



LUMPKIN COUNTY HUMAN RESOURCES

April 29, 2015

Agenda Item:

Blue Cross/Blue Shield Health/Vision and Dental Insurance Renewal

Facts & Historical Information:

Lumpkin County Board of Commissioners provides medical/vision and dental insurance for full time employees and elected officials. These insurances renew on July 1 of each year.

When it comes to health insurance, provider companies typically have a paid loss ratio target range of 80 – 85%. For the past five years, the County has had a health insurance usage ratio of well over 100% with our 2013 paid loss ratio hitting a high of 114%. This means that Blue Cross Blue Shield of Georgia has paid out more in insurance claims on our employees than the county has paid BCBSGA in premiums.

For several years, BCBSGA has been losing money by providing Lumpkin County's health insurance. As a result, Lumpkin County has endured the consequences of these high claims costs – the county has received several premium increases of 20% - 48%. The results of these increases have led to many plan changes including the discontinuation of free employee coverage, plan coverages have changed several times, deductibles and out-of-pocket maximums have been increased and premium costs for both the BOC and the employees have increased.

Once again, last year's insurance usage (paid loss ratio), at 103%, was well over the targeted 80 – 85%; Lumpkin County paid in less premiums than BCBSGA paid out in claims costs and BCBSGA again lost money by insuring Lumpkin County. However, the decline in the paid loss ratio from 2013's 114% to 103% for 2014 allowed our broker and his BCBSGA contact to negotiate a lower price increase than Lumpkin County has experienced in the past five years. The negotiated increase is 14%.

It should be noted that again this year, at least two other insurance companies declined to even quote a premium cost for insuring Lumpkin County due to our continuing high paid loss ratio.

Potential Courses of Action:

- A. Renew group health insurance coverage without any changes.
- B. Seek other coverage.
- C. Change the plan type to reduce costs even further.

- D. Decline to offer health insurance coverage to employees.

Compare and Contrast:

- A. Renewing the coverage as it is will allow employees to keep the plan with which they are familiar and will avoid more negative changes to this benefit.
- B. Since two other providers have already declined to provide quotes, it is doubtful that other coverage can be found. Additionally, the time lost in trying to find another provider may mean that an accurate cost cannot be included in the proposed budget for 2016 and could expose the county to the possibility that our current coverage would expire before another plan could be found.
- C. Changing the plan type would most likely not lead to positive changes. Options that would be lower cost to both the county and its employees would mean much higher costs when employees and their dependents visit their doctor's office and much higher costs for medications. Options that offer better coverage would likely only be available at a cost of at least an additional \$500,000 to the current \$1,330,000 putting the cost to the county's tax payers at over \$2.8 million.
- D. Declining to offer health insurance presents issues with both employee recruitment and retention as well as with the Affordable Care Act. In addition to forcing many county employees to either leave the BOC's employment to work for an employer that offers health insurance and deterring potential employees from seeking employment with Lumpkin County BOC; under the law, Lumpkin County BOC would also have to pay a fine for each full time employee not offered health insurance. While this fine would be less than the current cost of health insurance, the unintended consequences of this action would be high.

Budget Impact:

- A. An additional cost of \$188,135 would need to be absorbed by the BOC. This increase has been included in the proposed 2016 budget. Based on the type of coverage selected (employee only – family), a small cost increase of between \$4.40 - \$18.97 per pay period would be passed along to employees.
- B. If other coverage can be found, the likelihood is strong that the cost will be higher and/or the plan offerings will be less attractive than the benefit the BOC now offers county employees.
- C. A possible savings could be found, but coverages and deductibles, along with other impacts to employees, would likely be higher.
- D. This would result in a savings to the budget; however, the savings would be dependent on the fines paid to the IRS in accordance with the ACA and the damage done to employee recruitment and retention would likely negate any savings.

Staff Recommendation:

Renew the current plan and absorb the cost increase in the 2016 budget.

2015 Benefit Review



Lumpkin County

Presented By: MSI Benefits Group, Inc.

