# Insurance Benefits Renewal Workshop

October 10, 2016

# Employee Insurance Benefits

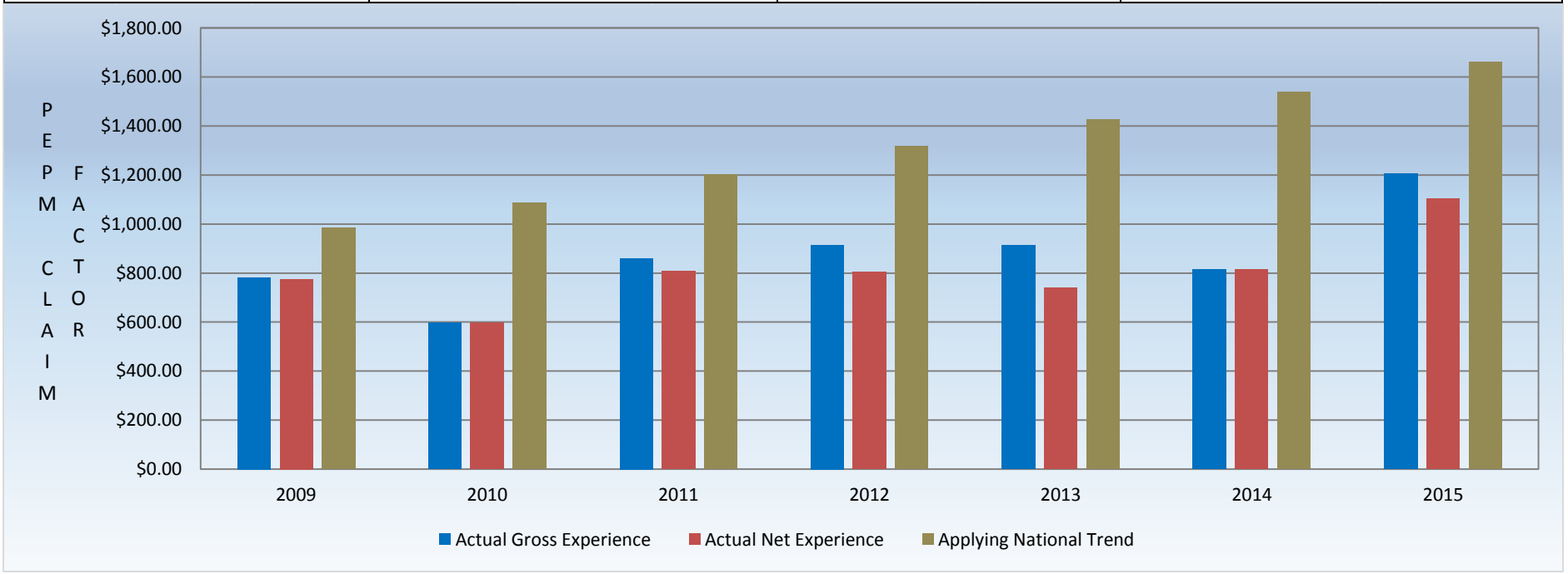
- Medical is the major portion of employee insurance costs at ~94%
- Dental is ~4%
- The remaining, ~2%, consists of Vision, Long-Term Disability, Life, and Accidental Death & Dismemberment (AD&D)

# Employee Insurance Benefits

- History
  - Maintained Grandfathered status
  - Funding has remained static for the last 7 years
  - Medical and Prescription (Rx) claim factor has seen an overall average net increase of ~7% Per Employee Per Month (PEPM)
  - Increase to Fixed Costs fees from 2016 to 2017 of ~6%

# Medical Plan Performance

| Fort Pierce Utilities Authority Medical & Rx PEPM Claim Factor Actual Experience | | | | | | National Trend | | Fort Pierce Utilities Authority Medical & Rx PEPM Claim Factor Applying National Trend | |
|---|---|---|---|---|---|---|---|---|---|
| Gross | | | Net | | | | | | |
| 2008 | $ 891.71 | | | | | | | | |
| 2009 | $ 782.58 | -12.2% | 2009 | $ 775.96 | -13.0% | 2009 | 10.4% | 2009 | $984.45 |
| 2010 | $ 596.69 | -23.8% | 2010 | $ 596.69 | -23.1% | 2010 | 10.5% | 2010 | $1,087.81 |
| 2011 | $ 860.07 | 44.1% | 2011 | $ 807.54 | 35.3% | 2011 | 10.6% | 2011 | $1,203.12 |
| 2012 | $ 914.48 | 6.3% | 2012 | $ 804.22 | -0.4% | 2012 | 9.5% | 2012 | $1,317.42 |
| 2013 | $ 914.03 | 0.0% | 2013 | $ 741.14 | -7.8% | 2013 | 8.3% | 2013 | $1,426.77 |
| 2014 | $ 813.58 | -11.0% | 2014 | $ 813.58 | 9.8% | 2014 | 7.8% | 2014 | $1,538.05 |
| 2015 | $ 1,204.95 | 48.1% | 2015 | $ 1,104.06 | 35.7% | 2015 | 8.0% | 2015 | $1,661.10 |



