



WASHOE COUNTY

Integrity Communication Service

www.washoecounty.gov

STAFF REPORT

BOARD MEETING DATE: *September 12, 2023*

DATE: Thursday, September 07, 2023

TO: Board of County Commissioners

FROM: Ashley Berrington, Human Resources Manager, Human Resources
775-328-2088, aberrington@washoecounty.gov

THROUGH: Patricia Hurley, Director of Human Resources
775-328-2087, phurley@washoecounty.gov

SUBJECT: Recommendation to approve the Calendar Year (CY) 2024 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$72.4 million and authorize the Director of Human Resources 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 2024 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: Fiscal Sustainability

PREVIOUS ACTION

On September 13, 2022, the Board approved the CY2023 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$60.9 million and authorized the Director of Human Resources/Labor Relations to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.

On September 14, 2021, the Board approved the CY2022 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$57.8 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 October 13, 2020, the Board approved the CY2021 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.

AGENDA ITEM # _____

BACKGROUND

The Health Benefits Program consists of three (3) types of medical plans: 1) a fully insured Point of Service (POS) plan that mimics our prior Health Maintenance Organization (HMO) plan; 2) a self-funded group health plan (PPO); and 3) a self-funded Qualified 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 14% in the PPO, 17% in the HMO, and 70% 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 POS (HMO) to provide input and review premiums to help control costs while continuing to provide a valuable benefit to employees.

For CY2023, premiums were projected to increase an average of 34.6% across all tiers of coverage on the PPO; 36% across all tiers of coverage on the HDHP; and <1% across all tiers of coverage on the POS (HMO). The INC did recommend several benefit changes to the PPO and HDHP Plans providing a projected cost reduction of \$1.3 million. After plan changes, staff recommended a 10% increase to both the PPO and HDHP Plans amounting to a reduction of \$2.3 million and for the Health Benefits Fund (618) to absorb the remaining \$3 million.

Provided below is a summary of the rates and INC recommended plan benefit design changes impacting each plan for CY2024:

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 40.63% (\$2,848,459) for all tiers of coverage over 2023 premiums. With no plan benefit changes being recommended by the INC, staff recommends the \$2.8 million gap be filled via 1.) premium increases and 2.) Health Benefits Fund balance as follows:

- 1.) Increase plan premiums 8% across all tiers of coverage; an estimated \$619,059 to be paid by departments and employees carrying dependents on this plan over CY2023 premiums.
- 2.) Anticipate the Health Benefits Fund to absorb approximately \$2,229,400 of additional projected active employee expenses.

Self-Funded High Deductible Health Plan (HDHP)

The renewal premium for the self-funded HDHP plan, which includes the claims funding components provided by Milliman, Inc., reflect an average increase of 11.6% (\$2,021,288) for all tiers over 2023 premiums. With no plan benefit changes being recommended by the INC, staff recommends the \$2 million gap be filled via 1.) premium increases and 2.) Health Benefits Fund balance as follows:

- 1.) Increase plan premiums 8% premium increase across all tiers of coverage; an estimated \$1,688,310 to be paid by departments and employees carrying dependents on this plan over CY2023 premiums.
- 2.) Anticipate the Health Benefits Fund to absorb approximately \$332,978 of additional projected active employee expenses.

Each year, the IRS establishes the minimum deductible for Qualified HDHPs and HSA individual and family coverage maximum contribution limits. For CY2024, the Washoe County HDHP annual family deductible will increase to \$3,200 (+\$200) to meet this IRS requirement. The HSA individual contribution limit will increase to \$4,150 (+\$300) and the family contribution limit will increase to \$8,300 (+\$550).

