

DEPARTMENTAL MATTERS

INDIAN RIVER COUNTY MEMORANDUM

To: Jason Brown
County Administrator

From: Suzanne Boyll *svb*
Human Resources Director

Date: May 3, 2021

Subject: Medical and Pharmacy Benefit Recommendations for Plan Year 2021/2022

Background

Indian River County provides employee and retiree group health insurance through a partially self-insured plan. Health insurance is available to full-time employees (budgeted at 30 hours per week or more) and eligible retirees of the Board of County Commissioners and the respective Constitutional Officers (Sheriff, Property Appraiser, Tax Collector, Clerk of Courts, and the Supervisor of Elections) to include their eligible dependents. Medical and pharmacy claims and plan administration expenses are funded from contributions made by employer and employee/retiree contributions. The County purchases stop loss insurance for extraordinary and aggregate claims experience to protect against high cost claims. The current stop loss individual deductible is \$300,000 with an aggregate deductible of \$100,000.

The health insurance plan is an essential part of the employee benefit package and important to recruitment and retention efforts. The County has engaged the services of a professional benefits consultant, Lockton Companies, to review plan experience and provide recommendations to maintain a benefits package that is:

- ✓ Affordable
- ✓ Competitive
- ✓ Sustainable

The County offers two health insurance plans – the Premier Silver Plan and Premier Gold Plan. The medical benefit is administered by Florida Blue and the pharmacy benefit is administered by RX Benefits using Express Scripts Pharmacy Benefit Manager (PBM).

Both plans have the same access to the Blue Options provider network through Florida Blue and access to the same network of pharmacies through Express Scripts. The differences between the two plans are the deductible, copayment, and coinsurance amounts and the monthly premium paid by the employee or retiree for coverage under the plan

Summary of Premier Silver and Premier Gold Plan Benefits:

Florida Blue BlueOptions Plan At-A-Glance

Product	BlueOptions	
Plan Number	Premier Silver Plan-05302	Premier Gold Plan-03559
Cost Sharing - Member's Responsibility		
Calendar Year Deductible (DED)	Single / Family	Single / Family
In-Network (INN)	\$1,000 / \$2,000	\$600 / \$1,200
Out-of-Network	\$2,000 / \$4,000	\$1,200 / \$2,400
Coinsurance (Member pays after Calendar Year DED)		
In-Network	30%	20%
Out-of-Network	40%	30%
Calendar Year Out of Pocket Maximum	Single / Family	Single / Family
In-Network	\$6,000 / \$12,000	\$3,000 / \$6,000
Out-of-Network	\$8,000 / \$16,000	\$4,000 / \$8,000
Medical / Surgical Care by a Physician		
Office Services		
In-Network Family Physician	\$40 Copayment	\$30 Copayment
In-Network Specialist	\$65 Copayment	\$50 Copayment
Out-of-Network	DED + 40%	DED + 30%
Telemedicine Services		
In-Network General Medical	\$10 Copayment	\$10 Copayment
In-Network Dermatology	\$20 Copayment	\$20 Copayment
Out-of-Network	N/A	N/A
Allergy Injections (Office)		
In-Network Family Physician	\$5 Copayment	\$5 Copayment
In-Network Specialist	\$5 Copayment	\$5 Copayment
Out-of-Network	DED + 40%	DED + 30%
Convenient Care Center		
In-Network	\$40 Copayment	\$30 Copayment
Out-of-Network	DED + 40%	DED + 30%
Inpatient Hospital Facility PAD Per Admission		
In-Network	PAD \$500 + DED + 30%	PAD \$200 + DED + 20%
Out-of-Network	PAD \$1,000 + DED + 40%	PAD \$400 + DED + 30%
Physician Services at Hospital		
In-Network	DED + 30%	DED + 20%
Out-of-Network	INN DED + 30%	INN DED + 20%
Radiology, Pathology and Anesthesiology Provider Services at Hospital		
In-Network	DED + 30%	DED + 20%
Out-of-Network	INN DED + 30%	INN DED + 20%
Preventive Services-Adult Wellness Services		
Office Services		
In-Network Family Physician / Specialist	No Charge	No Charge
Out-of-Network	40%	30%
Non-Hospital Services Freestanding Facility		
Clinical Lab (Blood Work): Quest**		
In-Network	No Charge	No Charge
Out-of-Network	DED + 40%	DED + 30%

