



Office of Human Resources FY 2011 – 2012 Budget Presentation

July 20, 2011

Presentation Outline



- Group Health Ins – Where are we today
 - Financial Position / Plan Design
- Historical Reflection
 - Financial Position / Plan Design / Demographics
- Group Health Ins Medical Trend
 - National vs. BOCC Plan
- Recommendations for FY 11/12
 - Retiree Medical
 - Wellness (Health Assessments / Tobacco)
- Tentative Budget Recommendations
 - Employer/Employee/Retiree Premiums
- Funding Methodology
 - Current method + 2 options

Group Health Insurance



- Where are we today?
 - Financial Report
 - Plan Design

Human Resources Budget Summary



Group Health Plan Financial Summary

Group Health Plan Reserves as of 9/30/10	15.4 M
Actuary certified required reserve (F.S. 112.08)	11.7 M

	Plan Liability	Board Liability
OPEB liability as of 12/31/10	96.6 M	57.5 M
OPEB liability as of 12/31/08	141 M	91 M

GHP FY10/11 YTD revenue vs. expenses	3.3 M
Projected FY 11/12 Medical Trend (6%)	3.5 M

	2011	2012
Employer Premium Contribution	36.6 M	36.6 M
Member Premium Contribution	7.6 M	7.9 M

Overview County

Health Plans (as of 6/11)



<u>Plan</u>	<u>Subscribers</u>	<u>%</u>
Cigna HRA	2,312	53.33
Cigna PPO	1,063	24.52
	<u>3,375</u>	<u>77.85%</u>
HFHP HRA	600	13.84
HFHP PPO	184	4.24
Health First Medicare	176	4.06
	<u>960</u>	<u>22.15%</u>
Total	4,335	100%

Group Health Plan History



- Financial
- Plan Design
- Demographics
 - Participating Employer Groups
 - Changes
 - Interlocal Agreement
 - Critical Provisions
 - Notice Requirements
 - GASB 45

History of Health Plan Expense & Membership



PLAN YEAR	PLAN EXPENSE	EMPLOYEE / RETIREE MEMBERSHIP	RETIREE MEMBERSHIP	EE/RET COST PER MONTH	COST PER MONTH % CHANGE + / (-)
2000	\$18,167,363	3,707	553 (14.9%)	\$ 408.40	6%
2001	\$19,508,415	3,809	586 (15.4%)	\$ 426.81	5%
2002	\$23,316,319	3,911	594 (15.1%)	\$ 496.81	16%
2003	\$27,884,416	4,122	631 (15.3%)	\$ 563.73	13%
2004	\$30,450,939	4,272	626 (14.6%)	\$ 594.00	5%
2005	\$35,842,121	4,384	654 (14.9%)	\$ 681.31	15%
2006	\$39,749,113	4,560	749 (16.4%)	\$ 726.41	7%
2007	\$45,090,211	4,757	778 (16.4%)	\$ 789.89	9%
2008	\$48,793,767	4,852	861 (17.7%)	\$ 838.03	6.1%
2009	\$50,740,856	4,835	899 (18.6%)	\$ 874.54	4.3%
2010	\$45,650,235	4,751	933 (19.6%)	\$ 800.71	(-8.4%)
2011(Projected)	\$40,456,564	4,335	951 (21.9%)	\$ 777.71	(-2.9%)

Employer Contribution History



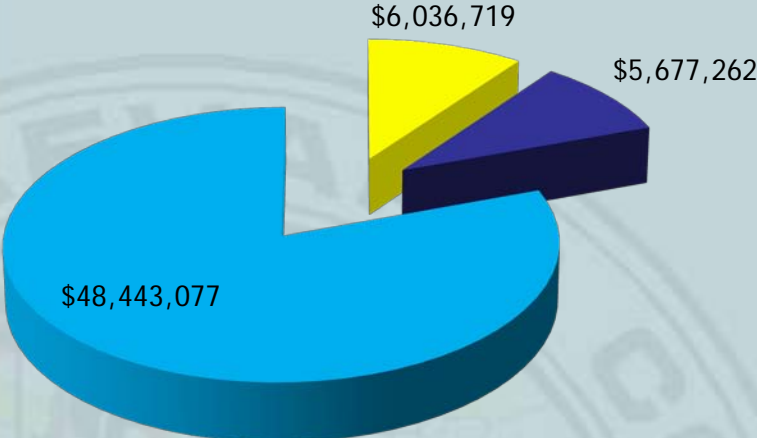
Employer Funding Increases vs. Medical Trend

FY	Employer Contribution	National Medical Trend*
2002	10.76%	11.10%
2003	12.00%	13.10%
2004	5.75%	13.70%
2005	7.82%	12.40%
2006	12.00%	12.00%
AVG:	9.67%	12.70%