Point of Service (POS)

For CY2024, Prominence provided a renewal of 8.5%, or an \$875,271 increase over 2023 premiums for medical and prescription coverage. Washoe County’s Broker of Record, LP Insurance Services, Inc., conducted a Request for Proposal (RFP) for the County’s HMO (currently POS) plan option. In response to this RFP, four (4) health plan carriers offered a competitive quote:

Carrier	Response	% Compared to Current
Prominence	Current/Renewal (POS)	8.50%
Prominence	Current/HMO Quote Presented	5.50%
Health Plan of NV	Quote Presented	5.00%
Hometown Health	Quote Presented	5.60%
United Healthcare Surest	Quote Presented	-.02%

After thoughtful consideration and to continue cost containment and plan sustainability efforts, it is recommended to accept the United Healthcare Surest Plan proposal at -.02%. The Surest Plan is technically a PPO, with in and out-of-network benefits; however, it is a variable copay-based plan similar to the current POS and prior HMO offerings. The Surest Plan network offering is the United Healthcare Choice Plus Network, the same as utilized on the County’s self-funded PPO and HDHP. To accept United Healthcare’s Surest Plan, INC recommends the following benefit design changes:

- Primary Care Physician Office Visit change from \$30 to: \$10 - \$65
- Specialist Office Visit change from \$50 to: \$10 - \$65
- Annual Individual Out-of-Pocket Maximum increase from \$3,500 to: \$4,000
- Annual Family Out-of-Pocket Maximum increase from \$7,000 to: \$8,000
- Emergency Room increase from \$250 to: \$325
- Urgent Care decrease from \$40 to: \$30
- MRI, PET, CT scans change from \$225 to: \$75 - \$500
- Ambulance (ground) increase from \$100 to: \$160
- Outpatient Surgery change from \$500 to: \$20 - \$2,500

- Inpatient hospitalization increase from \$1,000 to: \$1,600
- Generic Rx increase from \$7 to: \$15
- Preferred Brand Rx increase from \$30 to: \$40
- Non-Preferred Rx increase from \$50 to \$60
- Specialty Rx change from 20% to: \$170 - \$230
- Mail order change from 2x copy to: 2.5x copay

After all rate components (i.e., dental claims funding, ACA fees, GAP premiums, etc.) are totaled to determine the premium necessary to cover expenses, premiums for this plan will increase less than 1%, or \$17,011.80, over 2023 premiums for all tiers of coverage. This increase will be reflected in the premiums for the plan.

The GAP plan currently paired with this plan offering will continue with the Surest Plan for the 2024 Plan Year.

Self-Funded Dental Coverage

No benefit changes are being recommended for this plan.

Self-Funded Vision Coverage

No benefit changes are being recommended for this plan.

Open Enrollment and Education

During the Open Enrollment period for the 2023 Calendar Plan Year, the Human Resource Health Benefits staff provided 10 in-person and online educational meetings 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.

Informing members of changes and assisting them in navigating the selection of their health plan is a priority for the Washoe County Human Resources' Health Benefits staff. During the Open Enrollment period for CY2024 (held October 16, 2023 – November 17, 2023), Health Benefits staff will continue to provide educational sessions, open enrollment meetings, and one-on-one meetings with eligible enrollees in-person or virtually. Educational sessions are recorded and posted to the County's internal website for on-demand viewing. We will encourage enrollees and their dependents to contact the Health Benefits staff via Teams, telephone, or email to discuss their individual situation so that we can address their specific health plan questions.

FISCAL IMPACT

The funding for the recommended Health Benefits Program is included in the adopted budget for FY2023/2024 in Internal Service Fund 618 (Health Benefits Fund) for the January – June 2024 period. The anticipated FY2024/2025 changes (July 2024 through June 2025) will be included in the recommended FY2024/2025 budget.

The Health Benefits Fund will absorb a substantial portion of the needed premium increases to cover anticipated expenditures, which may vary based on enrollment, employee health plan changes and actual claims experience. This is anticipated to impact the Health Benefits Fund by increasing expenditures 3.5% or \$2,562,378 in CY2024 (January – December 2024 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 CY2024 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$72.4 million and authorize the Director of Human Resources 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 CY2024 Health Benefits Program for employees, retirees, and their dependents at an approximate annual cost of \$72.4 million and authorize the Director of Human Resources to execute all insurance contracts and service agreements pertinent to the Health Benefits Program.