Launch communication outreach regarding Open Enrollment and benefit plan changes; begin on-site biometric screenings
April	Open Enrollment for active employees begins
May	Complete Open Enrollment; mail out Confirmation Statements.
July	New benefits plan year begins; start Dependent Verification process
August	Complete Dependent Verification process

Rate Tables

Health Plan Rates

Full-time, Active Emp.	FY 2014 Monthly					FY 2015 Monthly				
Plan/Coverage	Total	Employer	%	Employee*	%	Total	Employer	%	Employee*	%
PPO	Cigna OAP					UnitedHealthcare PPO				
Employee	\$ 543.92	\$ 495.20	91%	\$ 48.72	9%	\$ 533.28	\$ 493.46	93%	\$ 39.82	7%
Emp. + Spouse	\$1,122.08	\$ 958.48	85%	\$ 163.60	15%	\$1,099.60	\$ 954.10	87%	\$ 145.50	13%
Emp. + Children	\$ 920.80	\$ 791.92	86%	\$ 128.88	14%	\$ 902.66	\$ 788.72	87%	\$ 113.94	13%
Emp. + Family	\$1,492.50	\$1,242.40	83%	\$ 250.10	17%	\$1,462.98	\$1,237.08	85%	\$ 225.90	15%
HMO	Cigna CMG					Cigna CMG				
Employee	\$ 513.90	\$ 495.20	96%	\$ 18.70	4%	\$ 512.16	\$ 493.46	96%	\$ 18.70	4%
Emp. + Spouse	\$1,038.74	\$ 958.48	92%	\$ 80.26	8%	\$1,034.36	\$ 954.10	92%	\$ 80.26	8%
Emp. + Children	\$ 846.92	\$ 791.92	94%	\$ 55.00	6%	\$ 843.72	\$ 788.72	93%	\$ 55.00	7%
Emp. + Family	\$1,374.80	\$1,242.40	90%	\$ 132.40	10%	\$1,369.48	\$1,237.08	90%	\$ 132.40	10%
HDHP w/H.S.A.	Cigna Choice Fund					UnitedHealthcare HDHP				
Employee	\$ 456.80	\$ 456.80	100%	\$ -	0%	\$ 456.80	\$ 456.80	100%	\$ -	0%
Emp. + Spouse	\$ 938.14	\$ 923.32	98%	\$ 14.82	2%	\$ 938.14	\$ 923.32	98%	\$ 14.82	2%
Emp. + Children	\$ 781.64	\$ 773.44	99%	\$ 8.20	1%	\$ 781.64	\$ 773.44	99%	\$ 8.20	1%
Emp. + Family	\$1,265.44	\$1,240.08	98%	\$ 25.36	2%	\$1,262.44	\$1,237.08	98%	\$ 25.36	2%
*Net of all incentive reductions (\$60).										

Health Plan Rate Changes

Full-time, Active Emp.	FY 2015 Monthly					FY 2015 Change		
Plan/Coverage	Total	Employer	%	Employee*	%	Total	Employer	Employee
PPO	UnitedHealthcare PPO							
Employee	\$ 533.28	\$ 493.46	93%	\$ 39.82	7%	\$ (10.64)	\$ (1.74)	\$ (8.90)
Emp. + Spouse	\$1,099.60	\$ 954.10	87%	\$ 145.50	13%	\$ (22.48)	\$ (4.38)	\$ (18.10)
Emp. + Children	\$ 902.66	\$ 788.72	87%	\$ 113.94	13%	\$ (18.14)	\$ (3.20)	\$ (14.94)
Emp. + Family	\$1,462.98	\$1,237.08	85%	\$ 225.90	15%	\$ (29.52)	\$ (5.32)	\$ (24.20)
HMO	Cigna CMG							
Employee	\$ 512.16	\$ 493.46	96%	\$ 18.70	4%	\$ (1.74)	\$ (1.74)	\$ -
Emp. + Spouse	\$1,034.36	\$ 954.10	92%	\$ 80.26	8%	\$ (4.38)	\$ (4.38)	\$ -
Emp. + Children	\$ 843.72	\$ 788.72	93%	\$ 55.00	7%	\$ (3.20)	\$ (3.20)	\$ -
Emp. + Family	\$1,369.48	\$1,237.08	90%	\$ 132.40	10%	\$ (5.32)	\$ (5.32)	\$ -
HDHP w/H.S.A.	UnitedHealthcare HDHP							
Employee	\$ 456.80	\$ 456.80	100%	\$ -	0%	\$ -	\$ -	\$ -
Emp. + Spouse	\$ 938.14	\$ 923.32	98%	\$ 14.82	2%	\$ -	\$ -	\$ -
Emp. + Children	\$ 781.64	\$ 773.44	99%	\$ 8.20	1%	\$ -	\$ -	\$ -
Emp. + Family	\$1,262.44	\$1,237.08	98%	\$ 25.36	2%	\$ (3.00)	\$ (3.00)	\$ -
*Net of all incentive reductions (\$60).								

