



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: September 11, 2018

DATE: Wednesday, September 05, 2018

TO: Board of County Commissioners

FROM: Patricia Hurley, Acting Director of Human Resources
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THROUGH: Christine Vuletich, Assistant County Manager
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SUBJECT: Recommendation to approve the CY 2019 Health Benefits Program for employees, retirees, and their dependents, and authorize the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program. (All Commission Districts)

SUMMARY

Staff is requesting the approval of the Health Benefits Program for the upcoming 2019 calendar plan year to include benefit changes to the County's medical, dental, vision and life insurance as recommended by the Insurance Negotiations Committee (INC).

Washoe County Strategic Objective supported by this item: Valued, Engaged Employee Workforce

PREVIOUS ACTION

On September 26, 2017, the Board approved the CY 2018 Health Benefits Program at an approximate annual cost of \$53.5 million.

On August 9, 2016, the Board approved the CY 2017 Health Benefits Program at an approximate annual cost of \$56.9 million.

On May 12, 2015, the Board approved the FY 2015/2016 Health Benefits Program at an approximate annual cost of \$52.9 million with the Program changing from a fiscal to a calendar year basis effective January 1, 2016.

BACKGROUND

The Health Benefits Program consists of three (3) plans: a self-funded group health plan (PPO), a fully insured Health Maintenance Organization (HMO) plan coupled with a GAP plan, and a self-funded High Deductible Health Plan (HDHP) paired with a Health Savings Account (HSA) for active employees and a Health Reimbursement Arrangement (HRA) for retirees. Current enrollment for active employees is approximately 20% in the PPO, 41% in

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the HMO, and 39% in the HDHP. The Program also offers self-funded dental, vision, and life insurance for all enrollees and their dependents.

Each year, the Insurance Negotiating Committee (INC) reviews the plan benefit design options for the PPO, the HDHP and the HMO to provide input and review premiums in an effort to help control costs while continuing to provide a valuable benefit to employees. Minimal changes to the 2018 health plans were recommended by INC and approved by the Board. To help communicate these changes during Open Enrollment Washoe County Health Benefits staff provided 28 educational meetings across 12 locations County wide. The Health Benefits staff continues to provide monthly HDHP educational meetings the week following New Employee Orientation.

Provided below is a summary of the rate and plan changes impacting each plan for the 2019 plan year. The inclusion of Telehealth is being recommended as an added benefit for all Washoe County health plans. Telehealth services will allow employees, retirees, and their dependents to access physicians (general medicine and behavioral health) via web, phone, or mobile app for non-emergency services. It is the intention of the Health Benefits staff to once again offer departmental educational sessions addressing these changes and HDHP meetings during Open Enrollment for the 2019 plan year. Informing members of changes and assisting them in navigating the selection of their health plan is a priority for Health Benefits staff.

The PPO medical plan rates have generally been based upon the annual plan valuation provided by Milliman, Inc., an actuarial firm hired by Washoe County. The HMO plan is marketed through Washoe County's Insurance Broker, currently LP Insurance Services, Inc.

Self-Funded Group Health Plan (PPO)

The renewal rate for the self-funded PPO plan, as provided by Milliman, Inc., indicated a no rate increase over the recommended 2018 PPO plan rates. Therefore, it is recommended to hold the rates flat for CY 2019.

It is the recommendation of the INC to make the following benefit changes for the 2019 Plan Year:

- Add telehealth services at \$0 co-pay before deductible.
- Allow for preventative colorectal screenings to begin at age 45.
- Allow for prophylactic surgery or treatment for high risk individuals who have met the Plan's criteria to a prophylactic mastectomy or prophylactic oophorectomy and when authorized as medically necessary for the reduction of risk of cancer by the Plan's Utilization Management.
- Allow for Gender Reassignment surgery when the Plan's criteria has been met.

