

**Washington County Benefits Committee**  
April 20, 2010

**CONVENED:** 1pm

**COMMITTEE MEMBERS:**

**Present:** David Bellwood, Dirk Biddington, Mike Brunner, Karen Crawford, Angi Duyck, Susan Field, Amanda Garcia-Snell, Kim Knudeson, Tracie Krevanko, Valerie McCraw, Tammy McVean, Susan Pinnock, Charlie Weaver

**Absent:** David Ainslie, Don Bohn, Sara Stevenson

**HUMAN RESOURCES STAFF:**

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

**CONSULTANTS:**

Mike Berry, Mercer

**1. FOLLOW-UP FROM COMMITTEE MEETING 3/16/10-**

- *HR to confirm if the proposed plan changes would allow a change to Flexible Spending Account (FSA) deductions for the 2010 plan year.*
  - Any changes to FSA elections are regulated by IRS guidelines. IRS guidelines indicate that the proposed changes to the County plans would not qualify as what the IRS defines as “material changes” which would allow changes in annual elections. The County could not allow changes as a result.
- *HR to provide survey data of local entities showing equivalent plans and premium costs.*
  - Handout “Benefit Plan Design Survey” was distributed detailing local public entities with plan structures similar to that offered by Washington County.
  - While most plan structures are very similar to the Providence plan proposed for July 2010, some have much greater out-of-pocket maximums, deductibles, or both.
  - Most also have a premium contribution required of employees, also detailed on the handout.
- *HR to confirm coverage for naturopathic care under proposed plan.*
  - Alternative care has been added to the Providence plan, effective July 2010. Although the original plan proposal did not include this rider, it was negotiated by Mercer after better February plan experience.
  - Previous plan structure included a chiropractic only benefit.
  - The new rider will include naturopathic, acupuncture and chiropractic services at an in-network co-pay of \$15, up to a yearly maximum of \$1500. See handout “Your Benefit Summary: Alternative Care Plan.”
  - Participating providers for this benefit are part of the American Specialty Health (ASH) network. A list is provided here as a handout “American Specialty Health” and searchable provider directories are available on the Providence website.

- *HR/Mercer to confirm percentage of members using out of network providers*
  - Handout “Providence Health Plans: Utilization Report-Open Option Analysis” details the number of claims Providence documents as receiving for out of network providers.
  - 5.8% of claims used an out of network provider.
    - This does include emergency room use; which the plan does not consider unfavorable.
  - 5.8% of claims does not tell us how many members are affected because members may have had multiple claims
    - Additional detail indicates 502 members had some sort of out of network claim. Again, these members may have had multiple claims, or several may have been ER related claims.
  - Overall, in-network utilization of over 85% is considered favorable for a plan. At 94% in-network utilization, the County plan is doing well.
- Providence side-by-side comparison (old plan versus plan effective July 2010) is slightly revised and included as a handout “Washington County Open Option Plan Comparison, 4/8/10”
- Final rates for each medical and dental plan are included on the handout “Washington County Current and Renewal Rates, 3/16”

## **2. LIFE INSURANCE- GUARANTEED ISSUE WINDOW AT OPEN ENROLLMENT**

- We have heard feedback from many employees that are unaware of the voluntary life insurance benefits available through the County.
- As a result, we have worked with Mercer and our life insurance company, Standard Insurance, to be able to offer a Guarantee Issue (GI) “window” at this year’s Open Enrollment.
- Guarantee Issue (GI) is a term in the life insurance market that allows employees to elect coverage up to a certain level without having to answer medical history questions.
- This “window,” coinciding with Open Enrollment (June 1-18<sup>th</sup>), will allow employees to elect up to Guarantee Issue amounts.
- Currently, the County’s GI levels are at \$50,000 for employees, \$10,000 for spouse/children.
- Amounts are elected in \$10,000 increments, and rates are based on age and smoking/non-smoking status.
- See attached handout “Washington County Voluntary Life Insurance Group Policy #100258” for rates.

