

**Washington County Benefits Committee**  
March 16, 2010

**CONVENED:** 1pm

**COMMITTEE MEMBERS:**

**Present:** David Ainslie, David Bellwood, Dirk Biddington, Mike Brunner, Amanda Garcia-Snell, Kim Knudeson, Tracie Krevanko, Valerie McCraw, Tammy McVean, Susan Pinnock, Sara Stevenson, Charlie Weaver

**Absent:** David Bailey, Don Bohn, Karen Crawford, Angi Duyck, Susan Field, Dawn Vandehey

**HUMAN RESOURCES STAFF:**

Tracy Kittler, Benefits Specialist  
Stephanie Reitmajer, HR Manager  
Valerie Weekly, Benefits Analyst

**CONSULTANTS:**

Mike Berry, Mercer  
Renee Balsiger, Mercer

**1. SUMMARY FROM BENEFITS COMMITTEE MEETING 1-19-10-**

- As of our last meeting Washington County intended to do an RFP regarding medical plans.
- In order to prepare for going to market, the Committee helped identify plan aspects to price out.
- This meeting intends to give an update on the progress since our last meeting, proposed changes, and the effect to the medical plan rates for fiscal year 10-11.

**2. NEXT STEPS-Providence & Kaiser**

- Providence claims data was received and processed for January 2010 [Although it was stated that February experience was poor, it was actually January's experience that was unfavorable], experience and utilization continued to look poor
- Mercer began conversations with Providence on rates for next renewal year.
  - Providence had heard Washington County was going to be going to market with an RFP.
  - Mercer asked Providence to consider our long partnership, and see if they could adjust rates.
- Providence agreed to lower rate increases from initial estimates of over 20% to 11.9%.
  - Concessions on plan design are required to secure this rate.
  - Providence has also made concessions in order to achieve an increase of less than 12%.
  - Plan changes are summarized on the handout "Washington County Open Option Plan Comparison."
- Mercer believes this is a good offer. It would be hard to replicate this offer by going to market and asking vendors to bid on our current plan, or even our plan with amendments that bring the plan into line with standard offerings, and receive this. Our experience and plan utilization are not good, and that would still be the case with any other vendor.

- Mercer indicated Providence has been able to make these concessions because it eases the administrative burden on Providence to have Washington County come in line with standard plans.
- As a result, due to our claims experience and the rate concessions from Providence the County has elected not to market the medical plans this year through an RFP.
- The County will be going to market next year, and there are a number of reasons next year will be a more fitting time for an RFP:
  - The County will be asking competitors to price an already standardized plan
  - System changes for the County's Oracle system should be in place, allowing an accommodation of a broader range of options for plan design changes or cost-sharing.
- Kaiser has come in with a rate increase of 9%; Mercer was able to further negotiate this to 7.9%.
- Proposed Kaiser plan changes reflect some of the co-pay changes shown in the Providence plan. In previous meetings, it was agreed that the Kaiser plan should not be ignored just because it was a smaller problem than the Providence plan. Changes should also be made to the Kaiser plan to keep the plan in line with Providence
- ODS dental plan remains the same. No benefit plan design changes.
- Willamette Dental plan will no longer be administered by Regence BCBS.
  - The plan retains the same general design with a few changes to Emergency care and missed appointment charges.
  - New cards will have to be issued.

### **3. FUTURE COMMITTEE MEETING TOPICS/AGENDAS**

- We hope to continue the education of the Committee by introducing different voluntary (also referred to as ancillary) products. Examples include: short term disability, long term care, cancer/critical illness policies.
- In addition, each of our vendors generally presents us with a yearly review. We hope to present a version of this to the committee along with the continuing education.
- This should take us through the next couple of meetings.