Self-Funded High Deductible Health Plan (HDHP)

The renewal rate for the self-funded HDHP, as provided by Milliman, Inc., indicated a rate decrease over the recommended 2018 HDHP plan rates. However, due to the low enrollment in this plan during the claims review period, the claims experience for this plan is not considered fully credible. This means the actuary blends Washoe County data with a manual rate to calculate annual rates for the HDHP. Based on the current labor contract requiring all

benefits-eligible new hires to enroll in the HDHP, future valuations of this plan will be more accurate with the higher enrollment.

For this reason, we are recommending also holding the HDHP rates flat for the 2019 plan year.

It is the recommendation of the INC to make the following benefit changes for the 2019 Plan Year:

- Add telehealth services at \$0 co-pay after deductible.
- Allow for preventative colorectal screenings to begin at age 45.
- Allow for prophylactic surgery or treatment for high risk individuals who have met the Plan's criteria to a prophylactic mastectomy or prophylactic oophorectomy and when authorized as medically necessary for the reduction of risk of cancer by the Plan's Utilization Management.
- Allow for Gender Reassignment surgery when the Plan's criteria has been met.

Each year, the IRS reviews and sets HDHP individual and family deductible minimums, and HSA individual and family coverage maximum contribution limits. For the 2019 calendar plan year, the HDHP annual family and individual deductible will remain unchanged. Additionally, the HSA individual contribution limit increases by \$50 to \$3500 and the HSA contribution limit for family coverage increases \$100 to \$7000.

Health Maintenance Organization (HMO)

In an effort to contain costs for the 2017 plan year, benefit plan design changes such as higher out-of-pocket costs including co-pays and deductible were recommended by INC and approved by the Board in August 2016. In order to mitigate a double-digit increase for the 2018 plan year, it was recommended and approved by the Board in September 2017 to select Hometown Health's Premier HMO (now Signature HMO) and remove the deductibles.

For the 2019 plan year, the HMO was marketed by LP Insurance Services, Inc. Two (2) bids were received. All other carriers declined to quote or do not offer an HMO in our area.

Hometown Health
(8.4% increase over 2018 rates)

Prominence
(0% increase over 2018 rates)

Hometown Health's offer of an 8.4% increase over the 2018 plan year was their third renewal offer; the original renewal offer received was an increase of 16.0%. Prominence's offer of a 0% increase over 2018 plan premiums was their second offer, initially proposing 5%. Prominence's offer also includes the additional benefits of telehealth at \$0 co-pay and access to their Prominence Care Clinic operated by Vera, also at \$0 co-pay.

After thoughtful consideration and to continue cost containment and plan sustainability efforts, it is recommended to the Board to accept the Prominence Health Plan proposal at 0%. INC recommends the following benefit changes:

- Add telehealth services at \$0 co-pay.
- Add Prominence Care Clinic powered by Vera access to HMO members at \$0 co-pay.

The GAP plan paired with the HMO will continue with the Prominence Health Plan HMO. There will be no changes to the premium or benefits for the 2019 plan year.

Self-Funded Dental

The following changes to the self-funded dental plan for the 2019 plan year are recommended by the INC:

- Increase plan year maximum dental benefit, per person from \$2500 to \$3000.
- Increase orthodontia lifetime maximum, per person from \$1000 to \$1500.

FISCAL IMPACT

The annual funding for the recommended Health Benefits Program, estimated at \$55.1 million for FY 2019 was approved on May 22, 2018 by the Board of County Commissioner for the Health Benefits Internal Service Fund 618, as part of the FY 2019 Budget process.

The recommended Health Benefits Program, which included a change to the Prominence Health Plan HMO, will allow rates to be held flat for all plans resulting in an overall health insurance premium increase of 0% from plan year 2018. In comparison, without this change in the HMO, an estimated rate increase of \$1.3 million to active employees, retirees, Washoe County, and other employers participating in Washoe County's Health Benefits Program would have been required.

RECOMMENDATION

It is recommended to the Board of County Commissioners to approve the CY 2019 Health Benefits Program for employees, retirees, and their dependents, and authorize the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

Move to approve the CY 2019 Health Benefits Program for employees, retirees, and their dependents, and authorize the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.