

# DEPARTMENTAL MATTERS

## INDIAN RIVER COUNTY MEMORANDUM

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To: Jason Brown  
County Administrator

From: Suzanne Boyll *svb*  
Human Resources Director

Date: June 9, 2020

Subject: Medical and Pharmacy Benefit – Recommendations for Plan Year 2020/2021  
Continuation from June 2, 2020

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### **Background**

At the June 2, 2020 BCC meeting, staff reviewed the financial performance of the County's Health Plan and the funding requirements needed for the upcoming plan year beginning October 1, 2020 through September 30, 2021. Various options were reviewed to include additional premium increases and plan design changes.

Staff was directed to determine from employee groups if the additional \$250K of employee funding that was needed above the phase 2 recommendation was preferred in the form of plan changes or premium increases, or a combination of both.

Human Resources Director Suzanne Boyll hosted a Zoom meeting on June 5, 2020 to review the funding requirements and discuss various options.

Below is a summary of sentiments that were shared during the June 2, 2020 Zoom meeting:

- Employees support adding Telemedicine (Teledoc Proposal)
- Employees did not support additional plan changes beyond the \$213K proposed
- Employees did not support additional plan changes totaling \$550K
- No employees expressed support for additional increases in employee contributions
- Of the options presented, the Teamster's representative Mr. Myers expressed support for Option 2B. Mr. Myers does not support an increase in the employee premium for the Silver Plan.
- The Indian River County Sheriff's union expressed support for increasing the employee Silver Plan premium equal to the initial phase 2 increase discussed last year to offset the funding shortfall.
- While an increase in the employee Silver Plan premium would provide additional funding, Mrs. Boyll expressed that she could not recommend an increase in the employee Silver Premium since employees choose this plan for an affordable monthly premium and the Premier Silver Plan experience does not support that

an increase is justified. Ms. Boyll indicated this decision would be made by the BOCC.

- Ms. Boyll reviewed the minutes from the June 18, 2019 reminding staff that associated with the approval of a two year phase in was a warning that additional increased funding may be necessary.

**High Deductible Health Plan**

Staff was also directed to provide information regarding a High Deductible Health Plan Option (HDHP). A typical HDHP providing for an actuarial benefit of 78.1% would be:

Cost Sharing - Member's Responsibility	
Calendar Year Deductible (DED)	Single/Family
In-Network (INN)	\$1,400/\$2,800
Out-of-Network	\$2,800/\$5,600
Coinsurance (Member pays after Calendar Year DED)	
In-Network	30%
Out-of-Network	40%
Calendar Year Out of Pocket Maximum	
In-Network	\$6,000/\$12,000
Out-of-Network	\$12,000/\$24,000
Prescription Drugs (RX Administered through RX Benefits)	
Generic	30%
Preferred Brand Name	30%
Non-Preferred Brand Name	30%

There are no copays under a HDHP. After the member meets the deductible, the member would pay 30% of in-network costs and 40% of out of network costs up to the out of pocket maximum. The out of pocket maximum is \$6,000 for single and \$12,000 for family. Because the actuarial value of the HDHP is so close to the Premier Silver Plan which is at 79.8%, the premiums would be as follows compare to the recommended 10/1/2020 Premier Silver Plan premiums:

	Employee	Family
10/1/20 Silver	\$715.00	\$1,312.50
10/1/20 HDHP	\$706.00	\$1,295.00

**Employee Clinic Information**

There has been discussion about employee clinics and reference made to other employers who have onsite employee clinics. There are a variety of different clinic models that could be pursued if it were determined that funding a clinic is feasible and would meet BCC goals and objectives. There are various employee clinic models that employers can choose to implement. Lockton has provided a high level overview of clinic considerations (attached). Essentially there are three clinic administration options:

- Partner with a third party to provide medical professionals and manage delivery of services.
- Contract directly with outside medical professionals.
- Hire healthcare professionals as employees of the company to deliver services.

Costs would vary based on the model selected to include, clinic buildout number of locations, hours of operation, staffing level, services provided, supplies, etc. Indian River County School Board's clinic model is funded at \$1.654M in the current budget year and they contract with a third party to staff the clinic and manage the delivery of services. Lockton has provided a proposal to provide consulting services for an on-site clinic project if the Board chooses to proceed in that direction. The consulting fee would be \$75,000 (attached).

**Telemedicine Proposal**

At the June 2, 2020 BOCC meeting, staff referenced a telemedicine proposal. An updated telemedicine proposal is attached for consideration. Covered members would have access to 24/7 care by web, phone or mobile app. Services are provided by U.S. board certified adult and pediatric doctors and dermatologists. The telemedicine benefit would be provided by Teladoc Health under our agreement with Florida Blue and the annual cost is approximately \$30,600 per year (\$1.50 per employee per month PEPM). In addition to the annual cost of \$30,600, the cost to the plan of the general medicine or pediatric visit is \$42 and the cost of the dermatology visit is \$75. It is unknown how many telemedicine visits would be made. During the first 7 months of the plan year (October through April), urgent care and convenient care visits totaled 656. There is no breakdown of the how many visits were dermatology related that could be addressed via telemedicine.

