

# DEPARTMENTAL MATTERS

## INDIAN RIVER COUNTY MEMORANDUM

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To: Jason Brown  
County Administrator

From: Suzanne Boyll *sb*  
Human Resources Director

Date: May 23, 2022

Subject: Group Insurance Recommendations for Plan Year 2022/23

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### **BACKGROUND**

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

<b>Benefits</b>	<b>Carrier</b>
Medical Insurance	Florida Blue
Health Advocacy	Health Advocate
Pharmacy	Express Scripts administered by RXBenefits Inc.
Planned Surgery	Surgery Plus
Telemedicine	Teledoc
Dental Insurance	Ameritas
Vision Insurance	Eyemed
Flexible Spending Accounts	P&A Group
Life Insurance	Mutual of Omaha (Up for Renewal)
Voluntary Long Term Disability Insurance	Mutual of Omaha (Up for Renewal)
Employee Assistance Program	Health Advocate
Diabetes Management Program	Kannact
Supplemental Insurance (Individual Policies)	AFLAC (Recommending Group Short Term Disability and Worksite Benefits with Mutual of Omaha)

The Constitutional Officers' (Sheriff, Property Appraiser, Tax Collector, Clerk of Courts, and the Supervisor of Elections) eligible employees and dependents also participate in the group benefit program. In addition, retirees and eligible dependents may elect to continue group health benefits at retirement.

The group 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

Below are the recommendations for the plan year beginning October 1, 2022 through September 30, 2023.

**Medical & Pharmacy Plan Performance**

The group medical and pharmacy plan is performing within budget. **Therefore, no plan changes or increases in funding are being recommended.** We continue to offer two plans – Premier Gold and Premier Silver plan. Current rates are:

Single Gold	\$810.00	\$700.00	\$110.00
Family Gold	\$1,505.00	\$1,105.00	\$400.00
Family Silver	\$1,312.50	\$1,105.00	\$207.50

The County’s medical plan is administered by Florida Blue and we have a current ASO agreement that expires September 30, 2023. **Lockton solicited proposals for administrative services to evaluate competitiveness and Florida Blue responded with improved pricing.**

EES	1664	1664
	Florida Blue Current	Florida Blue Renewal
ASO Fee	\$53.04	\$49.55
Member Services (Specialty)	N/A	N/A
Chronic Condition/Disease Management	Included	Included
Utilization Management (Point of Care)	Included	Included
Case Management	Included	Included
24/7 Nurseline	Included	Included
24/7 Telemedicine	\$1.50	Included
	<i>(Plus cost of consult) - Teladoc</i>	<i>(Plus cost of consult) - Teladoc</i>
Estimated Monthly	\$90,755	\$82,451
Estimated Annual <sup>1</sup>	\$1,089,055	\$989,414
Maternity Management		Included
Ad-Hoc Reporting	N/A	N/A
Shared Savings	100% to IRC	100% to IRC
Subrogation	19% of Net Recoveries	19% of Net Recoveries
Third Party Vendor Integration	Included	Included
Wellness Credit	\$50k (annual)	\$50k (annual)
Other		\$75k in 2022
Noteworthy	Current pricing valid through 9/30/23	\$49.55 through 9/30/24, \$51.04 through 9/30/26

Our current ASO fee is \$53.04 + \$1.50 per member per month (PMPM) for Telemedicine. Under the proposal, the **ASO fee is reduced to \$49.55 and the Telemedicine fee is included**. This fee would be valid through September 30, 2024 and the fee effective October 1, 2024 would be \$51.04 and would be valid through September 30, 2026. Under this proposal, **the County would receive \$75,000 in wellness funds upon approval by the BOCC as well as continue to receive \$50,000 in wellness funds every October through September 30, 2026 for a total wellness contribution from Florida Blue of \$275,000.**

In addition to the wellness contribution, the projected savings from the reduced ASO fee is **\$339,056** over the four (4) year agreement.

