

Washington County Benefits Committee
December 15, 2009

CONVENED: 1pm

COMMITTEE MEMBERS:

Present: David Bellwood, Dirk Biddington, Karen Crawford, Angi Duyck, Susan Field, Barbara Harness (sub for Tracie Krevanko), Kim Knudeson, Tammy McVean, Susan Pinnock, Chris Ryder (sub for Mike Brunner), Sara Stevenson, Charlie Weaver

Absent: David Ainslie, David Bailey, Don Bohn, Mike Brunner, Amanda Garcia-Snell, Tracie Krevanko, Valerie McCraw, Dawn Vandehey

HUMAN RESOURCES STAFF:

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

CONSULTANTS:

Mike Berry, Mercer
Kristen Kirschten, Mercer

1. REVIEW OF ACTION ITEMS FROM 11-17-09-

- Human Resources will incorporate Committee feedback into the draft of the Employee Benefits survey and redistribute to Committee members
 - Edited draft was redistributed to Committee, 12/11
 - (2) comments were received back from Committee members
 - It is anticipated that we will be able to release this survey electronically the week of 12/21. The survey will be kept open for at least 1 week following the holidays.
- Human Resources will bring rate increases (percentage increases) from last renewal
 - Rate history was compiled from 2007-2009 indicating per employee rate as well as percentage increases from year to year. See handout "Washington County Rate History 2007-2009"

2. STRATEGIC GOALS OF COMMITTEE

- Stephanie Reitmajer spoke to the members about the current strategic goals of the Benefits Committee. She noted that much discussion of late has been regarding immediate budget goals, but there are also long-term strategic goals with which the Committee is also tasked.
- As a body, the Committee is trying to line up two pieces:
 - Plan redesign
 - Cost reduction for the County
- Support Services is also working to put in place the proper Information Technology (IT) infrastructure to support the first two goals
 - Currently there is no automated payroll/benefit system communication
 - The implementation of this infrastructure needs to be budgeted for
 - This implementation is not happening as soon as anticipated.
- We do need to move forward, but do not expect employee cost share.

- We hope to shave costs by making prudent plan choices for this year such as prescription co-pay adjustments more in line with market standards, deductible adjustments, or moving to a standard plan offered by current carriers.
- The Committee is, and was always intended to be, an on-going structure. Changes to the County's benefits can be an incremental and phased approach. It is not realistic to conquer the escalating costs of health insurance in only a few months.
- Washington County does not intend to make up the full cost of premium increase by asking employees to pay for the difference.

3. REQUEST FOR PROPOSAL (RFP) PROCESS

- Last meeting there had been discussion of a Request for Proposal (RFP). Timing had initially been for renewal in July 2010, or possibly in January 2011, if the plan year changed
- Mike Berry recommended that since this plan year, Washington County only anticipates modest changes; the County may be better served if they conduct the RFP in conjunction with more substantial benefit plan redesign.
- Additionally, since the County is not on a standard plan, it is hard to compare the County's current plan to other plans in the market; in order to compare apples to apples, and ask carriers for a comparable product.
- Mike stressed that the County should not go out for RFP unless we are absolutely ready for the possibility of changing plan providers. There is no indication that Providence would not be successful
- Washington County may still want to look at family vision, short term disability or other voluntary benefit plans.

4. EDUCATION OF CONSUMER DRIVEN HEALTH PLANS (CDHPs)—[Handouts: "Exploring Account-Based Strategies, "Account-based Health Plans,"]

- Mike Berry revisited the Consumer Driven Health Plan market and educated members on Health Reimbursement Accounts (HRAs), Health Savings Accounts (HSAs) and Voluntary Employees Beneficiary Associations (VEBAs).
Health Reimbursement Account (HRAs): This type of account works much like an 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 a form of an HRA. This account is funded only by employer funds. Some employers offer a partial distribution of sick leave balance that goes to fund the account at retirement. The account can also be funded in lieu of a salary increase.

- Mercer also pointed out that this type of account, if implemented, has to be implemented for the entire population (for example, all union members and/or all non-union members). Employees cannot opt in or out on an individual basis, making this a difficult benefit to implement.
- In addition, it is funded only with employer money, and the additional revenue has to come from the County to fund these accounts.