# Fixed Costs

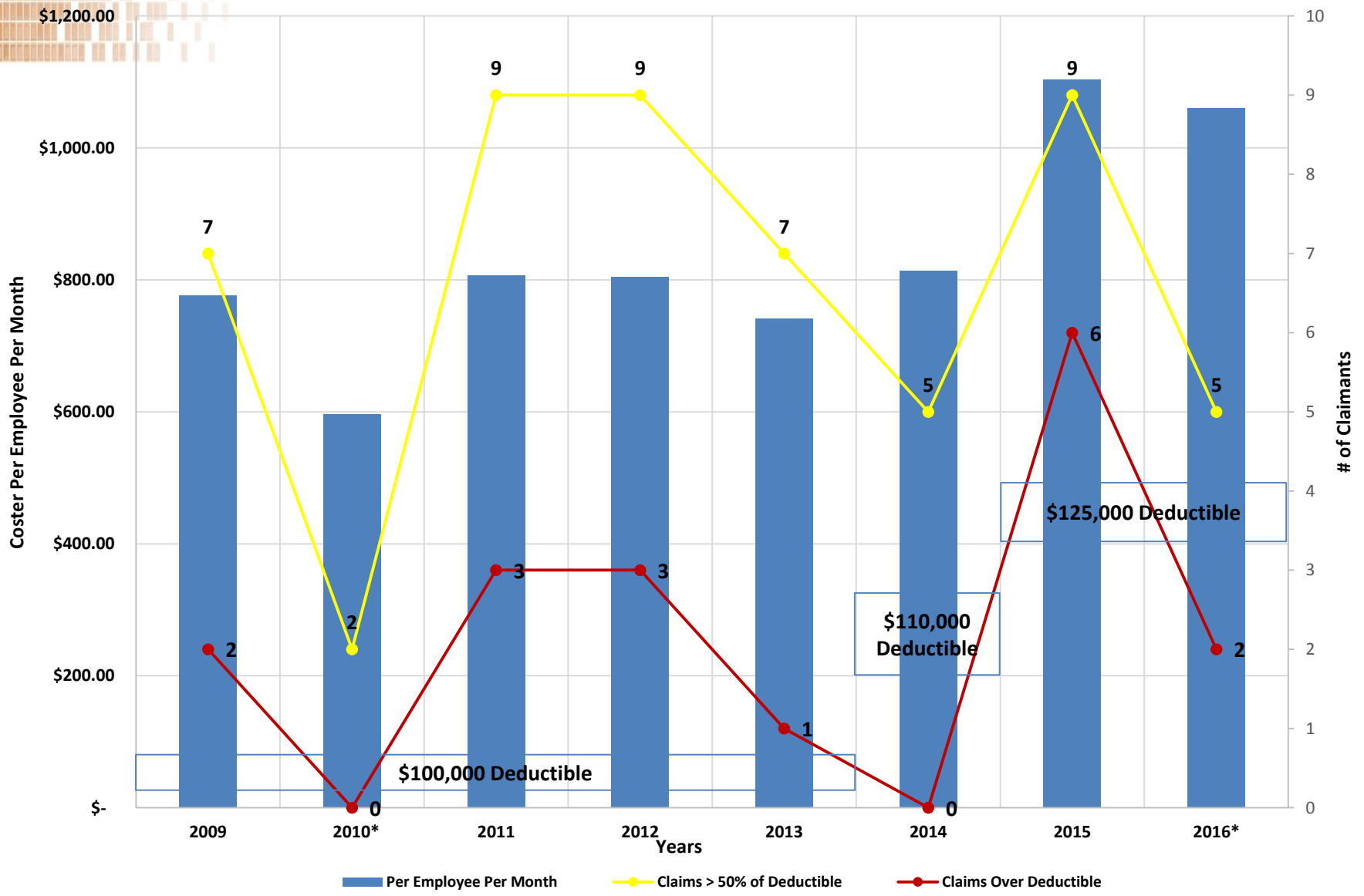
## Stop Loss has increased by ~$91,500 since FY2015

| Fixed Fees | Life | Mthly | FY2015 | FY2016 | FY2017 |
|---|---|---|---|---|---|
| BCBS Administration Fees | 277 | $60 | $199,440 | $199,440 | $199,440 |
| **Stop Loss** | | | **$492,263** | **$545,748** | **$609,232** |
| Aetna EAP | 277 | $1.59 | $5,285 | $5,285 | $5,285 |
| | | | | $1,217 | $1,269 |
| | | | | | |

Definitions:

EAP=Employee Assistance Program
ACA=Affordable Care Act
PCORI=Patient Centered Outcomes Research Institute

# PER EMPLOYEE PER MONTH MEDICAL TREND ANALYSIS




*Data estimated from September through December

# Current vs. Proposed Funding

10% Increase Per Tier

| Funding | Current | Proposed |
|---|---|---|
| Employee Only | $637.18 | $700.90 |
| Employee + Spouse | $1,274.35 | $1,401.79 |
| Employee + Children | $1,146.92 | $1,261.61 |
| Employee Family | $1,720.37 | $1,892.41 |