May 5, 2015





July 2014 Renewal Recap

Claims and Costs

- Total Paid Claim Loss Ratio used for last year's renewal was **114%**
- The initial requested ***Increase*** was **47%**
- The final negotiated change to the overall premium was **an increase of 21.7%**
- The County's overall net cost ***increased 20.2%***

Employee Deductions

- Employee deductions ***reduced from \$33.16 to \$31.13 on the base POS plan***

Benefit Changes

- ***Increased deductible*** from **\$1,500** to **\$3,500**
- Maximum out-of-pocket increased from **\$6,000** to **\$6,350**
- A **\$200** annual RX deductible was added to plan
- Brand RX copay increased from **\$35 to \$40** and Non-Formulary copay from **\$60 to \$75**
- Health Reimbursement Arrangement (HRA) was changed to pick up the last **\$2,000** of each members deductible

HRA

- Total HRA benefits paid in previous 2013-2014 plan year was **\$7,668**. From July 2014 through mid-March 2015 benefits paid were **\$24,116**



Medical Claims

Month	Medical Subscribers	Medical Members	Medical Paid Amount	Pharmacy Paid Amount	Total Paid Claims	Premiums
Feb 2014	177	414	\$149,865	\$37,133	\$186,998	\$115,404
Mar 2014	178	414	\$79,563	\$26,135	\$105,699	\$117,811
Apr 2014	178	414	\$190,041	\$43,866	\$233,906	\$117,158
May 2014	174	407	\$126,848	\$28,095	\$154,943	\$115,838
Jun 2014	174	408	\$74,852	\$37,311	\$112,163	\$113,225
Jul 2014	180	405	\$116,028	\$31,410	\$147,438	\$139,478
Aug 2014	176	400	\$77,712	\$39,590	\$117,302	\$139,194
Sep 2014	176	399	\$89,320	\$25,064	\$114,384	\$133,961
Oct 2014	178	403	\$95,483	\$45,880	\$141,363	\$134,389
Nov 2014	180	407	\$49,553	\$32,020	\$81,573	\$138,785
Dec 2014	180	400	\$63,752	\$28,885	\$92,638	\$140,689
Jan 2015	179	396	\$61,714	\$47,154	\$108,867	\$139,980
Total	2,130	4,867	\$1,174,730	\$422,544	\$1,597,275	\$1,545,912

Paid Loss Ratio	103.32%
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Per Member Per Month Claims	\$328.18
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- The paid loss ratio target range is 80 to 85%.
- There were twelve (12) members with cumulative claims in excess of \$25k totaling **\$897,559**; this represents **56%** of medical claims. High Cost Members typically account for no more than 50% of all paid claims.
- Per Member Per Month (PMPM) in 2013 was \$356. The PMPM for 2014 represents a decrease of 7.8%.



Summary

	<u>Annual Premium</u>	<u>% Increase</u>	<u>Employee Cost</u>	<u>Net Annual Cost</u>	<u>Net % Increase</u>	<u>Annual Premium Difference</u>
MEDICAL						
BCBSGA						
Current	\$1,673,139		\$342,226	\$1,330,912		
Renewal	\$1,903,675	13.78%	\$384,628	\$1,519,047	14.14%	\$188,135
Option 1	\$1,789,627	6.96%	\$357,560	\$1,432,067	7.60%	\$101,155

Aetna and Humana declined to propose

Vision

BCBSGA						
Current	\$17,918		\$0	\$17,918		
Renewal	\$17,918	0.00%	\$0	\$17,918	0.00%	\$0

Vision tied to Medical election

Dental

BCBSGA						
Current	\$100,534		\$50,677	\$49,858		
Renewal	\$105,566	5.00%	\$53,210	\$52,355	5.01%	\$2,498



