

DEPARTMENTAL MATTERS

INDIAN RIVER COUNTY MEMORANDUM

To: The Honorable Board of County Commissioners

Through: John A. Titkanich Jr., County Administrator

From: Suzanne Boyll, Human Resources Director

Date: June 10, 2024

Subject: Group Insurance Recommendations for Plan Year 2024/2025

BACKGROUND

Indian River County offers a comprehensive group insurance program for our employees and eligible dependents consisting of:

Current Benefits	Carrier	Status for 10/1/24
Medical (TPA) Self-funded	ASO BCBS of Florida	BCBS National Alliance Platform. Negotiated rate pass with National Alliance. Admin fee remains \$46.74.
Pharmacy	RXBenefits (ESI)	Updated pricing agreements eff. Jan 2024. Marketed – Alternatives have disruption. Recommending no change
Dental Self-funded in 2023	ASO Ameritas	ASO fee \$3.75 PMPM. Renewing with no increase 10/1/2024. Single coverage low plan paid by BOCC
Vision	EyeMed	Rate hold through 2025 Single coverage paid by BOCC
Life / Disability	Mutual of Omaha	Rate hold through 2026
Critical Illness & Accident (Worksite Benefits)	Mutual of Omaha	Rate hold through 2024
FSA / COBRA	P&A Group	FSA rate hold through 2026. COBRA through 2024.
Health Advocacy & EAP	Health Advocate	Core Advocacy \$1.37 PEPM (10% increase from \$1.25) EAP: \$1.73 PEPM no rate increase
Elective Surgery	Surgery Plus	PEPM \$4 through 6/30/25
Diabetes Management	Kannact	Rate hold through 9/30/25

The Property Appraiser, Tax Collector, Clerk of Courts, and the Supervisor of Elections participate in the group benefits offered to the Board of County Commissioners (BOCC) employees. The Sheriff's Office also participates

in many of the same benefits; however, they offer different dental, vision and voluntary worksite benefits through different carriers.

The group benefit 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

In order to continue to attract and retain employees, below are the recommendations for the plan year beginning October 1, 2024 through September 30, 2025. With the exception of a minor rate increase in the Health Advocacy benefit of \$.12 per employee per month, all benefits are renewing without any rate increase. We have obtained a rate hold on our ASO agreement with BCBS representing a savings of \$1.40 per employee per month. Additionally, we have improved pricing under our Pharmacy Benefit with Express Scripts through RXBenefits. Overall, we have reduced our expenses related to our group insurance program.

Medical & Pharmacy Plan Performance

The County publishes the health fund performance each quarter with the distribution of the County Connection newsletter. Most recent plan performance indicates that claims experience for the medical and pharmacy benefit is within budgeted premiums. **No additional funding is required for the FY2024/25 plan year.**

Fiscal Year End Fund Balance History				
September 30, 2019	September 30, 2020	September 30, 2021*	September 30, 2022**	September 30, 2023
\$12,197,911	\$12,807,209	\$15,003,116	\$19,873,421	\$22,814,781

Fund Balance Change Through 2nd Quarter FY 23/24			
September 30, 2023	March 31, 2024	Inc./Dec.	% Inc./Dec.
\$22,814,781	\$25,209,984	\$2,395,203	10.50%

We continue to offer two plans – Premier Gold and Premier Silver plan. The monthly premiums are:

Plan	Total Monthly Premium	Employer Paid Monthly	Employee Paid Monthly
Single Gold	\$810.00	\$700.00	\$110.00
Family Gold	\$1,505.00	\$1,105.00	\$400.00
Single Silver	\$715.00	\$700.00	\$15.00
Family Silver	\$1,312.50	\$1,105.00	\$207.50

Medical Administrative Services (ASO)

The administrative services for the medical plan transitioned to BCBS National Alliance effective October 1, 2023. **Although BCBS's agreement includes a rate increase in the ASO fee to \$48.14 per employee per month (PEPM), BCBS has agreed to a rate pass for the upcoming plan year. The rate will remain \$46.74 per employee per month (PEPM) at a projected savings of \$28,255 per year.**

Pharmacy

The current Pharmacy Benefits Administrator is RXBenefits and the Pharmacy Benefit Manager (PBM) is Express Scripts. Lockton has marketed the pharmacy benefit and completed an analysis for the upcoming plan year and the results are noted below:

