

Washington County Benefits Committee
October 20, 2009

CONVENED: 1:00PM

COMMITTEE MEMBERS:

Present: David Ainslie, David Bellwood, Dirk Biddington, Don Bohn, Mike Brunner, Karen Crawford, Angi Duyck, Susan Field, Kelly Jurman (sub for Amanda), Kim Knudeson, Tracie Krevanko, Valerie McCraw, Tammy McVean, Susan Pinnock, Chris Ryder (sub for Charlie), Sara Stevenson

Absent: Amanda Garcia-Snell, Dawn Vandehey, Charlie Weaver

HUMAN RESOURCES STAFF:

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

CONSULTANTS:

Mike Berry, Mercer

1. REVIEW OF ACTION ITEMS FROM 9-15-09-

- Human Resources to bring rate increase details for past renewals and rates passed on to departments. [Handout “2009-2010 Rates”]
- Mercer to bring cost sharing structures for other counties/cities, including how much and tier structure. [Handout “Monthly Health Costs (per EE/month)”]
- Human Resources to bring number of health plan flexible spending participants
 - 2009 plan year has 327 participants total, 74 contribute to the annual maximum of \$2500; or about 23%.
 - 2008 plan year had 264 participants total, 54 of which contributed to the annual maximum of \$2500; or about 20%.

- 2. POSSIBLE COST SAVING SOLUTIONS [Handout: “Plan Option Pricing”] -**
Mike Berry of Mercer walked the Committee through the handout prepared to outline options for plan design changes and estimated cost savings impact of those changes. The actual cost savings of plan changes can only be determined by the insurance company. Mike emphasized that potential changes outlined on the handout reflect accurately the percentage of impact on premiums, but dollar figures are based on current premium numbers and could fluctuate.

Mike indicated that one of the least disruptive changes may be switching to a standard plan design option with Providence, called Open Panel. Washington County’s current plan design is a very old product that is no longer offered to other employers. The Open Panel has a \$250 deductible, \$15 co-pay and \$1700 out-of-pocket maximum compared to the County’s current plan that has a \$250 deductible, \$10 co-pay and \$600 out-of-pocket maximum. It would eliminate the specialized features such as the single copay for a 3 month mail order prescription.

Kaiser plans are fairly standard. While there could be a co-pay element added for hospital stays, lab and x-rays, Mike indicated that is not a typical design element for plans of the County's size.

3. **WELLNESS PLANS/STRATEGIES [Handout: "Washington County Insurance Committee Wellness Strategies"]**

- Mercer introduced the concept of a wellness program.
- Many organizations offer wellness initiatives, and for varying reasons: it's the right thing to do; to improve recruitment; create a culture of health; to reduce Worker's Compensation costs; to reduce lost work time; to improve productivity; to be an employer of choice; and to improve morale.
- Mercer emphasized that wellness programs are going to be different in design at each employer, for each population. For example, the wellness initiatives at Nike would be very different from those at the County.
- Typical components of a wellness program include: health risk assessments, wellness/health coaching and counselors, health screenings/lab tests, health fairs, health education, online resources, alternative care discounts, fitness programs, and smoking cessation programs.
- Mike also reminded committee members that wellness programs do not generally have an immediate, nor large, return on investment (ROI). The programs take several phased years to implement and see any return on initial investment.
- Mike indicated that wellness and prevention is a newer strategy, aiming at catching potential problems before they result in a heart attack or cancer for example. Many employers are setting contribution strategies based on participation in or with a wellness program.

4. **OTHER BENEFIT PLANS**

- Dental: Mike indicated that we have good existing plans so there may not be a need for change.
- Vision: The County is hoping to gather feedback on the importance of vision coverage for the employee and family. This may be a benefit for purchase in the future.
- Short-term Disability: this plan would offer income protection with the premiums paid through payroll deductions.

5. **Consumer Directed Health Plans-** Mike Berry briefly described several types of Consumer Directed Health Plans (CDHPs). These plans are outlined by IRS code, and intended to give the individual more choice in how health insurance dollars are spent.

- Flexible Spending Account (FSAs): Flexible Spending Accounts are currently in place at the County. We have two types of accounts: health care and dependent care. These accounts are funded with pre-tax dollars and can be used to reimburse specifically outlined expenses. The IRS requires a use-it-or-lose-it benefit clause for these plans.

- Health Reimbursement Account (HRAs): This type of account works much like the FSA, and is for medical reimbursement purposes; HRAs can only be funded with employer dollars. Unlike the FSA, unused funds can be rolled over from year to year.
- Health Savings Account (HSAs): This type of account can be funded with employee and/or employer dollars, but it can only be opened when paired with a specific type of health plan outlined by IRS regulations. The account must be paired with a high deductible health plan. Unused balances in this HSA account can rollover from year to year, if unused. Something to consider with this plan is the high deductible health plan can result in higher out of pocket cost which may be difficult for some to handle. Employees can use their HSA funds to offset these costs but, especially in the first year or 2 of participation, their HSA balance may not be sufficient to off-set the additional cost.
- VEBA: This type of plan is similar to the HRA. Some employers offer a partial distribution of sick leave balance that goes to fund the account at retirement. The retiree can then use these funds to reimburse out of pocket medical cost. Valerie Weekly of HR reminded the Committee that while VEBAs are great plans, they would be an additional cost to the County. This type of plan would not help us control costs.

