



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: *September 14, 2021*

DATE: Wednesday, September 08, 2021
TO: Board of County Commissioners
FROM: Ashley Berrington, Human Resources Manager, Human Resources
775-328-2088, aberrington@washoecounty.us
THROUGH: Patricia Hurley, Director of Human Resources
328-2087, phurley@washoecounty.us
SUBJECT: Recommendation to approve the CY 2022 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$57.8 million, 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 2022 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 October 13, 2020 the Board approved the CY 2021 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$59.3 million and authorized the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.

On May 12, 2020 the Board approved an increase to the Health Benefits Fund budget with an augmentation in the amount of \$3.1 million to cover CY2020 unbudgeted expenses related to medical and pharmacy claims increases.

On September 21, 2019 the Board approved the CY 2020 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$55.9 million and authorized the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.

AGENDA ITEM # _____

BACKGROUND

The Health Benefits Program consists of three (3) types of plans: 1) a self-funded group health plan (PPO), 2) a fully insured Health Maintenance Organization (HMO) plan coupled with a GAP plan, and 3) 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.

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 to help control costs while continuing to provide a valuable benefit to employees. Current enrollment for active employees is approximately 17% in the PPO, 21% in the HMO, and 62% in the HDHP. The Program also offers self-funded dental, vision, and life insurance for all enrollees and their dependents.

For the 2021 Plan Year, the INC recommended, and the Board of County Commissioners approved, several plan benefit changes to the PPO and HDHP impacting deductibles, out-of-pocket maximums, ambulatory/outpatient surgery benefits, and prescription drugs. In consideration of INC's effort to mitigate plan costs, coupled with a healthy fund balance, the County determined the Health Benefits Fund was able to absorb approximately \$1.8 million in unfunded premium expenses to cover the cost of anticipated expenditures. This determination resulted in a lesser premium amount collected from enrollees and County departments. Premiums increased an average of an 6.99% across all tiers of coverage on the PPO; 8.36% across all tiers of coverage on the HDHP; and 4.78% across all tiers of coverage on the HMO.

During the Open Enrollment period for the 2021 Calendar Plan Year, the Human Resource Health Benefits staff provided 14 educational meetings via Zoom to educate and inform employees, retirees, their dependents, as well as outside agencies participating in the County Health Benefits Program of the plans available and the nuances of each.

The medical and pharmacy coverage components for the PPO and HDHP as well as the dental plan rates have generally been based upon the annual plan valuations provided by Milliman, Inc., an actuarial firm hired by Washoe County. For the 2022 Plan Year, the County did not solicit bids for the HMO as permitted under NRS 332.115 which exempts insurance from the competitive bidding process.

Provided below is a summary of the rates and INC recommended plan changes impacting each plan for the 2022 Plan Year:

Self-Funded Group Health Plan (PPO)

The renewal premium for the self-funded PPO plan, which includes the claims funding components provided by Milliman, Inc., reflect an average increase of 15.42% for all tiers over the 2021 premiums charged.

No benefit plan changes are being recommended by the INC for this plan.

For the 2022 Plan Year, the County has determined that, based upon the significant plan benefit changes made last year in conjunction with a healthy fund balance, to hold

premium rates across all tiers of coverage. This will result in the Health Benefits Fund absorbing approximately \$1,041,510 of the anticipated increased expenses for this Plan.

Self-Funded High Deductible Health Plan (HDHP)

The renewal premium for the self-funded HDHP, which includes the claims funding components provided by Milliman, Inc., reflect an average increase of 6.37% for all tiers over the 2021 premiums charged.

No benefit plan changes are being recommended by the INC for this plan.

For the 2022 Plan Year, the County has determined that, based upon the significant plan benefit changes made last year in conjunction with a healthy fund balance, to hold premium rates across all tiers of coverage. This will result in the Health Benefits Fund absorbing approximately \$884,996.76 of the anticipated increased expenses for this Plan.

Health Maintenance Organization (HMO)

For the 2022 Plan Year, Prominence provided a renewal of 0% for medical and prescription coverage. The County did not solicit bids for the HMO as permitted under NRS 332.115 which exempts insurance from the competitive bidding process. After all rate components (i.e., dental claims funding, ACA fees, GAP premiums, etc.) are totaled to determine the premium needed on the HMO, premiums were projected to decrease less than 1% over current premiums. This will result in a reduction of approximately \$63,328.68 in HMO plan expenses. Premiums for this plan will also be held for the 2022 plan year.

The GAP plan paired with the HMO will continue for the 2022 plan year.

No benefit changes are being recommended for this plan.

Self-Funded Vision Coverage

INC is recommending the following benefit changes to the County provided vision plan currently administered through VSP Vision Care:

- Increase Frame Allowance from \$150 to \$175
- Increase Feature Frame Brand Allowance from \$170 to \$195
- Increase Costco Equivalent Frame from \$80 to \$95
- Add Primary EyeCare at \$20 co-pay
- Add Standard Progressives as covered in-full

There is no increase to the vision claims funding required for these added benefits.

Self-Funded Dental Coverage

No benefit changes are being recommended for this plan.

Open Enrollment and Education

Informing members of changes and assisting them in navigating the selection of their health plan is a priority for Health Benefits staff which we will continue to keep in the forefront during these unprecedented times.

Health Benefits staff will continue to provide educational sessions, open enrollment meetings, and one-on-one meetings with eligible enrollees primarily in a virtual or online format. During the Open Enrollment period (October 18 – November 19), we will encourage enrollees and their dependents to contact Washoe County Health Benefits via Teams, telephone, or email to discuss their individual situation so that we can address their health plan questions. In-person meetings will be by appointment only.

FISCAL IMPACT

The funding for the recommended Health Benefits Program is included in the adopted budget for FY2021/2022 in Internal Service Fund 618 (Health Benefits Fund) **for the** January – June 2022 period. The anticipated FY2022/2023 changes (July 2022 through June 2023) will be included in the FY2022/2023 budget.

The Health Benefits Fund will absorb the full amount of the needed premium increases to cover anticipated expenditures, which may vary based on enrollment and/or employee health plan changes. This is anticipated to impact the Health Benefits Fund by increasing expenditures 3% or \$1,863,178 in Calendar Year 2022 (January – December 2022 period). The fund balance of the Health Benefits Fund will continue to be monitored.

RECOMMENDATION

It is recommended to the Board of County Commissioners to approve the CY 2022 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$57.8 million, 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 2022 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$57.8 million and authorize the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.