5. ACTION ITEMS FOR NEXT MEETING

- HR to forward latest draft of Employee Benefits Survey to Charlie Weaver (Teamster benefit committee representative)
- Mercer to model employee contributions and County cost-savings.
- HR to draft cover letter for Employee Benefits Survey.
- Mercer to model changes for Kaiser plan
- Mercer to provide forecast and cost models of employee cost share and it's affect to the premium rate increase.

6. NEXT MEETING, 1/19/2010 1pm-4pm

7. COMMENTS

The following comments were made by committee members:

- “Is there a reason why years of service and department are included as a question on the employee benefits survey?
 - We are looking for any trends for certain benefits within certain demographics, whether that is years of service or a specific department. While there may be no valuable trends to capture, we don't know if we haven't asked the questions to capture any such correlations.
- “Perhaps we should ask whether or not employees are covering dependents on the survey? That is a demographic we might want to know about. What levels of coverage do employees have currently, or would like to continue in future?”
- “If the system does not track dependents, do we know who we are covering? Is this something that should be audited?”
 - This is tracked by our insurance carriers.
- “How do we track dependents that have reached the maximum eligibility age for the plan?”
 - County plans cover dependents until age 21, or age 23 if they remain students at an accredited university or college. There is a certification process that is outsourced to our vendors.
 - Letters are sent to members and dependents requesting student status information.
 - If dependents remain students, and return the information timely, they continue to be covered; if they are no longer students or no response is received, their coverage is terminated.
 - Mike Berry of Mercer added that occasionally employers will do a full-scale audit of employees and their dependents. Most employers do this in conjunction with a system change, much like the one Washington County is looking at.
- “What is a standard plan, as Committee discussion keeps referring to?”

- The Providence plan the County currently offers to its employees is no longer a product that Providence offers off the shelf to other clients; it has several components of its contract language that have been retained due to request. For example, much of our pharmacy language and co-pay pricing structure does not exist in other contracts.
 - Special requests/options sometimes require hand administration of these features, adding additional cost to our plan.
 - Additionally, at any time, the insurance company can declare that they will no longer administer these custom contracts.
- Charlie Weaver stated, “If there are significant changes to plan design such as an increase in co-pay or out-of-pocket expense, we owe it to employees to look at other plans and insurance carriers.”
- “Will anyone else offer exactly what the County offers now in terms of benefit levels?”
 - Mike Berry answered no. The specific combination of benefit levels will just not be found anywhere else; mostly because they are not offered any more.
 - Another carrier may be able to offer \$600 out-of-pocket maximum, but an 80% co-insurance in-network/70% out-of-network is virtually impossible. Most carriers now find that 20% difference in benefit levels is needed to motivate members to stay in-network.
 - A single co-pay for a 90 day prescription is unlikely to be found anywhere else as well.
- “Can we change only the co-pay amounts in the plan design?”
 - Mercer responded that we can change any piece of the plan design, with varying degrees of cost savings associated with each change.
- “If Washington County was to go through the RFP process, do we have anything to lose with our current insurance carrier if no one else gives reasonable quotes or any quotes at all?”
 - Mercer responded that there is likely nothing to lose with the current carrier. Carriers do not increase rates because your business has to remain with them.
- “Perhaps a question could be added to the survey that asks if employees are more willing to change doctors or have a lesser level of benefits.”
- “What if employees paid a small monthly contribution toward their benefits in order to keep benefit levels the same? What savings would that create?” That might sound like a good solution for some that use the benefits. However, those that only use the benefit for preventive services may prefer to increase the deductible or out of pocket maximum. The survey may help provide some of those answers.
- “Perhaps the survey needs to ask more directly, would you be willing to have a payroll deduction to retain your current level of benefits?”
- “The survey needs to have more of an introduction...such as ‘The County is looking at substantial rate increases...’”
- “The Committee seems to be concerned with the cost and therefore plan changes for Providence only, what about Kaiser?”
 - Kaiser is a unique plan design; there are not many options for design changes here.
 - Most of the plan design features are market standard for Kaiser plans; most municipalities have benefits levels resembling those of the County’s Kaiser plan.