1-Year Totals	Incumbent Contract	Rightway	BCBS of South Carolina	RxBenefits, CVS	RxBenefits, ExpressScripts	RxBenefits, Optum
Pricing Proposal Type		Passthrough	Passthrough	Traditional	Traditional	Traditional
Ingredient Cost	\$9,806,896	\$9,356,047	\$9,607,842	\$9,617,385	\$9,758,570	\$9,835,747
Dispensing Fees	\$14,632	\$18,229	\$29,333	\$7,014	\$18,095	\$13,262
Total Prescription Cost	\$9,821,528	\$9,374,276	\$9,637,175	\$9,624,399	\$9,776,665	\$9,849,008
Admin Fees	\$26,740	\$249,523	\$164,552	\$26,740	\$26,740	\$26,740
Rebate Credit	\$2,540,565	\$2,777,800	\$2,848,595	\$2,626,384	\$2,557,072	\$2,402,170
1-Year Gross Cost After Rebate	\$7,307,703	\$6,845,999	\$6,953,132	\$7,024,754	\$7,246,333	\$7,473,578
Gross Cost PMPM	\$166.93	\$156.39	\$158.83	\$160.47	\$165.53	\$170.72
PROJECTED SAVINGS		\$461,704	\$354,570	\$282,948	\$61,370	-\$165,875
PROJECTED SAVINGS % (Contract Baseline)		6.3%	4.9%	3.9%	0.8%	-2.3%
Estimated Member Share	\$1,421,212	\$1,356,493	\$1,394,536	\$1,392,687	\$1,414,721	\$1,425,189
1-Year Net Cost	\$5,886,490	\$5,489,505	\$5,558,596	\$5,632,067	\$5,831,612	\$6,048,389
Plan Cost PMPM	\$134.47	\$125.40	\$126.98	\$128.66	\$133.21	\$138.17

- Traditional Pricing: The client pays the PBM a small amount more than they paid the retail pharmacy and pay little to no administration fee. Actual pricing is typically equal to the minimum guarantees.
- Pass Through Pricing: The client pays the PBM the same amount that the PBM pays the retail pharmacy plus an administration fee. Actual pricing is often more favorable than the minimum guarantees.
- All savings numbers should be used only to compare the cost of the bidders relative to one another. They should never be used for projecting future Rx spend.

Although there are other options that may result in better pricing and savings if we moved to another PBM, there is disruption that would result for our covered members as noted below:

Formulary Prescription Drug List Impact - Summary					
Rightway		BCBS of South Carolina	RxBenefits, CVS	RxBenefits, ExpressScripts	RxBenefits, Optum
Formulary Name	Rightway 2024 Comprehensive Formulary	Premium Formulary	Caremark Standard Control ACSF	National Preferred Formulary	Caremark Standard Control ACSF
Formulary Type	Managed with exclusions and includes Prior Authorization, Step Therapy and Quantity Limits	Managed with exclusions and includes Prior Authorization, Step Therapy and Quantity Limits	Closed	Closed	Closed
# of Coverage Tiers in Formu	4	3	3	3	3
Formulary Prescription Drug List Drug Exclusion Impact (Negative Impact)					
Unique Members Impacted	198	150	179	Incumbent	165
% Unique Members Impacted	5%	4%	5%		5%
Formulary Prescription Drugs List Uptier Impact (Negative Impact)					
Unique Members Impacted	86	52	92	Incumbent	50
% Unique Members Impacted	2%	1%	3%		1%
Formulary Prescription Drugs List Downtier Impact (Positive Impact)					
Unique Members Impacted	80	152	51	Incumbent	27
% Unique Members Impacted	2%	4%	1%		1%

Remaining with Express Scripts would also provide a savings of approximately \$63,370 without any additional disruption. **Therefore, staff is recommending that we remain with Express Scripts as our Pharmacy Benefit Manager (PBM) through RXBenefits and execution of the updated 2024 Pricing Addendum to the agreement.**

Dental Insurance

Effective October 1, 2023, the County became self-funded for our dental insurance. Two dental plans are offered – the Low Plan and the High Plan. Low Plan Dental insurance is provided by the County to all benefit eligible employees at no cost. Employees may elect to enroll family members and may also elect to buy-up to the High Plan for increased coverage.

BOCC	High Plan					Low Plan			
	Premium	ER Monthly	EE Monthly	EE (Pay)		Premium	ER Monthly	EE Monthly	EE (Pay)
Employee	\$31.56	\$22.44	\$9.12	\$4.56		\$22.44	\$22.44	\$0.00	\$0.00
Employee + Spouse	\$65.28	\$22.44	\$42.84	\$21.42		\$46.32	\$22.44	\$23.88	\$11.94
Employee + Child	\$78.92	\$22.44	\$56.48	\$28.24		\$54.72	\$22.44	\$32.28	\$16.14
Employee + Family	\$112.52	\$22.44	\$90.08	\$45.04		\$78.48	\$22.44	\$56.04	\$28.02

Six-month performance indicates that the dental fund is performing at a 71% loss ratio.