X-rays (Independent Diagnostic Center)		
In-Network	\$25 Copayment	\$15 Copayment
Out-of-Network	DED + 40%	DED + 30%
Outpatient Hospital Facility (per visit) (Surgical)		
	Premier Silver Plan-05302	Premier Gold Plan-03559
In-Network	Option 1: DED + 30%	Option 1: DED + 20%
Out-of-Network	DED + 40%	DED + 30%
Emergency and Urgent Care		
Emergency Room Facility (per visit)		
In-Network	(Copayment Waived if Admitted) \$500 Copayment + DED + 30%	(Copayment Waived if Admitted) \$250 Copayment + DED + 20%
Out-of-Network	\$500 Copayment + INN DED + 30%	\$250 Copayment + INN DED + 20%
Urgent Care Centers		
In-Network	\$40 Copayment	\$30 Copayment
Out-of-Network	\$40 Copayment	\$30 Copayment
Ambulance		
In-Network	DED + 30%	DED + 20%
Out-of-Network	INN DED + 30%	INN DED + 20%
Advanced Imaging (MRI, MRA, PET, CT & Nuclear Medicine)		
Physician Office		
In-Network Family Physician or Specialist	30%	\$200 Copayment
Out-of-Network	DED + 40%	DED + 30%
Independent Diagnostic Testing Center		
In-Network	30%	\$200 Copayment
Out-of-Network	DED + 40%	DED + 30%
Outpatient Hospital Facility		
In-Network	DED + 30%	DED + 20%
Out-of-Network	DED + 40%	DED + 30%
Mental Health / Alcohol & Substance Abuse Services		
Inpatient / Outpatient Hospital Facility	PAD (Per Admission Deductible)	PAD (Per Admission Deductible)
In-Network	\$500 PAD + DED + 30%	PAD \$200 + DED + 20%
Out-of-Network	\$1,000 PAD + DED + 40%	PAD \$400 + DED + 30%
Specialist Visits		
In-Network	\$60 Copayment	\$45 Copayment
Out-of-Network	DED + 40%	DED + 30%
Prescription Drugs (RX Administered through RX Benefits)		
1X Calendar Year Deductible Per Person	\$100 (must be met before Copayments apply)	N/A
Generic	\$5 Copayment	\$10 Copay
Preferred Brand Name	\$65 Copayment	\$50 Copay
Non-Preferred Brand Name	\$95 Copayment	\$75 Copay
Mail Order Drug (90-Day Supply)	Express Script 2x Retail Copay	Express Script 2x Retail Copay
Maintenance Medication	2X Copayment at Covered Pharmacies	2X Copayment at Covered Pharmacies

Plan References: *Out-of-Network Balance Billing: For information regarding Out-of-Network Balance Billing that may be charged by an out-of-network provider, please refer to the Out-of-Network Benefits section on the Summary of Coverage document.

**Quest Diagnostics is the preferred lab for bloodwork through Florida Blue. When using a lab other than Quest, please be sure to confirm they are contracted with Florida Blue's BlueOptions Network prior to receiving services.

The current funding for the employee health insurance program is:

	Current Employee Monthly	Current Employer Monthly	Current Total Monthly Premium
Premier Silver Employee	\$15.00	\$700.00	\$715.00
Premier Silver Family	\$207.50	\$1,105.00	\$1,312.50

	Current Employee Premium	Current Employer Premium	Current Total Monthly Premium
Premier Gold Employee	\$110.00	\$700.00	\$810.00
Premier Gold Family	\$400.00	\$1,105.00	\$1,505.00