## **3. HEALTHCARE REFORM**

- The healthcare bill has passed, Patient Protection and Affordable Care Act.
- However, these are very broadly written goals. The rules and regulations governing how these provisions will be governed and enforced have yet to be provided.
- Provisions designated as taking effect “immediately” actually have language indicating that plans must actually be in compliance the first plan year after 9/23/2010. For County plans, this will be our plan year beginning July 2011.

- Some of the key provisions in this healthcare reform scheduled to be effective immediately (plan year 7/1/2011) are:
  - Coverage for dependents to age 26, regardless of student status, or financial dependency. Dependent cannot have other coverage options available to him/her.
  - Removal of lifetime limits
  - Removal of restrictive dollar limits on essential health benefits
  - No pre-existing conditions exclusions for members under age 19
  - Mandated preventative care benefits with no cost share.
- Some of the key provisions scheduled for 2011 are:
  - No reimbursement for over-the-counter drugs from a flexible spending account.
- Key provision for 2013: \$2500 cap mandated for FSA (This is the current cap for Washington County)
- Key provisions for 2014:
  - Coverage for dependent children regardless of access to other employer coverage
  - Employers will be required to provide coverage for full-time employees.
  - Individual coverage mandate: individuals will be required to have minimum essential health insurance coverage, much like auto insurance.

#### **4. VOLUNTARY BENEFITS**

- Mike Berry of Mercer provided an introduction to voluntary benefits available to employer groups.
- Voluntary benefits are made available through an employer/group, but have no employer paid premium. Examples are:
  - Accident insurance: this insurance pays out a cash settlement if the covered employee has been in some type of accident (auto, slipped and fell etc.).
  - Cancer insurance/critical illness: this type of insurance generally pays out a settlement upon diagnosis or onset of illness
  - Disability, short term: income replacement tool intended to bridge to long term disability if necessary.
- See handout “Voluntary Benefit: Primary Carriers and Products” for further details.

#### **5. DEFERRED COMPENSATION (457) CHANGES**

- Valerie Weekly informed the Committee that some changes are being made to the 457 deferred compensation plan document to accommodate some law changes.
  - A few of the provisions affect those leaving for military service as provided for by the HART act.
  - Also, there are a few provisions regarding retired safety employees that would allow tax-free distributions up to \$3000 to pay for insurance premiums.
  - Lastly, we will be transitioning administration of beneficiary forms to be housed with our vendors, Great West and ICMA. Currently, beneficiary forms are housed with Washington County which is logical for active employees; however Washington County houses beneficiary forms for ex-employees as well.

## 6. ACTION ITEMS FOR NEXT MEETING

- No action items.

## 7. NEXT MEETING, 5/18/2010 1pm-4pm

## 8. COMMENTS

The following comments were made by committee members:

- “I was hoping to have some clarification on the responsibilities and purpose of this committee. I understood that any changes that were made, were to come at the recommendation of this committee. At the last meeting, it seemed that proposed changes had been decided upon.”
  - Stephanie Reitmajer responded that the Committee, from the onset, had not been formed as a decision-making body.
  - The Committee was intended as a forum to gather employee feedback and we look forward to continuing suggestions going forward.
  - The Committee is not finished with its work on the benefits package as whole, and Committee input is crucial.
  - This year we needed to make decisions in order to reduce the projected renewal rate increases.
- “We’ve been talking in the Committee about moving to a Standard plan. About 6 years ago Teamsters were required to move from their own separate plan to the standard plan. Now that is no longer the standard, we have a new standard?”
  - Valerie Weekly responded that is correct. Most plans keep pace with market standard from year to year, with very minor changes. The County plan has not been updated to keep pace with plan trends in about 13 to 14 years. As a result, the changes that we are looking at to bring the County plan in-line seem rather significant.
- “Did we confirm that deductibles run with the calendar year and would therefore not be affected with the changes in the Providence plan effective July 1?”
  - Correct. Deductibles still run on a calendar basis, and employees that have already met their \$250 individual deductible (\$750 per family) would not need to satisfy any further deductible costs.
  - There will be a change in the out-of-pocket (OOP) maximum that will be effective July 1. If members have met the previous OOP max, they may have to satisfy additional charges to meet the new maximum. Additional charges would only be the difference between the old OOP max (\$600) and the new OOP max (\$1700).
- “The final rates handed out today are good for one year?”
  - Correct. The final rates are good for one plan year. For the County, this means 1 fiscal year.
- “The handout provided to Committee about local public entities ‘Benefit Plan Design Survey.’ shows lifetime maximum limits for each plan. Will lifetime maximums go away with healthcare reform?”
  - Yes. Part of the new healthcare reform (Patient Protection and Affordable Care Act) does not allow the health insurance industry to have provisions about lifetime maximums in any policy. The question becomes when, in terms of County plan years, this provision needs to be in effect.