Premiums received	\$372,639.49
Claims paid	\$241,477.62
ASO fee \$3.75 PEPM	<u>\$ 23,073.75</u>
Balance	\$108,088.12

No action is required.

Vision Insurance

The vision insurance is offered through Eyemed and we have a rate hold through 2025. The County provides single coverage vision insurance to all benefit eligible employees at no cost. Employees may elect to enroll family members in the vision insurance.

BOCC	Monthly Premium	ER Monthly	EE Monthly
Employee	\$5.24	\$5.24	\$0.00
Employee + Spouse	\$9.96	\$5.24	\$4.72
Employee + Child	\$10.50	\$5.24	\$5.26
Employee + Family	\$15.42	\$5.24	\$10.18

We have rate hold through 9/30/2025.

Health Advocacy

This health advocacy benefit is offered through our Employee Assistance Program vendor, Health Advocate, at a rate of \$1.25 per employee per month (PEPM). The renewal rate effective October 1, 2024 is an additional \$0.12 (10%) for a monthly premium of \$1.37 PEPM with a three year agreement through September 30, 2027. The program is well utilized by staff. **Staff is recommending we continue with the Health Advocacy benefit at the rate of \$1.37 per member per month, a total increased annual cost of \$2,412 per year.**

Employee Assistance Program

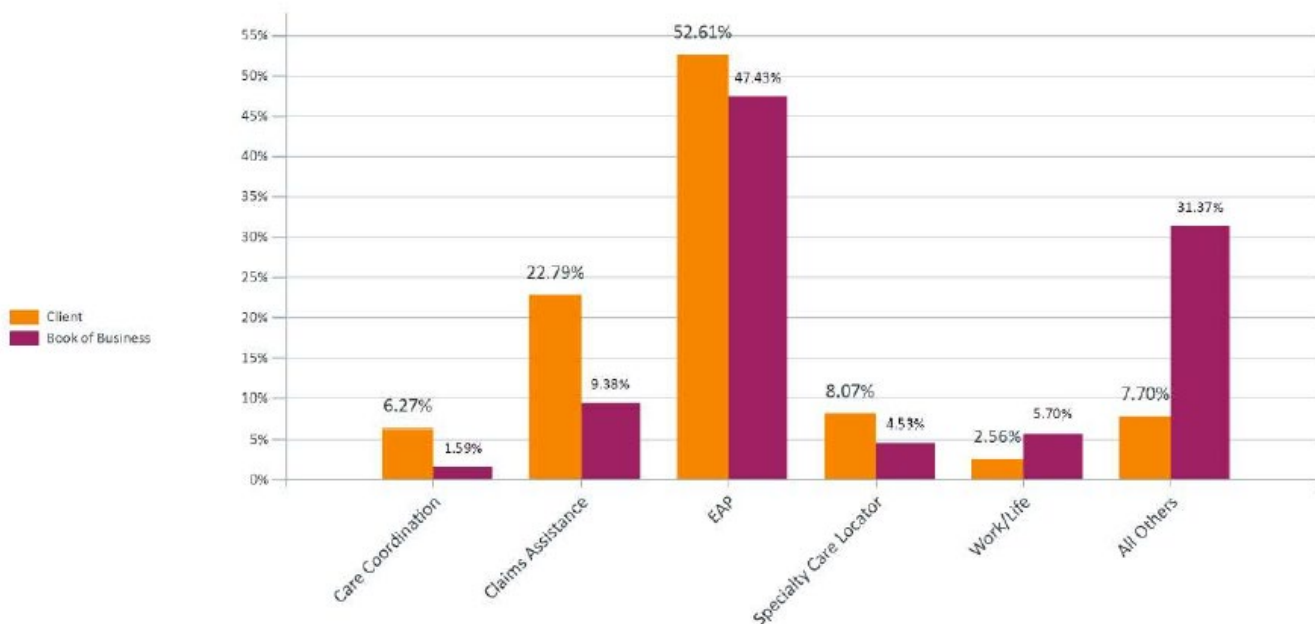
Employee Assistance is provided to all County employees through Health Advocate. The current monthly premium is \$1.73 per employee per month. The program is well utilized by employees and there are no changes recommended at this time. **There is no rate increase.**

2023-2024 Utilization (Aug – Apr):

- EAP + Work/Life cases – 161.11 hours (81 cases)
 - Primary Focus: Emotional, Relationship, Family, Stress, & Anxiety
- Web Visits – 75 visits

Comparative Interactions by Industry

Client vs. Book of Business - Similar Industry



Flexible Spending Accounts/COBRA

P&A Group provides flexible spending account administration at a cost of \$3 per employee per month. COBRA services are provided at a cost of \$0.50 per enrolled per month. **We are in a multi-year agreement through September 30, 2026.**