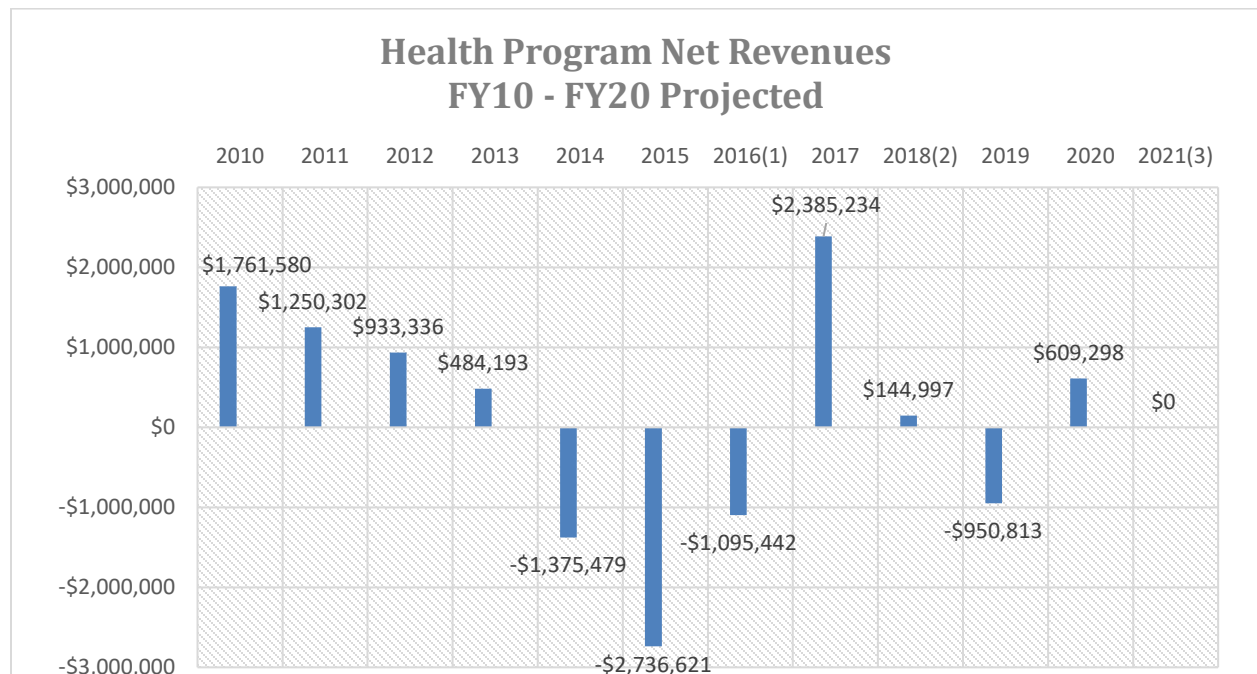
Employer, employee, and retiree contributions total approximately \$23.6M annually.

The enrollment in each plan as of March 2021 is:

	<u>Silver Plan</u>	<u>Gold Plan</u>
Single	225	500
Family	171	783
Total	396	1,283

Plan Financial Performance

The plan's financial performance since FY2010 is reflected below. Based on actuarial projections, it is anticipated we will be on budget for the current plan year.



Our actual Health Plan experience through March 2021 indicates the following:

- Employee & Retiree enrollment averages 1,672 members
- Average of 3,675 individuals are insured under the group medical plan
- 23.6% of members are enrolled in the Premier Silver Plan and 76.4% are enrolled in the Premier Gold Plan
- 27 high cost claimants over \$50K totaling \$3.3M in claims during the first 6 months of the plan year
- Stop Loss reimbursement of \$17,639 resulting in net claims of \$3.25M for 27 high cost claimants
- The Premier Silver Plan is performing well and the Premier Gold Plan is running at a loss.
- Overall plan performance is 91.2% during the first six (6) months of the plan year. However, the ongoing expenses related to high cost claims are expected to impact the plan over the next six (6) months and it is anticipated we will end the plan year on budget.

The Self-Insurance Fund balance through March 2021 indicates the fund balance history and actual fund balance as of March 31, 2021 as listed below:

Fiscal Year End Fund Balance History		
September 30, 2018	September 30, 2019	September 30, 2020
\$13,148,724	\$12,197,911	\$12,807,209

Fund Balance Change Through 2nd Quarter FY 20/21			
September 30, 2020	March 31, 2021	Inc./Dec.	% Inc./Dec.
\$12,807,209	\$13,500,112	\$692,903	5.41%

Funding for the health plan is provided by employer, employee, and retiree contributions to the plan as well as OPEB funding. While it is projected we will end the current plan year on budget, projections indicate additional funding of \$1,561,000 will be required for the plan year beginning October 1, 2021. This increase is based on a 5.5% medical trend, a 10% pharmacy trend, increase in stop loss premiums, and increase administrative costs (ASO) fees. The projections assume \$1,830,000 in pharmacy rebates. Funding requirements for FY21/22 are projected at \$25,186,000.

Medical and Pharmacy Administration

The County plan has an existing Administrative Services Agreement (ASO) with Florida Blue. This agreement was entered into on June 5, 2018 and is for a period of five (5) years expiring on September 30, 2023.