- “What is a lifetime maximum? Is it just what it sounds like, a maximum amount of charges allowed over an individual’s lifetime?”
  - Mike Berry of Mercer responded, yes. For many carriers it is any and all charges over an individual’s lifetime with the plan. For other carriers it is not quite so black and white.
- “When we look at in-network claims versus out-of-network claims, do these in-network claims positively affect our rates?”
  - Mike Berry of Mercer responded, not for Washington County. Washington County’s utilization is well above what the market considers acceptable for in-network utilization (85% in-network claims is generally considered acceptable).
- “What are current benefit levels for County-paid life insurance?”
  - Most of our employees are at the \$10,000 benefit level (this includes all unions, except for WCPOA which has a \$40,000 benefit level)
  - \$1,000 policy is provided for spouse/dependent coverage, County-paid; Teamsters have \$10,000 benefit level for spouse/dependents
  - MAPPS employees have a 1x annual salary benefit level.
- “Would voluntary life premiums be available through payroll deductions? If so, are these pre-tax contributions?”
  - Voluntary life premiums are paid for through payroll deductions; they are after tax deductions.
- “Does life insurance coverage end when employees separate service, whether through regular separation or retirement?”
  - Each County life insurance policy has a provision for continuing coverage upon separation:
    - County-paid policies are eligible for what is called “conversion.” Converting the County policy means exacting what it sounds like, it is converting the group policy to an individual policy. Application to continue this policy must be requested, rates are established and paid directly by the ex-employee to the company.
    - Voluntary policies, or employee paid policies, are subject to “portability” provisions. As these already are individual policies, application to “port” the policy is made, and rather than payroll deductions for premiums, the ex-employee is billed directly.
- “When exactly would the Guarantee Issue window be for life insurance?”
  - The Guarantee Issue window would be held in conjunction with Open Enrollment, June 1-18<sup>th</sup>. Forms would need to be received by June 18<sup>th</sup> at 5pm.
  - The effective date of coverage would be either July 1, or August 1 depending on contracting arrangements that have to be finalized with Standard.
- “Are better rates available for voluntary products when purchased in a group environment as opposed to on an individual basis?”
  - Mike of Mercer indicated that it depends on a few factors. It depends on the product, whether it is a short term disability product, or life insurance etc. Next it also depends on employer sponsorship. The employer needs to be committed to offering the product and allowing/facilitating the necessary steps to allow the provider to enroll employees.

- Group products may not necessarily be the cheapest, but they are generally convenient and fairly competitive in cost. In addition, the provider has been vetted as a reliable provider by both Mercer and the County.
- “Would these benefits be something that would be available through payroll deductions?”
  - Stephanie Reitmajer responded, yes. There are some system changes within our Oracle system (WISARD) that are beginning now, and need to happen before we will be capable of offering these benefits and the necessary payroll deductions. But the intent is to offer these through payroll deductions.
- “I would just like to thank the Committee and HR for making considerations about voluntary benefits. It has been requested in the past and denied. I know a lot of employees would appreciate the ability to have access to coverages like the ones we are discussing. It is very much appreciated.”