The value of a telemedicine benefit would be realized without a large capital investment and would provide members convenient and affordable access to care. The Board could establish the associated member copay for the telemedicine visit.

**Funding Options**

<b>Current Plan Year 19/20 Funding</b>	<b>\$21,751,680</b>
<b>Anticipated Shortfall FY 19/20</b>	<b>\$961,346</b>

<b>Plan Design Options</b>		<b><u>Required \$</u></b>
FY20/21 Funding No Plan Design Changes \$24,821,358	Current	\$3,069,678
FY20/21 Funding \$550K Plan Design Changes \$24,271,358	Option A	\$2,519,678
FY20/21 Funding \$213K Plan Design Changes \$24,608,358	Option B	\$2,856,678
FY20/21 Funding for Teledoc Health Telemedicine		+ \$30,600

**Premium Contribution Options:**

Employer Increased Contribution for Both Silver & Gold - \$40/\$80		\$1,256,160
Option 1 Employee Increased Contribution Gold & Silver* - \$25/\$50		<u>\$785,100</u>
*Silver plan is performing well	Option 1	\$2,041,260

Employer Increased Contribution for Both Silver & Gold - \$40/\$80		\$1,256,160
Option 2 Employee Increased Contribution Gold Only - \$25/\$50		<u>\$658,800</u>
	Option 2	\$1,914,960

Employer Increased Contribution for Both Silver & Gold - \$40/\$80	\$1,256,160
Option 3 Employee Increased Contribution Gold Only - \$40/\$80	<u>\$1,054,080</u>
Option 3	\$2,310,240

**Staff Summary**

Current funding for the health plan is provided by employer, employee and retiree contributions to the plan as well as OPEB funding. Current funding is not sufficient to keep up with rising health care costs and high cost claims. Plan design and premium contribution changes need to be made to adequately fund this important benefit.

There was no clear consensus expressed at the employee Zoom meeting regarding how to distribute the additional \$250K in additional employee funding or plan design changes. The Sheriff's union expressed support of obtaining additional funding through increasing employee premiums under the Premier Silver Plan (Premium Contribution Option 1 above). The Teamsters union does not support an employee increase for the Premier Silver Plan and supports Plan Design Option 2 and Premium Contribution B. There was no input received from the IAFF union.

Staff is recommending funding requirements with the associated plan design change totaling \$213K identified as Plan Design Option B above. The required additional required funding is \$2,856,678.

To provide adequate funding for Plan Design Option B, an additional \$2,856,678 is needed. Staff is recommending Premium Contribution Option 3 above which provides an amount of funding that most closely meets the projected needs. Option 3 increases the employer contribution in the amount of \$1,256,160 for both the Premier Silver and Premier Gold plans by \$40 for single and \$80 for family coverage. Based on plan experience, staff is recommending an increase in only the Premier Gold Plan employee premium contribution by \$40 for single and \$80 for family coverage. This provides \$1,054,080 in additional funding. Staff recommends NO increase in the Premier Silver employee premium contribution because the Premier Silver Plan is performing well. The total increased contribution from both the employer and employee would provide additional funding of \$2,310,240. The remaining projected shortfall of \$546,438 would be funded from the insurance trust balance.

Option 3B– FY20/21	Option 3B Monthly Premium	Current Employee Premium	Option 3B Employee Premium	Current Employer Premium	Option 3B Employer Premium
Premier Silver Employee	\$715.00	\$15.00	\$15.00	\$660.00	\$700.00
Premier Silver Family	\$1362.50	\$207.50	\$207.50	\$1025.00	\$1105.00

Option 3B – FY 20/21	Option 3B Monthly Premium	Current Employee Premium	Option 3B Employee Premium	Current Employer Premium	Option 3B Employer Premium
Premier Gold Employee	\$825.00	\$85.00	\$125.00	\$660.00	\$700.00
Premier Gold Family	\$1535.00	\$350.00	\$430.00	\$1025.00	\$1105.00

In addition, staff is recommending the addition of a telemedicine benefit at an annual cost of approximately \$30,600 (\$1.50 PEPM) with a copay of \$10 for a PCP visit and \$20 for the dermatology visit for both the Premier Silver or Premier Gold plan. This would allow affordable and convenient access to care for enrolled member.

**Recommendation**

Staff recommends and respectfully requests the Board of County Commissioners approve, effective with the plan year beginning October 1, 2020, Option 3B providing for an increase in the employer paid monthly premiums by \$40 for single coverage and \$80 for family coverage for both the Premier Silver and the Premier Gold Plans, increasing the monthly employee premium under the Premier Gold Plan by \$40 for single coverage and \$80 for family coverage, providing for no increase in the employee contribution under the Premier Silver Plan, implementing the plan design changes totaling \$213K (Option B), and adding a telemedicine benefit with a \$10 PCP copay and \$20 dermatology copay for the telemedicine visit.

Attachment: Lockton Proposal for On-site Clinic  
Teledoc Health Telemedicine Proposal  
Plan Design Comparison Options A and B