The current Pharmacy Benefit Administrator (PBA) is RXBenefits and the Pharmacy Benefit Manager (PBM) is Express Scripts. Lockton has completed PBM marketing for the upcoming plan year. Nine (9) proposals were reviewed and analyzed. The analysis included comprehensive financial comparison using Lockton's proprietary repricing model utilizing our claims data, pricing guarantees, bidding terms, clinical programs, formularies, pharmacy networks, mail order and

specialty medications. Projected potential savings range from 4.5% to 8.9%. A PBM Marketing Savings Summary of the various proposals is attached.

While there are potential financial savings that could be realized by selecting another PBM, the disruption to our covered members would be impactful. Therefore, staff is recommending that we continue with RXBenefits and Express Scripts under improved pricing. The estimated annual savings is \$449,543 or 7.3%.

Affordable

Offering affordable and competitive benefits is an important part of our recruitment and retention strategy. Establishing the proper funding and maintaining affordable health coverage options is an ongoing consideration.

Employer Contribution - Staff is recommending an increase in the employer contribution for both the Premier Silver and Premier Gold plans by \$50 a month for both single and family coverages. This will provide an additional \$1,007,400 in funding leaving a remaining FY21/22 funding shortfall of \$553,600.

Employee Premium - Additionally, in order to meet the projected funding, staff is recommending an increase in the Premier Gold Plan employee premiums of \$10 per month for single coverage and \$20 per month for family coverage. This will generate an additional \$247,920 in funding and reduce the projected FY21/22 funding shortfall to \$305,680. There is no increase in the Premier Silver Plan employee premiums.

The recommended 10/1/2021 premiums are:

Option 1 Provides \$1,255,320 in Additional Funding

Increase in Employer Both Plans & Employee in Gold Only	10/1/21 Monthly Employee Premium	10/1/21 Monthly Employer Premium	10/1/2021 Total Monthly Premiums
Premium Silver Single	\$15.00	\$750.00	\$765.00
Premier Silver Family	\$207.50	\$1,155.00	\$1,362.50
Premier Gold Single	\$120.00	\$750.00	\$870.00
Premier Gold Family	\$420.00	\$1,155.00	\$1,575.00

The recommended premiums without an employee increase are:

Option 2 Provides \$1,007,400 in Additional Funding

No Increase in Employee Premiums	10/1/21 Monthly Employee Premium	10/1/21 Monthly Employer Premium	10/1/2021 Total Monthly Premiums
Premium Silver Single	\$15.00	\$750.00	\$765.00
Premier Silver Family	\$207.50	\$1,155.00	\$1,362.50
Premier Gold Single	\$110.00	\$750.00	\$860.00

Premier Gold Family	\$400.00	\$1,155.00	\$1,555.00
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Retiree Premiums

Under Florida Statute 112.0801 “retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation may be paid by the employer or by the retirees...” The County subsidizes retiree coverage for eligible retirees who elect to continue coverage under our group plan. Subsidy amounts are based on the retiree’s hire date, years of service, and date of retirement date. There are 28 different retiree rates for each Plan.

The retiree subsidy is based on a reduced monthly premium for both the Silver and Gold Plans as reflected below.

Premier Silver - Current	Single	Family
Total Monthly Premium	\$715.00	\$1,312.50
Reduced Retiree Subsidy Premium	\$700.00	\$1,105.00

Premier Gold - Current	Single	Family
Total Monthly Premium	\$810.00	\$1,505.00
Reduced Retiree Subsidy Premium	\$795.00	\$1,297.50

Subsidy amounts range from 20% to 60%. The subsidized premium for retiree insurance under the Premier Silver Plan ranges from \$280.00 to \$560.00 per month for single coverage and from \$442.00 to \$884 per month for family coverage. The subsidized premium for retiree insurance under the Premier Gold Plan ranges from \$318.00 to \$636.00 per month for single coverage and from \$519.00 to \$1,038.00 per month for family coverage.

Individuals with a hire date on or after February 1, 2006 who retire from the County and who continue coverage and are not eligible for the County subsidy and their monthly premium is the Reduced Retiree Subsidy Premium for either single or family coverage.

Retirees also receive a health insurance subsidy from the Florida Retirement System (FRS) of \$5 for each year of service up to a maximum of \$150.00 per month. The County does not receive any subsidy payment from the FRS. The FRS subsidy is paid directly to the retiree in the monthly retirement payment. The County provides additional funding for the cost of providing retiree coverage through OPEB funding.

