RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
MARCH 26, 2015 COURTHOUSE

MINUTES

MEMBERS PRESENT:	OTHERS PRESENT:
MAYOR BURGESS	MELISSA STREET
VIRGIL GAMMON	AMY SUMMERLIN
PAULA BARNES	SHERRY DODD
RICKY MARLIN	DAN GOODE
SUSAN BONEY	JOE RUSSELL
DAVID NIPPER	KATHERINE LEE
MERRY HICKERSON	LISA NOLEN
DONNIE HESTER	SONYA STEPHENSON
REGINA HARVEY	WAYNE BLAIR
WILL JORDAN	PAUL HUFFMAN
JEFF SANDVIG	KATHY MCMAHAN
ELIZABETH CRACE	
GREG HALL	
ALLEN MCADOO	

The meeting was opened by Mayor Burgess.

APPROVE MINUTES:
A motion was made by Paula Barnes to approve the minutes from the last Benefits & Insurance Committee meeting on February 26th 2015. The motion was seconded by Merry Hickerson and passed unanimously.

FINANCIALS:

Risk Management Director, Melissa Street, presented February financials for fund 264. The PEPM for the self-funded medical was $ 788.82; the prior year was $788.74. The YTD for this year was $875.29 compared to prior year of $853.36. Adding the on-site medical clinics, the PEPM for January was $819.68, compared to $825.56 last February. The year to date average PEPM for February this year was $908.50, compared to $888.06 prior year.

For fund 266, the YTD expenses were $445,613.69 compared to $1,126,881.21 last February.

WC/OJI STATS:

Dan Goode, Safety Coordinator, presented the February 2015 OSHA report. There were 20 injuries, making the YTD total 34, reporting for 2 month for the year. There was a spike in falls, slip or trip injuries due to inclement weather. There are 22 total recordable claims, with 8 restricted day claims. There were 8 lost day claims and 6 other recordable claims. The net incurred for February 2015 injuries was $78,787.44. The BOE had 8 claims totaling $31,845.70. County General had 12 claims totaling $46,941.74. Mr. Goode added that 9 of those claims were located at the Sheriff's Department, PAWS had 1 claim, and Solid Waste had 2 claims.

WELLNESS UPDATE:

February 2015 Smart Steps Wellness Program information included for the Insurance Committee. Amy Summerlin with Cigna gave the 4th quarter results for the wellness and coaching. Base Period for January through December 2013, Current Period October 2014 through December 2014. Overview for Chronic Conditions; Current 16.5% compared to Base 20.1%. Lifestyle Coaching; Current 7.3% compared to Base 5%. Wellness Coaching; Current 19% compared to Base 17.4%. Treatment Decision Support; Current 2.8% compared to Base 4.3%.
Regina Harvey asked if a patient has multiple chronic conditions are they all counted as one condition or are they each counted individually. Amy Summerlin replied that they are each counted individually.

HEALTH PLAN COST SURVEY

Jay Brown with Cowan gave an overview of a cost comparison to the National Averages. The purpose of this is to compare the Rates, Gross Rates and Employee contributions. Key Findings for the past 3 years, show employers offering consumer directed health plans have risen from 17% to 23% of all employers. Rutherford County now has about 1/3 of the employees enrolled in all 3 plans. On average employees contribute 18% of the health insurance premium for single coverage and 29% of the premium for family coverage, the same as 2013. The average monthly Health & Pharmacy premium cost shows the Employers with 200 or more employee's premiums are; Single $528.00 and Family $1,469.00. Rutherford County Plans for the 3 options are Option 1, Single coverage $ 513.00 and Family coverage $1,488.00. Option 2 premiums show Single coverage $590.00 and Family coverage $ 1,711.00. Option 3 premiums are $372.00 for Single coverage and $1,079.00 for Family coverage. On average employee contributions nationally, are in line with other municipalities. Plan deductibles are in line with other municipalities as well. On average Medical, Dental and Flexible Spending account plans are in line with the national averages. More employers are going toward Wellness program incentives, such as a Health Assessments. Provisions concerning Spouses with other coverage available require Spouses to enroll in their Employer Plan or Employers require a spousal surcharges. A percentage of Employers are considering a defined contribution approach to pay for Health Coverage.

Risk Management Director, Melissa Street, gave a short summary of what Mr. Brown spoke about. It appears that we are in line in terms of premiums, plan offerings; our contributions are still running 5 in some instances 20% less depending on the plan and tier as compared to other Government entities. Some of the recommendations that we've developed are supported by the study that was completed by these 2 organizations. Mr. Brown discussed Spouses as well as defined contributions model. It appears that we are moving in the right direction that is consistent with some of the other Governments.

Jeff Sandvig affirmed that the BOE Teachers Plans show higher premiums for insurance with other surrounding counties.