FY	Employer Contribution	National Medical Trend*
2007	11.50%	11.30%
2008	8.25%	10.70%
2009	6.00%	10.00%
2010	-13.61%	10.97%
2011	5.00%	10.50%
AVG:	3.43%	10.69%

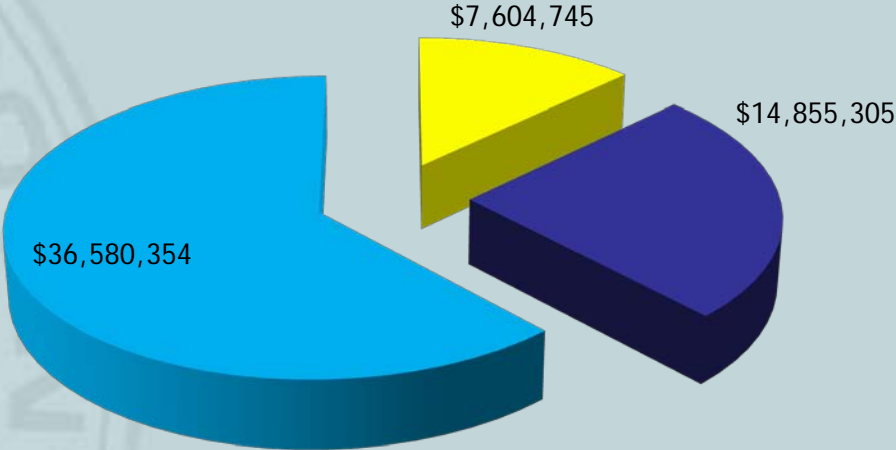
* www.segalco.com/publications

Plan Cost Allocation



2009 Allocation:
 Employer: 48.4M (80.5%)
 Member: 11.7M (19.5%)

Projected 2011 Plan Cost Allocation:
 Employer: 36.6M (62%)
 Member: 22.4M (38%)



- Member Premium
- Member Out of Pocket
- Employer Contribution

Plan Comparisons



YEAR	Plan Type	Deductible	Office Visit	In-Patient Hospital	Co-Insurance	Annual OOP Max	Lifetime Max
1989	Indemnity	\$150 Individual \$350 Family	\$80/20%	\$80/20%	80%/20%	\$800/yr Individual \$2,400/yr Family (In-network)	\$500,000
	EPO/HMO	None	\$20 PCP \$30 Specialist	100% after \$200 co-pay/day, max 3 days	None	\$1500/yr Individual \$3,000/yr Family (In-Network)	\$1 million
2009	PPO	\$300/yr. Indiv \$600/ yr. Family	\$30 PCP or Specialist	85% after deductible (In-network)	85%/15% (In-network)	\$2000/yr Individual \$4,000/yr. Family (In-Network)	\$1 million
	HRA Plan	\$1,500/yr Individual, \$3,000/yr Family (In-network)	80%, after deductible (In-network)	80%, after deductible (In-network)	80%/20% (In-network)	\$3,000/yr Individual, \$6,000/yr Family (In-network)	\$1 million
2011	PPO	\$500/yr Individual, \$1,000/yr Family (In-network)	\$30 PCP or Specialist	80%, after deductible (In-network)	80%/20% (In-network)	\$2,000/yr Individual, \$4,000/yr Family (In-network)	\$1 million

Adopted Strategic Initiatives:



FY 2006-2010

- Partnership with Brevard County School Board
- Mental Health and EAP fully insured carve-out
- Initiated retiree premium year of service model:
 - Retiree health insurance premiums for employees hired after 01/01/06 based upon years of service
 - 4% of any employer subsidy provided earned for each year of service up to 25 years of service

Adopted Strategic Initiatives:



FY 2006-2010

- Health and wellness initiatives:
 - Worksite biometric screenings
 - Health and wellness communications
 - Health fairs
 - Weight management/smoking cessation programs
- Implemented incremental retiree premium increases @1.5X medical trend
- Plan design/co-pay increases adopted
- Executed Interlocal Agreements with partner agencies

Adopted Strategic Initiatives:



FY 2006-2010

- Addressed GASB 45/OPEB liability
- Initiated Working Spouse Premium Surcharge
- Conducted Prescription RFP, introduced Step Therapy / Med Monitor Programs
- Eliminated HMO Plan Design / Implemented High Deductible Consumer Driven Plan model
- Eliminated Stop Loss Insurance beginning PY 2010
 - Saved approximately \$400,000 (premiums compared to eligible reimbursements) in 2010
- Conducted Medical /EAP & Mental Health RFP

Adopted Strategic Initiatives:



FY 2010

- Pharmacy Cost Containment Strategies Approved by the Board on August 4, 2009 \$1,275,635
- Pharmacy RFP Impact \$1,200,000
- Additional Pharmacy Co-Pay Changes \$697,950
- HRA/PPO Net Savings \$6,561,808

Total Achieved Cost Containment / Cost Shift \$9,735,393

Demographics Overview

(as of 6/11)