In addition to the Group Health Plan, Medicare eligible retirees are also provided the opportunity to enroll in the Florida Blue Medicare Advantage PPO Plan at a current monthly premium of \$257.24 per month. Eligible spouses may also enroll under this plan at the same monthly premium of \$257.24. This premium amount may change annually based on the renewal from Florida Blue.

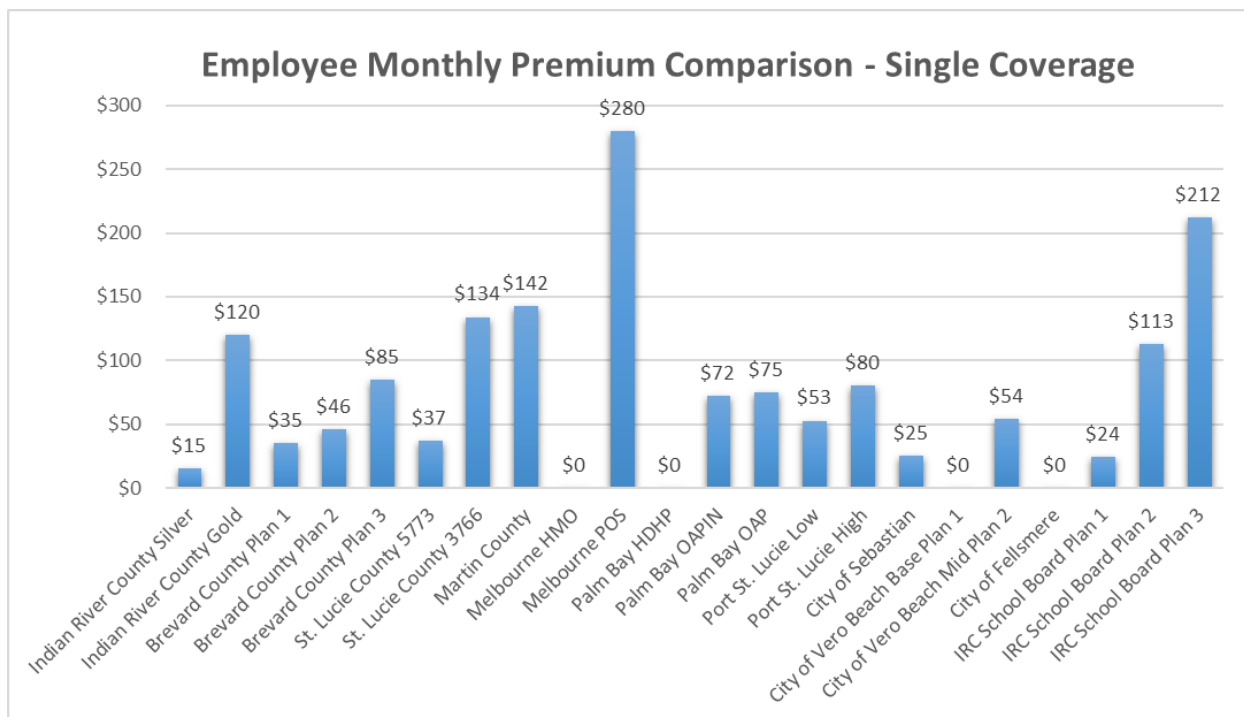
Retiree subsidy premiums for each of the funding options would be as follows:

Silver Plan	Single Retiree Subsidy Premium	Total Single Premium	Family Retiree Subsidy Premium	Total Family Premium
Current	\$700.00	\$715.00	\$1,105.00	\$1,312.50
Option 1	\$750.00	\$765.00	\$1,155.00	\$1,362.50
Option 2	\$750.00	\$765.00	\$1,155.00	\$1,362.50

