

DEPARTMENTAL MATTERS

INDIAN RIVER COUNTY MEMORANDUM

To: The Honorable Board of County Commissioners

Through: John Titkanich, County Administrator

From: Suzanne Boyll, Human Resources Director

Date: June 13, 2023

Subject: Group Insurance Recommendations for Plan Year 2023/2024

BACKGROUND

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

| Current Benefits | Carrier | Status for 10/1/23 |
|--|------------------|---|
| Medical (TPA) | ASO Florida Blue | Renewal agreement through 2026. Moving to BCBS National Alliance Platform on 10/1/23 with slight reduction in administrative fee |
| Pharmacy | RXBenefits (ESI) | N/A (Updated pricing agreements eff. Jan 2024). Marketed – Alternatives not competitive |
| Dental (Voluntary) | Ameritas | Initial Renewal was 5%. Reduced to 4%. Funding Options |
| Vision (Voluntary) | EyeMed | Rate hold through 2025 Funding Options |
| Life / Disability | Mutual of Omaha | Rate hold through 2025 Benefit & Funding Options for LTD |
| 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 | Subject to a renewal. <ul style="list-style-type: none">• Core Advocacy: Increase of \$0.05 to \$1.25 PEPM• EAP: Increase of \$0.08 to \$1.73 PEPM |
| Elective Surgery | Surgery Plus | Mid-term of 4-year term (term date 6/30/25). PEPM increase to \$4 on October 1 st 2023 |
| Diabetes Management | Kannact | Rate hold through 202. Renewal pending |

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 an effort to attract and retain employees, below are the recommendations for the plan year beginning October 1, 2023 through September 30, 2024.

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 projected for the FY2023/24 plan year.**

| Fiscal Year End Fund Balance History | | | | |
|--------------------------------------|--------------------|--------------------|---------------------|----------------------|
| September 30, 2018 | September 30, 2019 | September 30, 2020 | September 30, 2021* | September 30, 2022** |
| \$13,148,724 | \$12,197,911 | \$12,807,209 | \$15,003,116 | \$19,873,421 |

| Fund Balance Change Through 2nd Quarter FY 22/23 | | | |
|--|----------------|-------------|-------------|
| September 30, 2022 | March 31, 2023 | Inc./Dec. | % Inc./Dec. |
| \$19,873,421 | \$21,210,991 | \$1,337,571 | 6.73% |

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 ASO

As approved by the BOCC at the May 16, 2023 meeting, the administrative services for the medical plan will transition to BCBS National Alliance effective October 1, 2023. **No action is required.**

Pharmacy

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

| Totals | Current Contract | | | | | |
|--------------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual Claims (RxB-ESI) | BCBS FL | BCBS SC | RxB CVS | RxB Optum | |
| Ingredient Cost | \$7,909,797 | \$7,932,799 | \$8,237,195 | \$8,237,195 | \$7,973,557 | \$8,020,061 |
| Dispensing Fees | \$23,002 | \$23,002 | \$59,148 | \$59,148 | \$13,206 | \$22,010 |
| Total Prescription Cost | \$7,932,799 | \$7,955,801 | \$8,296,343 | \$8,296,343 | \$7,986,763 | \$8,042,071 |
| Rebate Credit | \$4,354,864 | \$4,354,864 | \$3,848,785 | \$3,848,785 | \$4,264,192 | \$4,001,447 |
| Gross Cost After Rebate | \$3,577,935 | \$3,600,937 | \$4,447,557 | \$4,447,557 | \$3,722,571 | \$4,040,624 |
| Projected Savings | | | -\$846,621 | -\$846,621 | -\$121,634 | -\$439,688 |
| Projected Savings (%) | | | -23.5% | -23.5% | -3.4% | -12.2% |
| Estimated Member Share | \$1,192,528 | \$1,303,625 | \$1,359,425 | \$1,359,425 | \$1,308,698 | \$1,317,761 |
| Carve-Out Fee | \$0.00 | \$0.00 | \$0 | \$0 | \$0 | \$0 |
| Admin Fee | \$47,104 | \$47,104 | \$0 | \$0 | \$47,104 | \$47,104 |
| Net Cost | \$2,432,511 | \$2,344,416 | \$3,088,132 | \$3,088,132 | \$2,460,977 | \$2,769,968 |
| Projected Savings | | | -\$743,716 | -\$743,716 | -\$116,561 | -\$425,552 |
| Projected Savings (%) | | | -31.7% | -31.7% | -5.0% | -18.2% |