BCBSGA Renewal

				Current		Renewal	
	HMO	POS	TOTAL	BCBSGA HMO	BCBSGA POS	BCBSGA POS	BCBSGA POS
				OAP5 3.5K/80B	OAP5 1.5K/80A	OAP5 3.5K/20B	OAP5 1.5K/20 6.6KA
Employee	63	1	64	415.07	510.60	473.75	540.45
Employee + Spouse	38	0	38	831.52	1,022.90	949.08	1,082.87
Employee + Child(ren)	15	1	16	747.24	919.23	852.89	972.97
Family <i>38 Waives</i>	52	3	55	1,239.76	1,525.04	1,414.98	1,614.19
Annual Total					1,673,138.88		1,903,675.08
MEDICAL PREMIUMS % CHANGE:							13.78%
In-network				POS - OPEN ACCESS	POS - OPEN ACCESS	POS - OPEN ACCESS	POS - OPEN ACCESS
Deductible				\$3,500/ \$10,500	\$1,500/ \$4,500	\$3,500/ \$10,500	\$1,500/ \$4,500
Coinsurance				80%	80%	80%	80%
PCP Office Co-Pay				\$25 office copay	\$25 office copay	\$25 office copay	\$25 office copay
Specialist Office Co-Pay				\$50 office copay	\$50 office copay	\$50 office copay	\$50 office copay
Emergency Room Co-Pay				\$150 plus Coinsurance	\$150 plus Coinsurance	\$150 plus Coinsurance	\$150 plus Coinsurance
Max Out-of-Pocket (Includes Deductible)				\$6,350 / \$12,700	\$6,350 / \$12,700	\$6,600 / \$13,200	\$6,600 / \$13,200
Hospital Copay				None	None	None	None
Outpatient/Surgical Copay				None	None	None	None
Prescription				\$200 Annual RX Deductible	\$15 Tier One	\$200 Annual RX Deductible	\$15 Tier One
				\$15 Tier One	\$35 Tier Two	\$15 Tier One	\$35 Tier Two
				\$40 Tier Two	\$60 Tier Three	\$40 Tier Two	\$60 Tier Three
				\$75 Tier Three	20% up to \$200 Tier Four	\$75 Tier Three	\$60 Tier Three
				20% up to \$200 Tier Four	20% up to \$200 Tier Four	20% up to \$300 Tier Four	20% up to \$300 Tier Four
Out-of-network (Network Negotiated Cost)							
Deductible				\$7,000 / \$21,000	\$3,000 / \$9,000	\$7,000 / \$21,000	\$3,000 / \$9,000
Coinsurance				60%	60%	60%	60%
Out-of-pocket (Includes Deductible)				\$12,700 / \$25,400	\$12,700 / \$25,400	\$19,800 / \$39,600	\$19,800 / \$39,600
DEDUCTIONS- 24				Base plan	Buy-Up	Base Plan	Buy-Up
Employee	63	1	64	31.13	78.90	35.53	68.88
Employee + Spouse	38	0	38	83.19	178.88	94.95	161.84
Employee + Child(ren)	15	1	16	72.65	158.65	82.92	142.96
Family	52	3	55	134.22	276.86	153.19	252.79
Monthly Deductions				26,382.65	2,136.22	30,111.90	1,940.43
Annual Deductions					342,226.43		384,627.96
Annual Net Cost to County					1,330,912.45		1,519,047.12
							14.14%

