

RESUME: Health Insurance Update
March 22, 2016

The County and School Division have been evaluating health insurance plans for County and School employees since the fall of 2015. The Local Choice made a presentation to Board of Supervisors at a budget update meeting on January 7, 2016. Since that presentation, the County and School Division have received separate and combined rate information. Additionally, plan offerings were reviewed in more detail along with potential coverage impacts to existing employees and retirees.

We await renewal information on our existing self-insured Anthem plan and have a meeting scheduled with MMA on April 6, 2016. Preliminary information may be available on Monday March 21, 2016.

The County is examining The Local Choice to explore the possibility of improving the quality of offerings to employees (lower out-of-pocket co-pays and co-insurance percentages) and to evaluate whether becoming part of a pooled arrangement could reduce financial risk to the County.

Marsh & McLennan Agency, MMA (benefits consultant), prepared a financial analysis and comparison of current offerings to The Local Choice which they provided on March 4, 2016. The attached file from MMA shows pertinent information as follows:

- Comparison of Current Plans to TLC – County Separate from Schools (MMA Document Pages 2-3)
- Comparison of Current Plans to TLC – County Combined with Schools (MMA Document Pages 4-5)
- Plan Comparisons with County Selecting (MMA Document Pages 6-7):
 - TLC High Deductible Health Plan with HSA
 - Key Advantage 250
 - Key Advantage 500
- Dental Comparison (MMA Document Pages 8-9)
- Vision Comparison (MMA Document Page 10)
- Renewal Planning Suggestions (MMA Document Page 11)

Health Insurance Update - Continued
 March 22, 2016

MMA’s annualized financial analysis indicates that the County would pay less under the TLC with quoted rates both combined and separate from the School Division (based on current enrollment).

At a joint Chair / Vice-Chair meeting on March 11, 2016, School Board members indicated that they were not ready to make a decision regarding health insurance and that they were waiting for the renewal from Anthem with current offerings. They did indicate (and we did confirm) that the TLC rates for the School Division would be less if they separated from the County. We do not yet know if renewal rates, with our current Anthem plan, will be lower for them if they separated from the County.

Historical Information – The County and School Division have been “combined” for health insurance plans for many years and have been self-insured.

<u>Provider</u>	<u>Time Period</u>	<u>Arrangement</u>	<u>Consultant</u>
Anthem	07/01/2015 – present	Self-Insured	KSPH (MMA)
**Cigna	07/01/2012 – 06/30/2015	Self-Insured	Wells Fargo
Anthem	*1970’s - 06/30/2012	Self-Insured	None

*Exact date unknown

**Although combined for rates, County & School plan offerings currently vary widely [School Division just offers HDHP with HSA to employees and retirees under the age of 65]

Staff Impacts to Consider:

Pro	Con
Enhanced and expanded benefit offerings for Staff [chiefly lower out-of-pocket costs]	Employees & Retirees cannot enroll in just dental insurance
Bundled Dental and Vision (inclusive with one premium)	Employees may not enroll dependents in just dental insurance (must also be covered under medical plan)
	Retirees must pre-qualify with age/service minimums [55 with 5 years; OR 50 with 10 years]

Health Insurance Update - Continued
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Budgetary Impacts to Consider:

Pro	Con
Minimized financial risk if claims are high (fully-insured vs. self-insured)	Plan for enrollment from staff not currently enrolled in Anthem Offering if improved benefits are offered
Lower Estimated Annual Costs	Must Budget for Plan “run-off” in FY2017 if carrier changed
Potential rate stability – rated in part on larger pool of employees	

We recommend that the Board of Supervisors wait to make a final decision regarding health insurance until Anthem renewal (current plan) information is known (renewal meeting on April 6, 2016). **On April 12, 2016, we will bring a recommendation to the Board either for renewal or for changing coverage to The Local Choice.**



WORLD CLASS. LOCAL TOUCH.