2016 RENEWALS

Mrs. Street, provided resource information in conjunction with the recommendation so it can be referred to as needed for each of the renewal categories. Renewals are as follows:

2016 STOP LOSS RENEWAL

Mrs. Street, Stop Loss Premium and Performance from 2010 – 2014 give a 5 year cumulative premiums paid claims and paid loss ratio has been over the last 5 years. Beginning in 2010 through 2012, we had a loss ratio that took a turn in 2013 where we had a negative loss ratio. Again, in 2014, which is only 6 months of our fiscal year, we have a $0 loss ratio. It gives a 5 year cumulative of a 106.9%. We paid in less than what Cigna paid out. The proposed renewal provided by Cigna, our current individual pooling level is at $750,000, with a composite rate of $ 6.55 per employee. Option2 increases the individual pooling level to $825,000 with a composite rate of $5.98. The recommendation is to hold at the current pooling level of $ 750,000 and take the rate increase of $7.21 and review again next year.

Motion approved by Mr. Sandvig, seconded by Susan Boney, and was passed unanimously.

2016 DENTAL INSURANCE RATES

Mrs. Street's recommendation is to increase the Dental premium rates for 2016. Option 1 premium to increase of Single $ 1.50 and Family $ 4.66 per month. Option 1 Buy up Plan rate increase of Single $4.04 and Family increase of $ 12.57 per month. Option 2 out of network benefit with paid in network benefit a rate increase of Single $2.46 and Family $7.66. There is a significant increase to the Buy up Dental plan due to the high utilization and some adverse selection against that plan. Next year, if the adverse selection continues we will review to determine if it is feasible to offer the Buy up option. We try to educate employees through the Open Enrollment process. Employees pay the higher premium for the Buy up plan but will use an out of network provider which reduces the pay amount verses using in network providers. We will continue to educate employees. The recommendation to the committee is to increase the dental rates for 2016.

Mrs. Barnes asked what the process was for adding more in network providers. Mr. Huffman replied every year Cigna runs a report that gives the utilization of out of network providers. At that point Cigna will have a contact recruiter to reach out to them. At that point, the provider's will determine if they will accept the negotiated rates. Ultimately, it is up to the providers to determine if they can accept the terms.

Motion approved by Merry Hickerson, seconded by Mr. Sandvig and passed unanimously.

2016 VISION INSURANCE RATES

Mrs. Street reminded the committee that there was no rate increase last year to the Medical benefits, but did carve out Vision to be funded at 100% by employees. When these (2) benefits were separated, 1000 employees elected not to enroll in the Vision benefits. There were 700 out of 1000 employees that were enrolled in the family units. We obtained more premiums from the family units; therefore we are recommending a rate increase to offset the 1000 employees that did not elect Vision. The following rate increase per month on a 12 month basis are Employee only $1.01, Employee + Spouse $2.13, Employee + Children $1.87 and the Employee + family would increase per month $2.94. All rates are on a 12 month pay period.

Motion approved by Paula Barnes, seconded by Mrs. Hickerson and passed unanimously.

2016 MEDICAL INSURANCE RATES

Mrs. Street presented to the committee an overview of 2011 forward Medical Plan Changes History. It detailed all changes made to help manage our plan which impacts our plan and claims dollars. Changes have helped to improve the experience for our employees and to control cost as well.

Possible plan changes for 2016; beginning with the Deductible Plan, we could increase the Family Deductible to $1500/$3000, increase the out of pocket maximum to $3000/$6000. These (2) plan changes only amount to a savings to the plan of -1.89%. Co pay Plan, increase the PCP co pay from $30 to $35, this would only save the plan -0.12%. However, to add richer pharmacy benefit to the plan it contributed 2.81% to the plan.

Mrs. Street's recommendation is to leave all plans as is for all (3) Options for 2016.

Mrs. Street provided an Enrollment History as a resource document that shows 30% of employees are spread out in all 3 Options, showing the enrollment in the HRA plan by 4% which is slightly higher in 2015.

Mrs. Street also provided to the committee the Rate Increase History. Looking back at 2011 forward for Option 1 we dropped the $ 250. Deductible plan and picked up the Co pay plan in 2013 resulting in a reduction of the overall premiums for employees. In 2014, we took a rate increase, and in 2015, the numbers show a slight increase, the low number is contributed directly to the blending of the Pre 65 Retirees. There was a $0 increase to the budget, but had a direct impact to the total rate as a result of absorbing the 1.5 million to the active rate system to subsidies the Pre 65 Retirees, then the reduction to the 1% that's where the increases are coming from.

Mrs. Street also provided as a resource, the Average Claim cost PEPM by classification, claims information was derived from an annual reporting period provided by Cigna and also comes from underwriting information for premiums. Information provided has it broken out by Classified, Certified and County General. Each shows the claims trend on average claim cost per employee per month. The HRA shows not only the cheaper premiums but the lowest cost as well.