6. ACTION ITEMS FOR NEXT MEETING

- Human Resources to reiterate timelines for Committee decisions.
- Human Resources will bring sample employee survey tool to the November or December meeting.

7. FEEDBACK ON TOTAL COMPENSATION STATEMENT

- Members of the committee were asked to share feedback received in their respective areas regarding the new Total Compensation Statement. The following comments were shared:
 - The Statement provided great information; but many employees are curious about the timing. Why now?
 - Valerie Weekly responded that the timing of the release was not originally intended to coincide with the Committee or any possible benefit changes. Instead, the main goal of the Statement is to inform employees of the benefits they currently have, and the current cost. We have realized that Washington County Benefits have been lacking this education component for some time; this Total Compensation Statement is a first attempt to remedy this. The Statement is intended to be an annual product.
 - Another member voiced concern for employees that do not have computer or network access, as they have difficulty reaching necessary tools.

8. AGENDA FOR NEXT MEETING 11/17/2009, 1pm-4pm

- Committee will be discussing the importance of, and begin designing the Employee Survey that will be distributed to County employees by the end of 2009. The survey is intended to capture preferences for benefit selections.

9. COMMENTS

The following comments were made by committee members:

- “Is the deductible included in Providence’s out-of-pocket maximum, or is the deductible in addition to any out-of-pocket maximums?
 - Mike Berry of Mercer replied that the \$250 deductible would be in addition to any out-of-pocket maximums.
- “Are the options outlined on the Plan Option Pricing sheet provided by Mercer typical plan designs for other employers”
 - Mercer answered that yes, these are typical plan designs, particularly for prescriptions. Washington County’s current mail-order arrangement with (1) co-pay for a 90 day supply is outdated. It is much more common to have (2) co-pays for a 90 day supply.
 - While these are typical plan designs, Mike mentioned that at some point the plan design question becomes philosophical. Does the County want to make health care affordable for those that use it the most, or should those that use the benefit have to pay for it?
- “When do final rates for plan contract renewal come in?”
 - Mercer indicated that an initial renewal estimate comes in about 90 days out from the expected contract renewal, in our case July 1. Mercer does one of two things at that point: 1) watches experience and if experience is good, they attempt to renegotiate rates with the recent experience, or 2) lock in good rates while they are low.
- “Does the County expect revenue increases for next year? Will we know at the next meeting what next year’s revenue will look like?”
 - Stephanie Reitmajer of HR replied that next year’s revenue is not looking as promising as one might hope, even with property tax increases.
 - Don Bohn, Assistant County Administrator, also commented on the County’s budget and revenue streams. He indicated that the County receives many forms of funding for the County’s many checkbooks, the greatest of which is State income tax. The State system is experiencing a lot of uncertainty which in turn creates tighter budgets here at the County. Property tax is a portion of the County’s general fund, but only a portion. Considering all of the draws on the County’s general fund, the property tax increase of 3-4% doesn’t go very far. We have to look at the County as a balanced system, not as 200-300 check books. Revenues are a lot tighter than they have been in the past because the state funding is lacking.
 - Don also acknowledged that the employees are the bedrock of an organization, the County is no exception. Good benefits and market competitive wages are most important. We just have to remember it all comes out of the same pot.
- “What is the perception of wellness here at the County?”
 - Kelly Jurman commented that a past program “Washington County Walks” was met with interest. That particular program was funded through a \$4200 grant for a wellness initiative. Although no data was gathered, several people participated and the Farmer’s Market is a lasting result.

- Don Bohn commented that while it would be nice if there was a meaty correlation between wellness and lower insurance premiums, it is mostly important to reinforce the values of the organization. Washington County realizes the importance of being well, and balanced, and wants to offer resources to its employees to meet those ends.
- Stephanie Reitmajer acknowledged the importance of building wellness into the Washington County mentality, so that it becomes a systemic part of employment.
- Valerie Weekly of Benefits commented that part of the wellness initiative is making employees aware of what is already available to them; current vendors already supply information to the County that just needs to be distributed. Staffing in Benefits is finally able to support this type of work.
- “Is there discussion of raising the County’s current FSA contribution limits?”
 - Yes. The Benefits team has heard several requests to raise the limits of the health FSA currently offered. The Committee will be looking for feedback as to whether this is of value to all employees on a County-wide basis.
- “Is there a plan for which you can rollover unused sick leave and use the funds for medical premiums as a retiree?”
 - VEBA’s are probably the most common plan of this type. The addition of this type of plan would not be a cost-saving measure.