Notes

- This comparative analysis is provided for directional purposes
- This analysis is proprietary and confidential to Lockton/Excelsior
- Redistribution without consent is prohibited
- Average Wholesale Price is trended forward 1-year for purposes of this analysis
- The above estimations are repriced according to the component discounts, dispensing fees and rebates tied to each respective vendors pricing documents

Based on this information, the best pricing and rebates are available under our current contract with Express Scripts (ESI). **Therefore, staff is recommending that we remain with Express Scripts as our Pharmacy Benefit Manager (PBM) through RXBenefits.**

Dental Insurance

Dental insurance is currently optional coverage and premiums are 100% employee paid for BOCC employees. Two plans are offered, the Low Plan and High Plan. Under the current plan year, the Property Appraiser and Clerk of Courts plans had a higher out of network reimbursement rate of Usual and Customary Reimbursement (UCR) vs. Maximum Allowable Cost (MAC). As a result, their plan experience was much higher than the other agencies and they were facing a 27% rate increase as a result.

For the entire group, the initial rate increase for the group would have been 5%; however, Lockton was able to negotiate a rate pass with a two-year rate guarantee if the Property Appraiser and Clerk of Courts plans changed from UCR to MAC. The Property Appraiser and Clerk

of Courts have agreed to the change from UCR to MAC out of network reimbursement. **Therefore, there is no rate increase and a two-year rate guarantee.**

Currently, the Property Appraiser, Tax Collector, Clerk of Courts and Supervisor of Elections fund the employee only coverage under the dental plan. **For BOCC employees, staff is recommending that the BOCC fund 100% of employee only coverage under the Low Plan (\$22.44 per month). This annual estimated budgetary impact for 100% funding of employee coverage under the Low Plan is \$259,664. The employer funding would reduce the cost to employees who elect dependent coverage by \$22.44 per month as noted below in the EE Monthly amount and will assist the BOCC with recruitment and retention by providing all full-time employees with dental 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 |

Dental Insurance Self-Funding

Lockton also performed an analysis to evaluate self-funding the dental plans with Ameritas serving as the third-party administrator (TPA). Based on this analysis, there is an overall projected savings of \$86K. This savings would allow the County to have a financial cushion to mitigate future rate increases under the dental program. The County would assume the risk if claims and administrative expenses exceeded premiums collected; however, the risk is capped at the annual plan maximum benefit of either \$1,000 (low plan) or \$1,500 (high plan) per insured. The plan administrative fee paid to Ameritas would be \$4 per enrolled employee per month (PEPM) at an estimated annual cost of \$46,272 (assuming 100% employer funding for single coverage Low Plan). **Staff is recommending that we self-fund the dental insurance program.**

Vision Insurance

The vision insurance is offered through Eyemed and we have a rate hold through 2025.

Staff is recommending that the BOCC fund 100% of BOCC employee only coverage under the plan. The estimated annual budgeted impact to the BOCC is \$60,655. This would also reduce the cost to employees who elect dependent coverage by \$5.24 per month as noted below in the EE Monthly amount and assist the BOCC with recruitment and retention by providing all full-time employees with 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 |

Health Advocacy

This health advocacy benefit is offered through our Employee Assistance Program vendor, Health Advocate, at a rate of \$1.20 per member per month (PMPM). The renewal rate effective October

1, 2023 is an additional \$.05 for a monthly premium of \$1.25 PMPM. **Staff is recommending we continue with the Health Advocacy benefit at the rate of \$1.25 per member per month.**

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. Under our agreement with SurgeryPlus, the per employee per month fee is increasing effective October 1, 2023 from \$3.25 to \$4.25. **No action is required.**

Flexible Spending Accounts

P&A Group provides flexible spending account administration at a cost of \$3 per participant per month. We are in a multi-year agreement through September 30, 2026. **There are no changes and no action is required.**

Employee Assistance Program

This program is provided through Health Advocate. There is a slight rate increase of \$.08 per employee per month. The new monthly premium effective October 1, 2023 is \$1.73 per employee per month (up from \$1.65 PEPM). The program is well utilized by employees and there are no changes recommended at this time. **Staff is recommending that we continue offering the Employee Assistance Program with Health Advocate at the rate of \$1.73 per employee per month.**

Diabetes Management Program

The diabetes management program is administered by Kannact. We have a rate hold through 2023 and we have not received renewal information. Staff will evaluate the renewal when received and make a recommendation. **There are no recommended changes at this time.**

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). Our current rate agreement is through September 30, 2025. Currently, the BOCC provides basic life insurance benefits of 1x annual salary up to a maximum of \$200,000. All other benefits are 100% employee paid.