Prince George County The Local Choice Comparison

March 4, 2016

Presented by:

David Talbert, Senior Vice President

Darby Greenhill, Senior Benefit Consultant

Julie Smith, Benefit Consultant

Prince George County - Current Self-Insured vs Local Choice Fully Insured Proposal (Separate)

- Prince George currently offers a self-insured medical plan, fully-insured dental and vision plan, HSA plan and an 4-visit EAP plan. All plans are separate components.
- With The Local Choice (TLC), medical, dental, vision and EAP will be bundled under a fully-insured arrangement. Employees that enroll in medical will automatically be enrolled in the same tier for dental and vision. If an employee does not elect medical they are not eligible to elect dental and vision with TLC.
- MMA compared current costs of all components above with proposed TLC costs on the following page. If you compare annual funding rates to proposed TLC fully insured rates, the TLC proposal is 12.7% below the funding rates for the 2016 plan year but 26% above 7 months of actual plan costs under the current self-insured arrangement.
- Current funding rates assume claims are running at expected. However, claims are running 31% below funding rates giving the County opportunity to build reserves estimated to be \$416,797 after 7 months into the plan year.

	Expected Annual Costs	7 Months Actual Costs	7 Months of Funding Rates	Potential Reserve Funding
Current Self-Insured PG Program (Medical claims + fees, dental, vision, EAP & County HSA contributions)	\$2,327,431	\$940,871	\$1,357,668	\$416,797
TLC Proposed Fully-Insured Program (Medical, dental, vision and EAP premium)	\$2,032,308	\$1,185,513	\$1,185,513	\$0 (When claims are less than expected TLC keeps extra funding)
% Difference from Current	-12.7%	26.0%	N/A	N/A

Prince George County - Current Self-Insured vs Local Choice Fully Insured Proposal (Separate) – Updated with claims through 1/31/16

COUNTY	Anthem Medical 7/2015				Delta Dental 7/2015				Unicare Vision		The Local Choice 7/2016					
	Dec 2015 Enrollment		County Medical Rates		Dec 2015 Enrollment		County Dental Rates		Jul 2015 Enrollment	County Vision Rates	Assumed Enrollment**		Medical, Dental, Vision & EAP Rates			
	HSA	POS	HSA	POS	Low	High	Low	High	Visio n	Vision	Key Adv 500	Key Adv 250	Key Adv 500	Key Adv 250		
Employee Only	32	110	\$688.89	\$752.25	36	81	\$29.88	\$36.66	73	\$5.52	8	79	55	\$496.00	\$628.00	\$684.00
Employee + Child	1	15	\$922.71	\$1,007.29	3	6	\$64.24	\$80.16	10	\$9.66	0	8	8	\$918.00	\$1,162.00	\$1,265.00
Employee + Children	1	1	\$1,196.76	\$1,305.19	2	2	\$64.24	\$80.16	4	\$11.04	0	1	1	\$1,339.00	\$1,696.00	\$1,847.00
Employee + Spouse	2	7	\$1,314.93	\$1,435.91	6	19	\$60.86	\$73.32	15	\$9.66	1	4	4	\$918.00	\$1,162.00	\$1,265.00
Employee + Family	15	11	\$1,577.66	\$1,722.03	16	23	\$70.86	\$97.14	22	\$16.06	4	16	6	\$1,339.00	\$1,696.00	\$1,847.00
Total Monthly	51	144	\$50,459	\$128,156	63	131	\$2,896	\$7,238	124	\$1,042	13	108	74	\$10,242	\$92,388	\$65,729
Total Annual	196		\$2,143,373		194		\$121,606			\$12,503		195		\$2,020,308		
Combined Annual Premium							\$2,280,431							\$2,020,308		
Employer HSA Contribution*							\$47,000							\$12,000		
Total Cost (Premium + HSA)							\$2,327,431							\$2,032,308		
\$ Difference (Premium + HSA)														(\$295,123)		
% Difference (Premium + HSA)														-12.7%		

7 Months Actual Claims & Fees***	\$833,504																
Combined Costs							\$70,937										\$1,178,513
Employer HSA Contribution (7 months)							\$913,454										\$1,178,513
Total 7 Month Cost							\$27,417										\$7,000
\$ Difference							\$940,871										\$1,185,513
% Difference																	\$244,642
																	26.0%

* Assumes no change to current HSA contribution levels (\$750/\$1000/\$1250/\$1000/\$1250)

** TLC premium is based on current medical enrollment tiers. Assumes 75% of current HDHP shifts to the Key Advantage 500 plan. Assumes 50% of current POS enrollment shifts to the Key Advantage 250 plan.

