

INDIAN RIVER COUNTY  
MEMORANDUM

TO: Jason Brown  
County Administrator

FROM: Suzanne Boyll *SB*  
Human Resources Director

DATE: December 13, 2016

SUBJECT: Approval to Eliminate the Acupuncture Benefit from the Health Plan Effective January 1, 2017 to Offer a Special Enrollment Period in the Health Care Flexible Spending Account

**BACKGROUND:**

The Indian River County self-insured health plan has experienced a 391% increase in acupuncture claims costs since 2013 as reflected below:

Year	Total Members	Average Cost Per Member	Total Visits	Average Cost Per Visit	Total Plan Paid
2013	75	\$3,459.45	2,155	\$120.40	\$259,458.55
2014	147	\$4,124.20	4,848	\$125.05	\$606,256.91
2015	217	\$4,131.69	7,063	\$126.94	\$896,576.72
2016*	221	\$4,597.03	8,242	\$123.27	\$1,015,944.35

\*Annualized

The annualized 2016 acupuncture cost of \$1,015,944.35 makes up 7.6% of the total annualized health plan spend. The average number of office visits per person for this benefit in 2016 was 37 with 87 members being seen more than 26 times in the year. The acupuncture benefit is an out of network benefit which is paid at 60% by the health plan. If \$123.27 represents 60% of the amount allowed, the member's share at 40% would be \$82.18 and the member's cost share would be over \$3,000 based on 37 visits. However, Florida Blue does not have any provider agreements with acupuncturists and an acupuncturist may waive the 40% employee paid coinsurance for the office visit which encourages increased utilization. To the member the office visit is free, however, the cost to the health plan remains substantial.

Although the health plan is not required to include coverage for acupuncture, if a health plan does cover acupuncture, section 627.6403, Florida Statutes, states the following:

*“Any policy of individual health insurance that provides coverage for acupuncture shall cover the services of an acupuncturist certified pursuant to chapter 457 under the same conditions that apply to services of a licensed physician.”*

Staff requested information from Florida Blue and Gehring Group regarding possible options to manage the increased cost of the acupuncture benefit. One of the options discussed was to limit

the number of visits to 26 in the plan year to equal benefit limitations for chiropractic care. Limiting the benefit to 26 visits would reduce the claims cost of acupuncture to approximately \$460K based on 2016 utilization. This limitation would reduce the costs of these services somewhat, but would not be completely effective at cost containment for the purposes of the health plan.

To put these costs in perspective, the \$30 monthly increase in employee premiums for the 2016/2017 plan year will generate approximately \$490K in additional funding for the health plan. This premium increase paid by all employees will cover less than half of the cost of 2016 acupuncture claims paid which total over \$1M.

In order to maintain the financial stability of the health plan and mitigate future premium increases, corrective action is recommended.

If changes to the acupuncture benefit are approved, it is also recommended that a midyear special enrollment for the health care flexible spending account (FSA) be offered to allow employees to modify contributions to their FSA.

**FUNDING:**

Funding for the self-funded health plan comes from employer paid premiums, employee paid premiums, retiree paid premiums, and OPEB trust contributions.

**RECOMMENDATION:**

Staff recommends approval for the acupuncture benefit to be eliminated from the County's health plan effective January 1, 2017 and to offer a special enrollment period for the health care flexible spending account.

**ATTACHMENTS:**

None.