	<u>Employees</u>	<u>Dependents</u>	<u>Total Enrolled</u>
BOCC	1787	2012	3799
Sheriff	1055	1369	2424
Clerk of Courts	205	232	437
TPO	7	3	10
Tax Collector	130	119	249
Property Appraiser	94	110	204
Court Admin.	9	6	15
Supervisor of Elections	22	18	40
Melbourne-Tillman	23	17	40
TICO	13	12	25
BEDC	15	15	30
Sebastian Inlet Tax	3	1	4
Retirees	881	423	1304
Surviving Dependent	70	4	74
COBRA	17	5	22
Vested	4	4	8
TOTAL	4,335	4,350	8,685

Group Health Plan Interlocal Agreements



- Executed by all participating entities
- Interlocal agreement highlights:
 - Agency obligations and responsibilities
 - Employer Funding Methodology
 - Terms and Conditions for entity participation and termination from the program
 - Addresses plan financial obligations including GASB and individual employer obligations for their retirees
 - Outlines EBIAC participation recognizing Board's exclusive final control and decision-making authority

Tentative Budget Recommendations



- **Employer Premium Contribution**
 - No increase
- **Employee Premium**
 - No increase
- **Retiree Premium**
 - 9% premium increase on self-insured group health plan options
 - Medicare Advantage, Supplements and Rx options ranging from \$0-\$334/month

Recommendations for FY11/12 Plan Changes



- Retiree Medicare coverage
 - Additional plan options in 2012
- Live In Good Health Wellness Incentives Program
 - Plan Design adjustments based on completion of:
 - Biometric Screenings and Health Risk Assessments
 - No Tobacco Pledge

Retiree Medicare Coverage



- RFP for fully Insured options conducted in spring 2011
- 5 Proposals received
- Employee Benefits Insurance Advisory Committee evaluated and interviewed all proposers
- EBIAC Recommendation:
 - HFHP Medicare Advantage HMO and POS
 - United Healthcare Medicare Supplement, Prescription Drug, and Medicare Advantage options

Wellness Initiatives



- **Live In Good Health Incentive Program**
 - Participate in a Biometric Screening (blood pressure, cholesterol, glucose testing)
 - Complete the Health Risk Assessment on CIGNA or HFHP website
- **Tobacco Cessation**
 - Complete the No Tobacco Affidavit affirming no tobacco use at the time of signature and throughout the medical plan year
 - Smoking Cessation programs offered to assist in achieving incentive

2012 Live In Good Health Incentive



- Health Reimbursement Account will be modified as follows:

Salary	HRA Credit at Enrollment	Bio/HRA Credit	No Tobacco Use Credit	Total HRA
< \$35k	\$500	\$250	\$250	\$1,000
\$35-70k	\$375	\$187.50	\$187.50	\$750
> \$70k	\$250	\$125	\$125	\$500
Retiree	\$250	\$125	\$125	\$500

- PPO In-Network Deductible will be modified as follows:

CYD	Adjust for Bio/HRA	Adjust for No Tobacco	Adjusted CYD
\$750	-\$125	-\$125	\$500

Funding Methodologies



- Current - Composite employer contribution rate based on all GHP "eligible" employees
- Option 1 - Composite employer contribution rate based on GHP "enrolled" employees
- Option 2 - Tiered employer contribution rates based on GHP "enrolled" employee's coverage tier

Funding Methodology



- **Current Employer Contribution Model:**
 - Uniform composite (blended) employer contribution rate funded for all full time eligible employees
 - \$822.77/month per employee
 - Takes into consideration all plan costs, reserve, and revenue requirements to cover active employees, covered dependents, and retirees

Funding Methodology



- Option 1 - Employer Contributions for:
Participating Employees
 - Composite employer contribution rate based on employees “enrolled” on the medical plan
 - Projected \$831.44/month per employee
- Participating Retirees
 - A single composite employer contribution rate based on all enrolled retirees
 - Projected \$391.72/month per retiree

Funding Methodology



- Option 2 - Employer Contributions for:
Participating Employees
 - Tiered employer contribution rates based on each enrolled employee's tier of coverage elected

	HRA	PPO
Employee	\$480.78	\$505.21
Employee+ Spouse	\$1,125.46	\$1,238.31
Employee + Child	\$909.58	\$999.44
Family	\$1,585.99	\$1,675.33

Funding Methodology



- Option 2 - Employer Contributions for:
Participating Retirees
 - Bifurcated Composite employer contribution rates for each enrolled retiree based on Medicare eligibility status:
 - Non-Medicare (under 65) - \$296.48/month
or
 - Medicare (over 65) - \$421.24/month

Funding Methodology Recommendation



- Current funding methodology
 - Time tested successful approach
 - Pools risk over largest population available (benefits eligible employees)
 - Allows for consistent, stable budgeting
 - Uniform allocation of plan liabilities across all participating agencies