*** Since Prince George is currently in a self-funded contract for medical coverage, total costs may be more or less than the funding rates. With data 7/1/2015 through 1/31/2016, current mature medical costs (including Anthem claims, CIGNA run-out claims, and fees) including HSA, dental, vision, and EAP at \$940,871 are running 31% below 7 months worth of funding rates plus HSA at \$1,357,668.

Prince George County - Current Self-Insured vs Local Choice Fully Insured Proposal (Combined)

- The combined Local Choice proposal is offering the same plan designs as proposed separately.
- MMA compared current costs of all components above with proposed TLC costs on the following page. If you compare annual funding rates to proposed combined TLC fully insured rates, the TLC proposal is 16.3% below the funding rates for the 2016 plan year but 20.7% above 7 months of actual plan costs under the current self-insured arrangement. Estimated annual TLC premium savings for the County of \$49,469 under the combined proposal.
- Current funding rates assume claims are running at expected. However, claims are running 31% below funding rates giving the County opportunity to build reserves estimated to be \$416,797 after 7 months into the plan year.

	Expected Annual Costs	7 Months Actual Costs	7 Months of Funding Rates	Potential Reserve Funding
Current Self-Insured PG Program (Medical claims + fees, dental, vision, EAP & County HSA contributions)	\$2,327,431	\$940,871	\$1,357,668	\$416,797
TLC Proposed Fully-Insured Program (Medical, dental, vision and EAP premium)	\$1,947,504	\$1,136,044	\$1,136,044	\$0 (When claims are less than expected TLC keeps extra funding)
% Difference from Current	-16.3%	20.7%	N/A	N/A

Prince George County - Current Self-Insured vs Local Choice Fully Insured Proposal (Combined)

COUNTY	Anthem Medical 7/2015				Delta Dental 7/2015				Unicare Vision		The Local Choice 7/2016 (Combined Proposal)					
	Dec 2015 Enrollment		County Medical Rates		Dec Enrollment		County Dental Rates		Jul 2015 Enrollment	County Vision Rates	Assumed Enrollment**		Medical, Dental, Vision & EAP Rates			
	HSA	POS	HSA	POS	Low	High	Low	High	Vision	Vision	HDHP	Key Adv 500	Key Adv 250	Key Adv 500	Key Adv 250	
Employee Only	32	110	\$688.89	\$752.25	36	81	\$29.88	\$36.66	73	\$5.52	8	79	55	\$474.00	\$602.00	\$655.00
Employee + Child	1	15	\$922.71	\$1,007.29	3	6	\$64.24	\$80.16	10	\$9.66	0	8	8	\$877.00	\$1,114.00	\$1,212.00
Employee + Children	1	1	\$1,196.76	\$1,305.19	2	2	\$64.24	\$80.16	4	\$11.04	0	1	1	\$1,280.00	\$1,625.00	\$1,769.00
Employee + Spouse	2	7	\$1,314.93	\$1,435.91	6	19	\$60.86	\$73.32	15	\$9.66	1	4	4	\$877.00	\$1,114.00	\$1,212.00
Employee + Family	15	11	\$1,577.66	\$1,722.03	16	23	\$70.86	\$97.14	22	\$16.06	4	16	6	\$1,280.00	\$1,625.00	\$1,769.00
Total Monthly	51	144	\$60,469	\$128,168	63	131	\$2,896	\$7,238	124	\$1,042	13	108	74	\$9,789	\$88,551	\$62,952
Total Annual	195		\$2,143,373		194		\$121,606			\$12,503		196		\$1,935,504		\$1,935,504
Combined Annual Premium							\$2,280,431							\$12,000		
Employer HSA Contribution*							\$47,000									
Total Cost (Premium + HSA)							\$2,327,431									
% Difference (Premium + HSA)																
% Difference (Premium + HSA)																
7 Months Actual Claims & Fees***			\$833,504				\$70,937		\$7,294					\$1,129,044		
Combined Costs							\$913,454							\$1,129,044		
Employer HSA Contribution (7 months)							\$27,417							\$7,000		
Total 7 Month Cost							\$940,871							\$1,136,044		
% Difference														\$195,173		
% Difference														20.7%		