# Current vs. Proposed Funding Per Pay

| Funding | Current | Proposed | Difference Per Pay |
|---|---|---|---|
| Employee Only | $0.00 | $11.54 | $11.54 |
| Employee + Spouse | $85.28 | $97.16 | $11.87 |
| Employee + Children | $68.22 | $78.40 | $10.18 |
| Employee Family | $144.98 | $162.83 | $17.84 |

# Medical Comparison

| Plan Design (all In-Network, base plans) | FPUA<br>Self Funded | CITY OF FORT PIERCE<br>Fully Insured | CITY OF PORT ST LUCIE<br>Self Funded | ST LUCIE COUNTY<br>Self Funded | VERO BEACH<br>Fully Insured | KUA<br>Fully Insured | NEW SMYRNA<br>Fully Insured |
|---|---|---|---|---|---|---|---|
| Covered Participants | 277 | 215/232 | 978 | 980 | 388 | 304 | 150 |
| Deductible (PP/Fam) | 300/900 | 750/2250 | 300/900 | 350/1050 | 500/1000 | 250/500 | 0 |
| Co-insurance | 10% | 20% | 10% | 15% | 20% | 0 | 0 |
| OOP Maximum (PP/Fam) | 1500/4500 | 3000/9000 | 1500/4500 | 3000/13,200 | 3000/6000 | 2500/5000 | 1500/3000<br>2500/5000 |
| PCP Co-Pay | 15.00 | 20.00 | 20.00 | DED+15% | 20.00 | 25.00 | 15.00/20.00 |
| Specialist Co-Pay | 25.00 | 35.00 | 40.00 | DED+15% | 40.00 | 35.00 | 25.00/35.00 |
| Hospital (Inpatient) | DED+10%+250.00 | Opt 1/750<br>Opt 2/1250 | DED+10% | DED+15% | DED+20% | 250.00 | 200/admission |
| Emergency Services | DED+10% | DED+20% | DED+10%+50 | DED+15%+250 | 125.00 | 75.00 | 75.00/100.00 |
| Retail Prescriptions: | | | | | | | |
| Generic | 7.00 | 10.00 | 10.00 | 6.00 | 10.00 | 5.00 | 3.00 |
| Preferred | 20.00 - **25.00** | 25.00 | 30.00 | 35.00 | 30.00 | 30.00 | 30.00 |
| Non-Preferred | 35.00 - **40.00** | 60.00 | 50.00 | 50.00 | 50.00 | 55.00 | 55.00 |
| Employer % of Premium | | | | | | | |
| Employee Only | 100% - **96%** | 92% | 92% | 95% - 93% | 100% | 100% | 100% |
| Employee+1 | 71% | 77% | 85% | 93% - 90% | 75% | 66% | 50%-100%* |
| Employee/Family | 71% | 72% | 85% | 92% - 90% | 75% | 48.6% | 50%-100%* |
| Employee % of Premium | | | | | | | |
| Employee Only | 0% - **4%** | 8% | 8% | 5% - 7% | 0% | 0% | 0% |
| Employee+1 | 29% | 23% | 15% | 7% - 10% | 25% | 34.0% | 0%-50%* |
| Employee/Family | 29% | 28% | 15% | 8% - 10% | 25% | 51.4% | 0%-50%* |

*Based on Years Of Service

| Number of Tiered Participants | FPUA |
|---|---|
| Employee Only | 110 |
| Employee + 1 Dependent | 66 |
| Employee + 2 or More Dependents | 101 |

# Plan Design Changes

- **Mandated changes which include**:
  - **Sexual Discrimination** – transgender reassignment surgery benefit can no longer be an exclusion
  - **House Bill 221** –
    - Requires coverage of Emergency Out of Network (OON) to be the same as In Network (IN) coverage*
    - Requires coverage of Urgent Care OON to be the same as IN coverage*
    - Requires Down Syndrome coverage to be treated the same as Autism

Note: ***minimal affect expected on cost***

*Out of network deductible applies

# Plan Design Changes

- **Recommended changes**:
  - Increase to Non-Generic Prescription Drug Copays by $5.00

| Prescription Copays | Current | Proposed |
|---|---|---|
| **Retail** | | |
| Generic | $7 | $7 |
| Preferred Brand Name | $20 | $25 |
| Non-Preferred | $35 | $40 |
| Specialty | $100 | $105 |
| **Mail Order** | | |
| Generic | $14 | $14 |
| Preferred Brand Name | $40 | $45 |
| Non-Preferred | $70 | $75 |

# Conclusion

Staff is recommending:

- Medical
  - Renew Stop Loss coverage with HM Insurance
  - Increase all funding tiers by 10%
  - Increase Employee Only coverage from $0 to $25
- Dental, Vision, AD&D, Life coverages
  - No change