2016 RATE PROPOSAL

Option A shows current plan design, the necessary increase and 1% reduction in overall contribution. Employees would have a monthly rate increase of EE only $ 0.00, EE + Spouse $ 12.22, EE + Child $10.76 and EE + Family $16.87to get the budget where it needs to be would require Employees to pay an additional $1,330,302.11 out of pocket in terms of premium. County General's increase would need to be $6,357,700.26 more in premiums. Overall increase needed to meet budget is 13.4%

Option B shows current plan design; the necessary increase, 1% reduction in contributions, and a Spousal carve out. Spousal carve out means that if you currently carry Employee + Spouse coverage and your Spouse works, if she is offered insurance through her employer, she will need to enroll in her insurance. Under the Affordable Care Act we are required by law to provide insurance to our Employee and children. Therefore, we would be following the law, in terms of requiring employed Spouses who have coverage through an Employer Health Plan would be required to take it. If adopted the overall premiums which come out of the employees pocket would drop from 1,330,302.11 to 359,794.67, and the County portion would drop from $6,357,700.26 to $125,305.62

Option C is a defined contribution plan, where the employer pays a certain amount toward employee insurance and the employee buys up to which benefit he or she chooses. The average claims are slightly under $5000.in cost per year per employee. The same amounts are paid out for spouse's claims per year. Mrs. Street told the committee that she is not advocating this plan because it is very unfriendly to employees and it would be a substantial rate increase for the employees. However, if the committee elects to go with Option C, since the HRA has the lowest premiums the total premiums would be based on what is funded by the County. For an Employee only the county would fund $422.09, the Co pay plan premium is $581.92, you would take $581.92 subtract $422.09, this means the employee would pay $108.52 per month. You would apply the same model to all tiers and for the Deductible plan Employee + Family would pay $537.41 per month. The premiums are based on a 12 month basis.

Discussion on Options A, B & C Proposal;

Elizabeth Crace asked, our plan has been trending at a 2.3% increase and we decrease the County portion by 1%, why are you requesting 10 or 13%?

Mrs. Street, the reporting is on a Fiscal year, when you look at Fund 264 that is a 07/01-6/30 period. When we set rates our Fiscal year begins on 7/01 our look back period is different than the reporting period you have. When we look the claims we add the Medical trend and add a Lag period which includes the time we are incurring cost but the claims haven't presented at Cigna, and accumulate that information to derive at what the necessary increase will be.

Greg Hall, how much less would the premiums be if an employee changed from Employee + Spouse to Employee only?

Mrs. Street, as an example using the Deductible plan, if enrolled in Employee + Spouse, and Spouse works, they would move to Employee only model. The premiums would change from $205.12 to $65.12, a substantial savings.

Lisa Nolen comments, other employers are required by law to follow the same provisions as well to provide Healthcare that is affordable.

Mrs. Street agreed. The Affordable Care Act applies to all groups with 50 or more employees.

Sonya Stephenson asked, does this apply to the active population only, or would the Pre 65 Retirees be subject to this Spousal carve out as well?

Melissa Street, currently it only applies to active employees only.

Merry Hickerson, if a spouse that works now and has insurance through his employer, but retires without insurance, can he come back to my plan without penalties?

Mrs. Street, once a Spouse loses coverage, by law, we add them to the plan within 30 days of that loss of coverage.
Jay Brown added that it would be effective on 01/01/2016. Our Open Enrollment meetings are held well in advance of other company Open Enrollments, therefore, employees and spouses will have advanced notification.
Melissa added that if the Spouse does miss their Open Enrollment, technically, they will have 30 days after 01/01/2016 to enroll in their company benefits.

Ms. Harvey asked what happens to employees that have a lot of medical conditions, pre existing conditions.

Mrs. Street, under the Health Reform pre existing conditions no longer apply. Yes, the company would be required to pick them up under their employer Health Plan.

Ms. Harvey, do you anticipate and delays in processing claims once the spouse leaves?

Mrs. Street, claims for those individuals will have claims processed up to the very last day of coverage.

Mrs. Barnes, if we adopt Option B, the Spousal carve out, what would be your prediction for the future using this option?

Mr. Brown, more companies are going with Option B to maintain lower cost for the employees. Most employees will experience a savings in premiums. This option could save the plan as much as 30%, maybe even 50%, and will help lower our long term liability. Spouses generate just as many claims as the employee. We are only anticipating that 30% of the Spouses to leave. Each year more employees are adding family coverage, it is due to our plan being richer and less expensive. Option B should help the plan for the next couple years.

Mrs. Street added we calculated a little fewer than 2500 spouses; just fewer than 500 employees are married to each other, 250 couples. That leaves 2000 Spouses. Last reporting from Cigna shows our employees claims were at $4,393.00 per year on average. The Spouses claims are at $4,785.00. If you multiply 2500 x 4,785.00 it totals $9,570,000.

Mr. Jordan added that he regrets doing anything that reduces benefits for our employees. Reality is that Health Care is a big beast that we tackle every year.

Mr. Jordan made a motion to approve Option B, seconded by Merry Hickerson and was approved unanimously.

OTHER BUSINESS:

The meeting was adjourned at 2:30 p.m.

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Ernest Burgess, Chairman
Rutherford County Benefits & Insurance Committee