* Assumes no change to current HSA contribution levels (\$750/\$1000/\$1250/\$1000/\$1250)

** TLC premium is based on current medical enrollment tiers. Assumes 75% of current HDHP shifts to the Key Advantage 500 plan. Assumes 50% of current POS enrollment shifts to the Key Advantage 250 plan.

*** Since Prince George is currently in a self-funded contract for medical coverage, total costs may be more or less than the funding rates. With data 7/1/2015 through 1/31/2016, current mature medical costs (including Anthem claims, CIGNA run-out claims, and fees) including HSA, dental, vision, and EAP at \$940,871 are running 31% below 7 months worth of funding rates plus HSA at \$1,357,668.

Prince George County – Medical Benefit Comparison with Local Choice

Plan Provisions	ANTHEM (Current)		The Local Choice (Proposed)	
	County/Schools		County/Schools	
	HDHP 26 - end of month Plan	POS 30 26 - end of month Plan	HDHP 26 - end of calendar year Plan	Key Advantage 500 26 - end of calendar year Plan
Dependent Age Plan or Calendar Year?				
In-network benefits				
Deductible (indiv/family)	\$3,000/\$6,000 (embedded)	\$500/\$1,000	\$2,800/\$5,600 (embedded)	\$500/\$1,000
Out-of-pocket maximum (indiv/family)	\$4,000/\$8,000	\$4,000/\$8,000	\$5,000/\$10,000	\$4,000/\$8,000
Inpatient services				
Inpatient facility	0% after deductible	30% after deductible	20% after deductible	20% after deductible
Physician services	0% after deductible	30% after deductible	20% after deductible	20% after deductible
Outpatient services				
Doctors office visit	0% after deductible	\$30	20% after deductible	\$25
Specialist visit	0% after deductible	\$60	20% after deductible	\$40
Preventive services	\$0	\$0	\$0	\$0
Lab	0% after deductible	Office Visit Copay Facility: 30% after deductible	20% after deductible	10% after deductible
Diagnostics	0% after deductible	Office Visit Copay Facility: 30% after deductible	20% after deductible	20% after deductible
Specialty diagnostics	0% after deductible	30% after deductible	20% after deductible	20% after deductible
Outpatient Surgery	0% after deductible	30% after deductible	20% after deductible	20% after deductible for facility \$25/\$40 for physician 20% after deductible for tests/x-rays
Emergency room	0% after deductible	30% after deductible	20% after deductible	20% after deductible for facility \$25/\$40 for physician 20% after deductible for tests/x-rays
Physical/Occupational Therapy	0% after deductible 60 visits for PT/OT 30 separate visits for ST	\$30/\$60 60 visits for PT/OT 30 separate visits for ST	20% after deductible	20% after deductible
Chiropractic	0% after deductible 60 visits combined basis with other therapy/year	\$25 30 visit max	20% after deductible	20% after deductible
Vision	Elect in addition to medical \$15/exam Copay options for eyeglass lenses and upgrades; \$140 allowance for frames and \$140 allowance for contact lenses	Elect in addition to medical \$15/exam Copay options for eyeglass lenses and upgrades; \$140 allowance for frames and \$140 allowance for contact lenses	\$15/exam Copay options for eyeglass lenses and upgrades; \$100 allowance for frames and \$100 allowance for contact lenses	\$40/exam Copay options for eyeglass lenses and upgrades; \$100 allowance for frames and \$100 allowance for contact lenses