	Current	2022/23	2023/24	2024/25	2025/26	
EES	1664	1664	1664	1664	1664	
ASO Fee	\$53.04	\$49.55	\$49.55	\$51.04	\$51.04	
24/7 Telemedicine	\$1.50	\$0.00	\$0.00	\$0.00	\$0.00	
	\$54.54	\$49.55	\$49.55	\$51.04	\$51.04	
Estimated Monthly ASO	\$90,754.56	\$82,451.20	\$82,451.20	\$84,930.56	\$84,930.56	
Estimated Annual ASO	\$1,089,054.72	\$989,414.40	\$989,414.40	\$1,019,166.72	\$1,019,166.72	
Savings from Current		\$99,640.32	\$99,640.32	\$69,888.00	\$69,888.00	\$339,056.64
						Total ASO Savings

### **Health Advocacy**

This benefit is offered through our Employee Assistance Program vendor Health Advocate at a rate of \$1.20 per member per month (PMPM). We are up for an annual renewal October 1, 2022, and the proposed rate increase was an additional \$.05 (PMPM); however, **Lockton has secured a rate pass for 2022/23 plan year. There are no changes to the plans.**

### **Planned Surgery with Surgery Plus**

This planned surgery program was approved by the BOCC in May 2021 with a July 1, 2021 implementation date. The program is running smoothly and we will monitor for ongoing performance and plan savings and report back at a future date.

### **Telemedicine**

This benefit was added in FY 2021/22 at a cost of \$1.50 PMPM. Under the ASO renewal agreement proposed above, **the \$1.50 PMPM fee is waived and will be included at no additional charge.**

### **Dental Insurance**

The Ameritas Dental Plans are performing well and **Lockton negotiated a rate pass for the 2022/23 plan year. There are no changes to the plans.**

### **Vision Insurance**

The vision insurance is offered through Eyemed and we have a rate hold through 2025. **There are no changes.**

### ***Flexible Spending Accounts***

We are entering the 2<sup>nd</sup> year of a multi-year agreement with P&A Group. **There are no changes.**

### ***Employee Assistance Program***

This program is provided through Health Advocate. **There are no recommended changes at this time.**

### ***Diabetes Management Program***

The diabetes management program is administered by Kannact. We have a rate hold through 2023. **There are no recommended change at this time.**

### ***Basic Life & AD&D/Voluntary Life/Long Term Disability (LTD)***

Mutual of Omaha (MOO) is our provider for life insurance and LTD. Our current rate agreement is up for renewal 10/1/2023. We are pleased with Mutual of Omaha's processing of life and LTD claims. They provide excellent customer service. However, our plan experience has been unfavorable and we received notification of proposed rate increases as follows:

- Basic Life and AD&D: Rate increase of 52%
- Voluntary Life and AD&D: Rate increase to age banded rates (10%)
- Long-Term Disability: Rate increase to age banded rates (15%)
- Retiree Life: Rate increase from \$.75 to \$1.20 per \$1K coverage

Currently, the County does not offer group policies for STD, Accident, Critical Illness, and Hospital Confinement. Individual policies to include Accident, Cancer, Disability, Critical Care, and Hospital Confinement are available through a local AFLAC representative and we provide payroll deduction for these benefits. The AFLAC benefit is independent of our group benefit program and group benefit enrollment. All enrollments are handled through AFLAC and the administration of the benefit is independent of the County's Human Resources Department. In order to improve our group benefit offering, Lockton marketed our Basic Life & AD&D, Voluntary Life (supplemental, spouse, & child), and Long Term Disability (LTD) benefits and requested proposals to offer group Short Term Disability (STD), worksite benefits to include Accident, Critical Illness, and Hospital Confinement.

Responses were received from Mutual of Omaha (MOO), the Standard, MetLife and NY Life. MOO presented the most competitive overall proposals with three options as follows:

#### **Option 1: Renew As Is**

This proposal would be an increase in employer paid Basic Life insurance of approximately \$68k and a slight increase on both the employee paid Voluntary Life and Voluntary Long Term Disability (LTD). Retiree Life rate would increase from \$.75 to \$1.20 per \$1K coverage

#### **Option 2: Renew & Add Voluntary Short-Term Disability (STD)**

This proposal provided a bundled discount to the Basic Life insurance valued at approximately \$20k if IRC chooses to add Voluntary STD. The Retiree Life rate would remain \$.75 per \$1K of coverage. The addition of STD benefit has no impact on the renewal rate for the Voluntary Life or LTD benefits. MOO is proposing two STD plans that

will align with the elimination period of the existing MOO Voluntary LTD plans of either a 90 day waiting period or 180 day waiting period. Under this proposal, both the STD and LTD benefits would be with the same carrier and would streamline administrative processes.

### **Option 3: Renew & Add Voluntary STD & Add Worksite Benefits**

This option includes the bundled discount in Option #2, as well as an additional discount to the Basic Life rate to implement voluntary Critical Illness and Accident coverage through MOO for all entities, except the Sheriff's department who maintains separate voluntary benefits. The value of this additional discount is another \$10k in savings, for an **overall reduction of \$30k from the estimated Basic Life renewal impact**. The Retiree Life rate would remain \$.75 per \$1K of coverage. The Critical Illness and Accident policies are voluntary and offered on a guaranteed issue basis (if 5% minimum participation is reached). The Critical Illness plan pays a flat dollar amount upon diagnosis of a critical illness, including cancer. The Accident plan pays a flat dollar amount for injuries and expenses related to an accident. The Accident benefits include emergency transportation, hospital admission, confinement, rehab and accidental death.