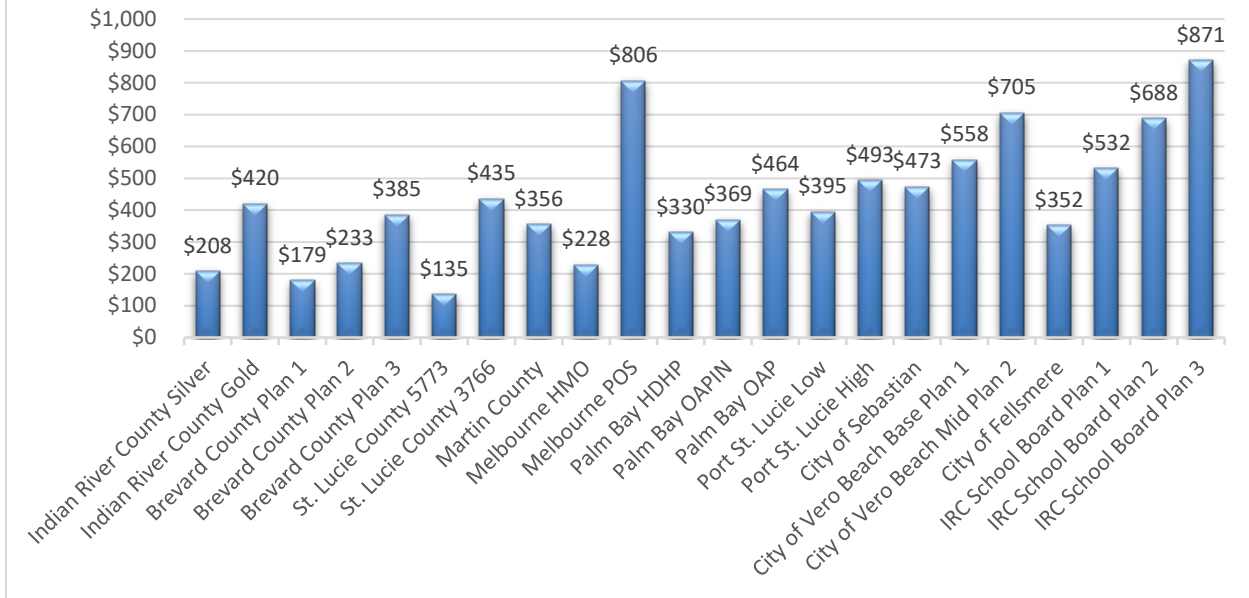
Gold Plan	Single Retiree Subsidy Premium	Total Single Premium	Family Retiree Subsidy Premium	Total Family Premium
Current	\$795.00	\$810.00	\$1,297.50	\$1,375.00
Option 1	\$855.00	\$870.00	\$1,367.50	\$1,575.00
Option 2	\$845.00	\$860.00	\$1,347.50	\$1,555.00

Competitive Plans

Maintaining a group health plan that is affordable, competitive and sustainable is our ultimate goal. Employer plans differ greatly from one plan to another. Staff is recommending that no changes be made to the plan benefits. Below is a comparison of the **Option 1** premiums compared to other employers.



Employee Monthly Premiums Comparison - Family Coverage



Following approval by the Board, staff will prepare for the annual open enrollment and communicate any premiums changes to all employee groups and retirees. During open enrollment, employees and retirees would be eligible to enroll in either the Premier Silver Plan or the Premier Gold Plan. Medicare eligible retirees would also have the option of enrolling in the Medicare Advantage Plan or choosing to enroll in a Medicare Supplement or Medicare Advantage Plan available through the market place.

Funding

Current funding for the health plan is provided by employer, employee and retiree contributions to the plan as well as OPEB funding. Below is an overview of the funding amounts that would be provided by each of the two options identified above. Option 1 increases the Employer Contribution by \$50 per month and increases the Employee Contribution for only the Premier Gold Plan by \$10 per month for single coverage and by \$20 per month for family coverage. Employee Contributions for the Premier Silver Plan remain unchanged under both options.

<i>Current Funding</i>	<i>\$23,625,000</i>
FY 21/22 Projected Funding Requirement - \$1,561,000 needed	\$25,186,000*
Funding Provided by Option 1 will be \$1,255,320	\$24,880,320
Funding Provided by Option 2 will be \$1,007,400	\$24,632,400

*Does not include minimum guaranteed savings of \$60.3K from SurgeryPlus if approved.

Recommendation

Staff recommends and respectfully requests the Board of County Commissioners approve, effective with the plan year beginning October 1, 2021, Option 1 providing for an increase in the employer paid monthly premiums by \$50 for single coverage and \$50 for family coverage for both the Premier Silver and the Premier Gold Plans, increasing the monthly employee premium

under the Premier Gold Plan by \$10 for single coverage and \$20 for family coverage, providing for no increase in the employee premium under the Premier Silver Plan, and retaining existing plan benefits to include PBM services through RXBenefits & Express Scripts under improved pricing.

Attachment: Pharmacy PBM Marketing Savings Summary