Prince George County – Medical Benefit Comparison with Local Choice

Plan Provisions	ANTHEM (Current)		The Local Choice (Proposed)	
	County/Schools		County/Schools	
	HDHP	POS 30	HDHP	Key Advantage 250
Prescription drugs				
Out-of-pocket maximum (indiv/family)	combined with medical	Combined with medical	combined with medical	combined with medical
Retail (30-day supply)	Preventive RX Enhanced included (deductible does not apply) After deductible: \$10/\$30/\$50/20% up to \$200 per script max	\$15/\$30/\$60/\$125	20% after deductible	\$10/\$30/\$45/\$55
Mail order (90-day supply)	Preventive RX Enhanced included (deductible does not apply) After deductible: \$25/\$75/\$125/20% up to \$400 per script max	\$37.50/\$75/\$150/\$312.50	20% after deductible	\$20/\$60/\$90/\$110
Out-of-network services	\$3,000/\$6,000 ded (combined with INN) \$6,000/\$12,000 OOP (separate from INN) 30% coinsurance	\$1,000/\$2,000 ded \$6,250/\$12,500 OOP 30% coinsurance	\$2,800/\$5,600 ded (combined with INN) \$10,000/\$20,000 OOP (separate from INN) 40% coinsurance	\$1,000/\$2,000 ded \$7,000/\$14,000 OOP 30% coinsurance

- TLC covers pre-65 retirees under the same active plan options but retirees must meet certain requirements. Retirees must be age 55 with 5 years of service or age 50 with 10 years of service. Rates can be blended with the active rates as they are now or you can opt for stand alone rates. Stand alone rates are 2-times the active rates.

Prince George County – Dental Benefit Comparison with Local Choice

	CURRENT		PROPOSED	
	Delta - Passive PPO Plus Premier		The Local Choice - Delta Dental	
	Delta Dental PPO plus Premier Low Option Plan	Delta Dental PPO plus Premier High Option Plan	Low Option (Preventive only) Plan	High Option Plan
Plan/Calendar Year				
Deductible (individual/family)	\$75 / \$225	\$50 / \$150	None	\$25/\$50/\$75
Maximum (per enrollee)	\$1,250	\$1,250	No maximum	\$1,500
Preventive - No deductible	100% Exams/Cleanings (twice per 12 months) Periodontal cleanings (twice per 12 months) Bitewing x-rays (once per 12 months) Full mouth/panoramic x-rays (once every 5 years) Fluoride (under age 19; twice in 12 months) Space Maintainers (under age 14) Sealants (under age 16; once every 5 years) Additional cleaning: pregnant, diabetic, cancer	100% Exams/Cleanings (twice per 12 months) Periodontal cleanings (twice per 12 months) Bitewing x-rays (once per 12 months) Full mouth/panoramic x-rays (once every 5 years) Fluoride (under age 19; twice in 12 months) Space Maintainers (under age 14) Sealants (under age 16; once every 5 years) Additional cleaning: pregnant, diabetic, cancer	100% Exams/Cleanings (twice per plan year) Bitewing x-rays (twice per plan year) Full mouth/panoramic x-rays (once every 3 years) Fluoride (under age 19; twice per plan year) Space Maintainers (under age 19; once per tooth) Emergency treatment Additional cleaning: pregnant, diabetic, cancer	100% Exams/Cleanings (twice per plan year) Bitewing x-rays (twice per plan year) Full mouth/panoramic x-rays (once every 3 years) Fluoride (under age 19; twice per plan year) Space Maintainers (under age 19; once per tooth) Emergency treatment Additional cleaning: pregnant, diabetic, cancer
Basic - Deductible applies	50% Fillings (composites on upper and lower front 6 front teeth) Simple Oral Surgery Denture repair Anesthesia	80% Fillings (composites on upper and lower front 6 front teeth) Simple Oral Surgery Denture repair Anesthesia	Not covered	80% Fillings (includes white fillings on all teeth) Simple Oral Surgery Periodontal services Scaling and repair of dentures Root canals and other endodontic services Recementing of existing crowns/bridges Anesthesia
Other Basic - Deductible applies	50% Endodontics (repeat treatment after 2 years from initial root canal) Periodontal Surgery (2-3 years limit) Complex Oral Surgery	50% Endodontics (repeat treatment after 2 years from initial root canal) Periodontal Surgery (2-3 years limit) Complex Oral Surgery	Not covered	50% Crowns (once per tooth every 5 years), prosthodontics (every 5 years), implants Crowns not covered for children under age 12; prosthodontics not covered for children under age 16
Major - Deductible applies	50% Implants Crowns (1 in 7 years) Bridges, Dentures (replacement is 7 years)	50% Implants Crowns (1 in 7 years) Bridges, Dentures (replacement is 7 years)	Not covered	50% up to \$1500 lifetime maximum; includes adults
Orthodontia	Not covered	Not covered	Not covered	Not covered