### **4. ACTION ITEMS FOR NEXT MEETING**

- HR to confirm if the proposed plan changes would allow a change to FSA deductions for the 2010 plan year.
- HR to provide survey data of local entities showing equivalent plans and premium costs.
- HR to confirm coverage for naturopathic care under proposed plan.
- HR/Mercer to confirm percentage of members using out of network providers

### **5. NEXT MEETING, 4/20/2010 1pm-4pm**

### **6. COMMENTS**

The following comments were made by committee members:

- "How long is this rate good for?"
  - Valerie Weekly of HR responded, Providence has done a very good job for us this year. We may see a greater increase as a result next year. That puts us in a better position to market next year. Mercer commented that they would intercede if Providence tried to recoup costs later.

- A committee member expressed concern about Providence's motives with this proposal.
  - Providence values their long-term relationship with the County. When they were told that the County was going to conduct a RFP and possibly change vendors, they made a proposal that meets the County's budgetary restrictions by way of concessions from both the County and Providence.
- "The proposed plan is at no cost to employees?"
  - The proposed plan on the attached handout would continue with no Premium cost to employees. The plan does shift cost to employees but more so to those that use the plan.
- "Will employees be allowed to change (increase) their FSA as a result of these proposed changes?"
  - Valerie responded that the FSA (Section 125) plan is governed by very restrictive IRS rules. HR will confirm whether or not this is a qualifying event allowing employees to make changes in June.
- "Is there any product available, or that we can make available, to employees to help supplement this plan? Out of pocket costs increasing to \$1700 for an individual is quite high."
  - There are cancer or hospitalization policies that provide cash settlements in the event you are diagnosed with cancer or hospitalized. Other similar policies pay out cash settlements for other critical illnesses.
  - Employees can individually choose coverage that is of value to them, and the premiums are based on the chosen coverage and age.
  - Consequently, the price for this type of product varies widely from employee to employee.
- "I think we might be more persuasive with employees if we can present employees with optional voluntary benefits when showing them the changes in the medical plans."
- "Do we have any other choice?"
  - From a budget perspective, the County cannot sustain anything beyond a 12% increase, Stephanie Reitmajer of HR answered.
  - Stephanie Reitmajer asked for support of these changes from the committee members.
- "What about next year? What happens if next year rate increases are similar next year? Would that mean additional cuts to benefits?"
  - The County realizes that costs will increase each year; we have to keep the increases and growth at levels we can sustain and continue to keep managed.
  - We realize that benefits are important to employees; that sometimes employees will stay with Washington County or come to work for Washington County due to the value of the total compensation, including benefits.
  - To date, that is the reason we have retained benefits in the same form, because it is valued by employees and their families.
  - We want to be able to continue to offer that value to employees while balancing the cost.
- "Have we looked at cutting other benefits to retain the medical levels as they are?"
  - Valerie Weekly responded, No. That would not create the balanced benefit package that the Committee is tasked with creating. To some extent, the County has the very rich medical plan that is currently in place at the expense of other benefits. It is a bit out of sync with the rest of the world. Most employers are able

to offer a wider variety of plans, or types of benefits. I don't think we want to shave anything more from what we have now.

- “Will retirees see this 12% increase?”
  - Yes. Retirees and COBRA members are offered the same plan structures as active employees.
  - They will see plan changes and rate increases.
- “How do bargaining units factor into this decision?”
  - Stephanie of HR responded that Washington County will be asking for agreements with each of the bargaining units.
  - At this point there is very little to be done about what the rate increase will be, Providence and Kaiser's numbers remain the same.
  - At this point it can only be a discussion of where the funding comes from.
- “How will this be rolled out to employees?”
  - We realize this will be quite the change for employees. We anticipate ramping up all communications associated with Open Enrollment. In addition there will be material printed in the Employee Newsletter, Uncommon Knowledge. We will also be holding our regular health fairs along with additional information sessions.
  - We encourage departments to contact Benefits to set up special meetings or invite us to regular department meetings for a presentation if they'd like as well.
  - Individual employees are always encouraged to contact HR or benefits if they have questions.