85/75% paid by County

HRA reimburse last \$2,000 of deductible

HRA reimburse last \$2,000 of deductible



BCBSGA Renewal Option

				Current		Option	
	HMO	POS	TOTAL	BCBSGA HMO	BCBSGA POS	BCBSGA POS	BCBSGA POS
				OAP5 3.5K/80B	OAP5 1.5K/80A	OAP9 5K/20 B	OAP5 3.5K/20B
Employee	63	1	64	415.07	510.60	446.62	473.75
Employee + Spouse	38	0	38	831.52	1,022.90	894.74	949.08
Employee + Child(ren)	15	1	16	747.24	919.23	804.06	852.89
Family <i>38 Waives</i>	52	3	55	1,239.76	1,525.04	1,333.96	1,414.98
Annual Total					1,673,138.88		1,789,626.96
MEDICAL PREMIUMS % CHANGE:							6.96%
In-network				POS - OPEN ACCESS			
Deductible				\$3,500/ \$10,500	\$1,500/ \$4,500	\$5,000/ \$10,000	\$3,500/ \$10,500
Coinsurance				80%	80%	80%	80%
PCP Office Co-Pay				\$25 office copay	\$25 office copay	\$25 office copay	\$25 office copay
Specialist Office Co-Pay				\$50 office copay	\$50 office copay	\$50 office copay	\$50 office copay
Emergency Room Co-Pay				\$150 plus Coinsurance	\$150 plus Coinsurance	\$150 plus Coinsurance	\$150 plus Coinsurance
Max Out-of-Pocket (Includes Deductible)				\$6,350 / \$12,700	\$6,350 / \$12,700	\$6,600 / \$13,200	\$6,600 / \$13,200
Hospital Copay				None	None	None	None
Outpatient/Surgical Copay				None	None	None	None
Prescription				\$200 Annual RX Deductible			
				\$15 Tier One	\$15 Tier One	\$15 Tier One	\$15 Tier One
				\$40 Tier Two	\$35 Tier Two	\$40 Tier Two	\$40 Tier Two
				\$75 Tier Three	\$60 Tier Three	\$75 Tier Three	\$75 Tier Three
				20% up to \$200 Tier Four	20% up to \$200 Tier Four	20% up to \$300 Tier Four	20% up to \$300 Tier Four
Out-of-network (Network Negotiated Cost)							
Deductible				\$7,000 / \$21,000	\$3,000 / \$9,000	\$10,000 / \$20,000	\$7,000 / \$21,000
Coinsurance				60%	60%	60%	60%
Out-of-pocket (Includes Deductible)				\$12,700 / \$25,400	\$12,700 / \$25,400	\$19,800 / \$39,600	\$19,800 / \$39,600
DEDUCTIONS- 24	HMO	POS	TOTAL	Base plan	Buy-Up	Base Plan	Buy-Up
Employee	63	1	64	31.13	78.90	33.50	47.06
Employee + Spouse	38	0	38	83.19	178.88	89.51	116.68
Employee + Child(ren)	15	1	16	72.65	158.65	78.18	102.59
Family	52	3	55	134.22	276.86	144.41	184.92
Monthly Deductions				26,382.65	2,136.22	28,387.78	1,408.85
Annual Deductions					342,226.43		357,559.61
Annual Net Cost to County					1,330,912.45		1,432,067.35
							7.60%

85/75% paid by County

HRA reimburse last \$2,000 of deductible

HRA reimburse last \$2,000 of deductible



BCBSGA Dental Renewal

BCBSGA		Current	Renewal
Employee	61	24.71	25.95
Employee + Spouse	45	49.43	51.90
Employee+ Child(ren)	20	46.96	49.31
Employee + Family	50	74.14	77.85
Monthly Total	176	8,377.86	8,797.15
Annual Total		100,534.32	105,565.80
<i>43 Waives</i>			5.00%
Preventive Services		100%	100%
Deductible		\$50	\$50
Basic Services		80%	80%
Major Services		50%	50%
Annual Maximum		\$1,000	\$1,000
Lifetime Orthodontia Maximum		\$0	\$0
Fee Schedule		80th	80th
Semi-Monthly Deductions			
Employee	61	6.46	6.78
Employee + Spouse	45	12.36	12.97
Employee+ Child(ren)	20	11.74	12.33
Employee + Family	50	18.53	19.46
Annual Total Deductions	291	50,676.66	53,210.50
Net Annual County Cost		49,857.66	52,355.30
			5.01%

LiveHealth Online

LiveHealth[®]
O N L I N E

- 24/7 access to physicians for conditions normally seen at Urgent Care and Emergency Room (FLU, colds, pink eye, rash, etc.)
- Member selects from choice of physicians online (Computer, Skype, Smartphone, or Tablet)
- Ability to prescribe medicines and send to your pharmacy of choice
- PCP Copay

www.livehealthonline.com/

HealthEquity HRA/FSA Administrator

HealthEquity

- Fully integrated with BCBSGA medical, dental and vision claim systems
- No need to file HRA or FSA claims
- Reduced administration cost
- \$3.99 per employee per month (PEPM) for HRA/FSA combined

Wellness / Healthy Lifestyles

Healthy Lifestyles

- Free Biometric Screenings through Healthways
- Points system allows members to earn up to \$150 toward gift cards to retailers
- Online Health Risk Assessment (Well-Being Assessment)
- Fitness and food tracking with coaching and support
- Smoking cessation program

Current administrator for FSA and HRA plan is HealthSmart

- Current cost for administration is \$4.00 HRA only
- HRA claims must be paper filed by member with supporting documentation

If County continues medical plan with BCBSGA we would recommend changing administrator to HealthEquity.

- Cost to administer both HRA and FSA claims is \$3.99
- All HRA claims would be automatically filed when claim paid by BCBSGA
- All FSA claims under the County's BCBSGA medical, vision and dental insurance would NOT require any additional documentation



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