Prince George County – Dental Benefit Comparison with Local Choice

- Delta will offer a stand-alone plan for your employees not enrolled in the medical but these will not mirror the plans the County has in place today. PG would have to offer plans from Delta's pooled group block of business. Rates would align with the pooled block of business and you would no longer be experience rated.
- With The Local Choice (TLC), medical, dental, vision and EAP will be bundled under a fully-insured arrangement. Employees that enroll in medical will automatically be enrolled in the same tier for dental and vision. If an employee does not elect medical they are not eligible to elect dental and vision with TLC.
- Employees that elect the TLC medical are not eligible for the Delta stand-alone plan. This would cause an issue with the employees that elect employee only for medical but need to cover dependents on dental.
- Also, retirees are not eligible for the stand alone dental plan. As an alternative, retirees could purchase an individual plan if they wish to continue coverage with DDVA. Here is the link with more information on Delta's individual plans - <https://www.deltadentalcoversme.com/> .

Prince George County – Vision Benefit Comparison with Local Choice

	Current UniCare	Proposed The Local Choice
Exam/Material Copay	\$15/\$25	\$15 - \$40 (depends on medical plan election)/\$20 materials
Frequency	Exams: every 12 months Lenses: every 12 months Frames: every 12 months	Exams: every 12 months Lenses: every 12 months Frames: every 12 months
Lenses/Frames	Plastic/Bifocal or Trifocal - Covered in full after \$25 copay Transitions (for a child under age 19), standard polycarbonate (for a child under age 19) and scratch coating included	Plastic/Bifocal or Trifocal - Covered in full after \$20 copay
Frames	\$140 retail allowance plus 20% off remaining balance	\$100 retail allowance plus 20% off remaining balance
Contact Lenses (in lieu of glasses)	Elective Conventional- \$140 retail allowance plus 15% discount on overage Elective Disposable - \$140 retail allowance Medically necessary covered in full Contact Lens Fitting - allowance of \$55 with 10% off balance	Elective - up to \$100 allowance plus 15% discount on overage Medically necessary - up to \$250 allowance
Out-of-Network	\$30 exam allowance \$45 frame allowance \$25 - \$55 lens allowance \$105 elective contact lenses allowance \$210 medically necessary contact lenses allowance	\$50 exam allowance \$80 frame allowance \$50 - \$100 lens allowance \$80 elective contact lenses allowance \$210 medically necessary contact lenses allowance

Lens options are available under both plans at a discounted cost

Renewal Planning

- MMA 7/1/2016 medical renewal estimate
 - We currently have 6 months of claims experience through Anthem. This is not enough claims to be fully credible. For the MMA medical renewal estimate, we looked at combining 6 months of CIGNA claims data with 6 months of CIGNA data.+
 - In addition, claims have been adjusted based on recent information that there could be 4 more large claimants over the \$150,000 stop loss.

	Medical Renewal Range	Revised Medical Renewal Range (including additional large claimants)
County	-24% to -18%	-3% to +4%
Schools	-6% to +2%	-3% to +5%
Total	-12% to -4%	-3% to +5%

- In addition to the medical renewal, Health Savings Accounts need to be taken into consideration. Based on current employer contribution amounts and current enrollment, the annualized HSA employer contribution for the County is \$47,000 and the contribution for the Schools is \$864,000 for a total \$911,000 HSA employer contribution.
- Prince George may want to consider using this year as an opportunity to build up reserves in the event of future claim fluctuation or changing to a fully insured contract.