Diabetes Management Program

The diabetes management program is administered by Kannact. **We have a rate hold through September 30, 2025.**

Elective/Planned Surgery with Surgery Plus

This elective/planned surgery benefit was approved by the BOCC in May 2021 with a July 1, 2021 implementation date. Net savings to date have been \$1.3M. **Under our agreement with SurgeryPlus, we have a rate hold through September 30, 2025.**

Employer Direct Healthcare

Lifetime SurgeryPlus Performance Results

Prepared for: Indian River County

5/13/2024

Metric	Year				Lifetime Performance
	2021	2022	2023	2024	
Carrier Spend	\$337,765	\$1,219,432	\$442,335	\$237,043	\$2,236,576
Procedure Savings	\$204,228	\$719,728	\$241,613	\$121,957	\$1,287,525
(+) Avoided Procedure Savings	–	–	–	–	–
(+) Avoided Complication Savings	31,424	113,452	41,153	22,054	208,083
Total Savings (A)	\$235,653	\$833,179	\$282,766	\$144,010	\$1,495,608
Total Coordinated Services Spend ⁽¹⁾	\$102,112	\$305,093	\$170,750	\$71,231	\$649,186
(x) % of Spend Fee	–	–	–	–	–
Total Variable Fees ⁽²⁾	–	–	–	–	–
(+) Total PEPM Fees	24,936	59,613	66,222	23,441	174,212
Total Fees (B)	\$24,936	\$59,613	\$66,222	\$23,441	\$174,212
Net Savings (A – B)	\$210,717	\$773,566	\$216,544	\$120,570	\$1,321,396
ROI (A ÷ B)	9.45x	13.98x	4.27x	6.14x	8.58x
Reduction in Overall Medical Spend	(3.3%)	(5.9%)	(2.0%)	(2.9%)	(4.6%)
Memo: PEPM Savings	\$23.60	\$41.95	\$14.30	\$20.69	\$26.44
Memo: Number of Procedures	8	24	22	13	67
Number of Good Outcomes	8	30	26	15	79
Memo: Average Employees	1,664	1,655	1,648	1,740	1,341
% of Spend Impacted	23.9%	43.3%	15.8%	24.0%	34.6%
Months Active	6	12	12	4	34

Note: Metrics as of April, 30, 2024.

(1) Includes estimated SurgeryPlus procedure costs for procedures pending claims.

(2) Does not reflect actual invoiced variable fees due the costs noted above.

Basic Life & AD&D/Voluntary Life/ Short Term Disability (STD)/Long Term Disability (LTD)/Critical Illness & Accident

Mutual of Omaha (MOO) is our provider for life insurance, short term disability (STD), long term disability (LTD).

Life Insurance - Currently, the BOCC provides basic life insurance benefits of 1x annual salary up to a maximum of \$200,000 and we offer supplemental life insurance for the employee, spouse and child(ren). Retiree insurance is also provided through MOO. **We have a rate pass through September 30, 2026.**

Voluntary Short-Term Disability – This is a voluntary employee paid benefit. **We have a rate pass through September 30, 2026.**

Long-Term Disability – Currently the County pays 100% of the LTD premiums for a two-year disability benefit with a 90-day elimination period for all benefit eligible employees and offers employees the option to elect buyup coverage to continue disability benefits through normal social security retirement age. **We have a rate pass through September 30, 2026.**

Critical Illness and Accident Insurance

The Critical Illness and Accident Insurance policies are also offered through Mutual of Omaha (MOO). These policies are voluntary and paid for by the employee. **We have a rate pass through September 30, 2026.**

Supporting Employee Wellness

The County continues to support the health and wellness of employees by providing comprehensive group insurance as well as an onsite Employee Health Center in partnership with Everside Health.

FUNDING

Sufficient funds are budgeted in the Employee Health Insurance Fund for Fiscal Year 2024/2025 for the group insurance program.

RECOMMENDATION

Staff recommends and respectfully requests the Board of County Commissioners approve staff's recommendation for the plan year beginning October 1, 2024 through September 30, 2025 to include continuing existing benefits without increase in premiums; to include continuation of our pharmacy benefits with Express Scripts through RXBenefits with improved pricing; continuation of our Health Advocacy benefits through Health Advocate at a rate of \$1.37 per employee per month (PEPM) an increase of \$0.12 or 10%, or \$2,412 annually; to authorize staff to take the necessary actions in support of implementing the approved actions and authorizing the Board Chair to execute necessary documents related to the approved benefits after review and approval by the County Attorney for legal sufficiency.