Dental Plan Rates

Full-time, Active Emp.	FY 2014 Monthly					FY 2015 Monthly				
Plan/Coverage	Total	Employer	%	Employee*	%	Total	Employer	%	Employee*	%
Dental PPO	Cigna Dental PPO					Cigna Dental PPO				
Employee	\$ 35.06	\$ 19.04	54%	\$ 16.02	46%	\$ 32.70	\$ 17.76	54%	\$ 14.94	46%
Emp. + Spouse	\$ 77.24	\$ 42.00	54%	\$ 35.24	46%	\$ 72.04	\$ 39.17	54%	\$ 32.87	46%
Emp. + Children	\$ 83.56	\$ 45.40	54%	\$ 38.16	46%	\$ 77.93	\$ 42.34	54%	\$ 35.59	46%
Emp. + Family	\$ 107.28	\$ 58.20	54%	\$ 49.08	46%	\$ 100.05	\$ 54.28	54%	\$ 45.77	46%
Dental PPO	Delta Dental PPO					Delta Dental PPO				
Employee	\$ 43.80	\$ 19.04	43%	\$ 24.76	57%	\$ 46.18	\$ 17.76	38%	\$ 28.42	62%
Emp. + Spouse	\$ 96.52	\$ 42.00	44%	\$ 54.52	56%	\$ 101.86	\$ 39.17	38%	\$ 62.69	62%
Emp. + Children	\$ 104.40	\$ 45.40	43%	\$ 59.00	57%	\$ 110.14	\$ 42.34	38%	\$ 67.80	62%
Emp. + Family	\$ 134.24	\$ 58.20	43%	\$ 76.04	57%	\$ 141.62	\$ 54.28	38%	\$ 87.34	62%
Pre-Paid Dental	Cigna Pre-paid					Cigna Pre-paid				
Employee	\$ 8.00	\$ 3.44	43%	\$ 4.56	57%	\$ 8.00	\$ 3.44	43%	\$ 4.56	57%
Emp. + Spouse	\$ 13.50	\$ 4.92	36%	\$ 8.58	64%	\$ 13.50	\$ 4.92	36%	\$ 8.58	64%
Emp. + Children	\$ 18.74	\$ 7.56	40%	\$ 11.18	60%	\$ 18.74	\$ 7.56	40%	\$ 11.18	60%
Emp. + Family	\$ 22.04	\$ 9.16	42%	\$ 12.88	58%	\$ 22.04	\$ 9.16	42%	\$ 12.88	58%

Dental Plan Rate Changes

Full-time, Active Emp.	FY 2015 Monthly					FY 2015 Change		
Plan/Coverage	Total	Employer	%	Employee*	%	Total	Employer	Employee
Dental PPO	Cigna Dental PPO							
Employee	\$ 32.70	\$ 17.76	54%	\$ 14.94	46%	\$ (2.36)	\$ (1.28)	\$ (1.08)
Emp. + Spouse	\$ 72.04	\$ 39.17	54%	\$ 32.87	46%	\$ (5.20)	\$ (2.83)	\$ (2.37)
Emp. + Children	\$ 77.93	\$ 42.34	54%	\$ 35.59	46%	\$ (5.63)	\$ (3.06)	\$ (2.57)
Emp. + Family	\$ 100.05	\$ 54.28	54%	\$ 45.77	46%	\$ (7.23)	\$ (3.92)	\$ (3.31)
Dental PPO	Delta Dental PPO							
Employee	\$ 46.18	\$ 17.76	38%	\$ 28.42	62%	\$ 2.38	\$ (1.28)	\$ 3.66
Emp. + Spouse	\$ 101.86	\$ 39.17	38%	\$ 62.69	62%	\$ 5.34	\$ (2.83)	\$ 8.17
Emp. + Children	\$ 110.14	\$ 42.34	38%	\$ 67.80	62%	\$ 5.74	\$ (3.06)	\$ 8.80
Emp. + Family	\$ 141.62	\$ 54.28	38%	\$ 87.34	62%	\$ 7.38	\$ (3.92)	\$ 11.30
Pre-Paid Dental	Cigna Pre-paid							
Employee	\$ 8.00	\$ 3.44	43%	\$ 4.56	57%	\$ -	\$ -	\$ -
Emp. + Spouse	\$ 13.50	\$ 4.92	36%	\$ 8.58	64%	\$ -	\$ -	\$ -
Emp. + Children	\$ 18.74	\$ 7.56	40%	\$ 11.18	60%	\$ -	\$ -	\$ -
Emp. + Family	\$ 22.04	\$ 9.16	42%	\$ 12.88	58%	\$ -	\$ -	\$ -

Short-Term Disability Rates

Plan	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
40%	0.38%	0.29%	0.27%	0.27%	0.28%
50%	0.54%	0.41%	0.38%	0.38%	0.44%
60%	0.85%	0.64%	0.59%	0.59%	0.74%



Employee Benefits and Health