Option to Provide Employer Paid LTD Benefit - Currently, the long-term disability (LTD) benefit premiums are 100% employee paid. Two plans are available and offer either a 90 day or 180-day elimination period and provide disability benefits through normal social security retirement age (NSSRA).

In an effort to improve the benefits offered to our employees and remain competitive, staff is recommending that the BOCC pay 100% of LTD premiums for an LTD plan that provides two (2) years of disability benefits as a core benefit. The two-year benefit would have a 90-day elimination period. Employees can elect to buy additional coverage to continue to receive disability benefits through NSSRA at a reduced rate from their current LTD premiums. The combination of the core LTD benefit and the buyup coverage would equal or exceed the current LTD benefits at an overall reduced premium for employees. Under this benefit, there would be no medical underwriting required and policies would be guaranteed issue

Staff is recommending the BOCC pay 100% of the LTD premiums for a two-year disability benefit with a 90-day elimination period and offer employees the option to elect buyup coverage to continue disability benefits through normal social security retirement age. Providing the employer paid LTD benefit and the optional employee buyup plan would be a

savings of over \$155,000 to employee paid premiums and would provide all full-time employees with long term disability benefits (LTD). The estimated budgetary impact to provide employer paid LTD benefit is approximately \$169,216.

Critical Illness and Accident Insurance

The Critical Illness and Accident Insurance policies are also offered through Mutual of Omaha (MOO) have a rate hold through September 30, 2024. **No action is required.**

Supporting Employee Wellness

The County is proceeding with the employee clinic. Everside Health is in the process of securing the lease for the clinic and is actively recruiting for a clinic provider. Staff will be providing updated information as it becomes available.

FUNDING

The total funding impact on the Fiscal Year 2023/2024 Budget based on the Board’s 964 full-time employees is as follows:

| | |
|---|------------------|
| Dental Low Plan Employee Coverage | \$259,663 |
| Vision Employee Coverage | \$ 60,655 |
| Long Term Disability Coverage | <u>\$169,216</u> |
| Total Cost for Additional Benefits | \$489,534 |
| Self-Insuring Dental Program | <u>\$ 46,272</u> |
| Total Additional FY 23/24 Costs | \$535,806 |

The additional costs for the Dental, Vision and LTD benefits will be included in each department’s Insurance account, number 012130, for a total cost of \$489,534 for the Board’s 964 full-time employees. The Self-Insuring Dental Admin fees are a total estimated fiscal year cost of \$46,272 and will be budgeted in the Employee Health Insurance Fund/Health Insurance/Ameritas Dental Admin Fees account, number 50412719-034596. The cost of the employee dental coverage and admin fess will be offset by the Dental Insurance Premiums being paid directly to the BOCC instead of Ameritas. These amounts are subject to change pending the Constitutional’s acceptance to opt-in.

RECOMMENDATION

Staff recommends and respectfully requests the Board of County Commissioners approve staff’s recommendation for the plan year beginning October 1, 2023 through September 30, 2024 to continue our group medical plan with no increase in premiums and no change in benefits; to continue our pharmacy benefits with Express Scripts through RXBenefits; to renew our dental insurance program with no increase in premiums; to transition to the self-funding of our dental program with Ameritas serving as our third party administrator (TPA) at a rate of \$4 per member per month; to provide 100% employer funding for employee dental (low plan) providing all full-time employees with dental insurance and reducing employee dependent premiums; to provide 100% employer funding for employee vision insurance providing all full-time employees with vision insurance and reducing employee dependent premiums; to provide employee long-term disability (LTD) benefits with a 90 day elimination period for all full-time eligible employees; to authorize staff to take the necessary actions in support of implementing the approved actions and authorizing the Board Chair to execute necessary documents after review and approval by the County Attorney for legal sufficiency.