**Lockton recommends Option #3 and staff supports this recommendation.** The addition of STD and the Critical Illness and Accident worksite benefit policies will result in the best savings on the employer-paid benefits and maintain the Retiree Life premium. This renewal option includes an increase in voluntary life and LTD rates which is consistent with all three options. The County would offer the group worksite benefits to all full-time benefit eligible employees during the open enrollment period and the policies would be guaranteed issue.

### ***AFLAC***

Staff is recommending that we offer group worksite benefits through Mutual of Omaha in place of AFLAC individual policies. **Current employees with AFLAC benefits will be able to continue those benefits or transition to the MOO group worksite benefits and payroll deductions for AFLAC individual policies would no longer be offered to new hires.**

### ***Supporting Employee Wellness***

The County continues to support wellness and provides a \$25 gift card wellness incentive for employees who complete their annual wellness exam and redeem points on the Florida Blue Café Well website. Although the annual benefits fair has not been held due to COVID, we continue to have on site 3D mammography every quarter. The RFP process for an Employer sponsored Health Clinic is underway and staff will be bringing additional information to the Board when the RFP review process is completed. As part of the implementation of an onsite/near site Employee Health Clinic, we will be working with our broker and our clinic provider to evaluate and make recommendations for ongoing wellness activities and meaningful incentives.

### **BUDGETARY IMPACT**

The County publishes the health fund performance each quarter with the distribution of the County Connection newsletter. The May 2022 newsletter reflected the fund balance as of March 31, 2022 was \$17,525,289. Most recent plan performance indicates that claims experience for

the medical and pharmacy benefit is within budgeted premiums. No additional funding is projected for the FY2022/23 plan year.

Fiscal Year End Fund Balance History			
September 30, 2018	September 30, 2019	September 30, 2020	September 30, 2021*
\$13,148,724	\$12,197,911	\$12,807,209	\$15,003,116

Fund Balance Change Through 2nd Quarter FY 21/22			
September 30, 2021*	March 31, 2022**	Inc./Dec.	% Inc./Dec.
\$15,003,116	\$17,525,289	\$2,522,173	16.81%

\*On November 16, 2021, the Board of County Commissioners approved a \$1.2M transfer from the CARES Act Fund into the Health Insurance Fund to cover a portion of the \$2.8M in COVID-19 related claims incurred by employees, spouses, and their dependents.

\*\*On March 1, 2022, the Board of County Commissioners approved a \$1.9M transfer from the CARES Act Fund into the Health Insurance Fund to cover the remaining unreimbursed COVID-19 related claims incurred by employees, spouses, and their dependents which had increased to a balance of \$3.1M.

For the medical plan, the ASO recommended renewal with Florida Blue will result in **approximately \$100K savings** in the first year with **an additional \$75K in wellness funds from Florida Blue**.

For the life insurance program, the Option 3 renewal recommendation with MOO would result in an overall **increase of approximately \$38K** in Basic Life insurance premiums. **This is \$30K less than renewing without the addition of voluntary STD and Worksite benefits as reflected in Option 1.**

**The overall impact is a reduction in costs of approximately \$62K for the upcoming 2022/23 plan year and a current year increase in wellness funds of \$75K.**

### **RECOMMENDATION**

Staff recommends and respectfully requests the Board of County Commissioners approve, effective with the plan year beginning October 1, 2022, the ASO fee proposal from Florida Blue for a four (4) year agreement through September 30, 2026 resulting in a reduced ASO fee of \$49.55 per member per month to include the Telemedicine (Teledoc) benefit, a \$75K wellness contribution upon approval of the agreement, a \$50K wellness contribution annually each October; Option 3 renewal with Mutual of Omaha for Life Insurance, Voluntary Long Term Disability (LTD), the addition of Voluntary Short Term Disability (STD) and Worksite Benefits (Accident and Critical Illness Plans) in place of future offerings of AFLAC individual benefits, and continuation of other benefit offerings to include Medical, Pharmacy, Health Advocacy, Dental, Vision, Flexible Spending, Employee Assistance Program, and Diabetes Management Program; and authorizing the Board Chair to execute necessary documents after review and approval by the County Attorney for legal sufficiency.