COUNTY DEPARTMENT AGENDA REQUEST

Department:	Human Resources	Presenter(s):	Connie Boehnke/Lewis Patterson
Meeting Date:	Thursday, March 11, 2010	Type of Request:	Old Business

Wording for the Agenda:

Consideration of staff's recommendation that the County's employee health benefit be changed from a "fully insured" plan to a "self-insured" plan.

Background/History/Details:

The County's employee insurance program is renewable on June 1 each year. Staff was asked to review and analyze various options available to the County, particularly in terms of cost containment to the County and to the employees. The analysis included a review of the current health insurance plan and impending increases in premiums in the upcoming year, along with a review of whether or not the County would be interested in returning to a "self-insured" health plan, much as the County used for many years in the past. At the Board's Workshop on March 4, staff presented information to the Board, along with representatives from Meritain Health, a third party administrator for self-insured plan holders. Also present was Scott Burrell of Pacific General, the County's consultant for employee health benefits.

The County's current employee health provider, Blue Cross Blue Shield notified Fayette County to expect a 23% increase in premiums in the upcoming year. After a discussion of significant cost savings to the County and to employees by converting it's health insurance from a "fully-insured" plan to a "self-insured" plan, the Board directed staff to prepare this issue for a vote at the March 11 Board meeting.

To accomplish the changes being recommended, a series of actions by the Board of Commissioners will be required.

What action are you seeking from the Board of Commissioners?

Motion to convert the County's employee health insurance from a "fully insured" plan to a "self-insured plan; to engage the services of Meritain Health as Third Party Administrator for health, dental, vision and flexible spending accounts; to have employee life insurance, and short and long term disability benefits provided by Assurant; and that the Chairman be authorized to execute any and all documents necessary to effect these changes, including non-renewal notices to the current providers of these services, BC/BS and Greater Life.

If this item requires funding, please describe:

Health insurance and other benefits are budgeted annually. Costs are shared by the employee and the County.

Has this issue come before the Commissioners in the past?	Yes	If so, when?	Wednesday, March 3, 2010
Do you need audio-visual for the presentation?	Yes	Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing	Not Applicable	Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

The medical network being offered by Meritain Health is the Cigna Network. Prescriptions will be managed by Scrip World.

Fayette County GEORGIA

Where Quality Is A Lifestyle

To: Board of Commissioners
Jack Krakeel, County Administrator

From: Connie Boehnke, Human Resources Director

Date: March 5, 2010

Subject: Employee Health Insurance Options

Human Resources has analyzed the various options for employee heath insurance going forward. Much research and study has been dedicated to looking into whether the County should continue with a fully insured plan or convert to a self insured program.

Scott Burrell with Pacific General Financial was contacted by the Board of Commissioners for the purpose of consulting with staff to explore the feasibility of moving to a self funded benefit program. They have been able to put together a self funded plan working with Meritain, the largest privately held third party administrator for self funded health plans. The proposed plan will mirror the current Blue Cross Blue Shield (BCBS) plan with potential cost savings to the County and with no premium increases for employees. It would operate in the Great Western Cigna network as a PPO, but with the same co-pay and deductible structure as the present HMO plus it would allow employees to go to an in network specialist without a referral from their primary care physician.

The County was self insured from 1993 until 2002. During that period annual contribution increases averaged 3.7%. Since the County switched to self funded health insurance in 2004, the annual contribution increase has averaged 8.5%. Last year the plan funding structure was modified to avoid a 17% increase. BCBS has presented a proposal to renew the current fully insured program with a 23% increase. Given current budget restraints, this would require making extensive plan modifications and initiating substantial premium increases for the county and employees.

To stay with BCBS, it would mean an increase from the current annual plan cost of $4,577,562.60 to $5,620,042.20. Meritain can provide the same level of coverage as the current BCBS plan plus our total health benefits needs, including medical, dental, vision, COBRA and flexible spending all in one package. Currently, Ceridian provides flexible spending. By using Meritain for all of these health benefits, the County can save a

minimum of $315,652.16 even if the plans experience a catastrophic year and as much as $1,398,682.96 if the plans have a good year with low claims experience. Either way, this range of savings is clearly substantial.

As stated earlier, employee premiums would remain at their current rate, as outlined in the table below, maintaining the same 70/30 split instituted for the current plan year between the amount that the County pays and what the employee pays. All employees would be under one plan, the PPO through the Great Western Cigna network.

CURRENT RATES		70% ER - 30 EE%	
Cigna PPO	**Monthly Premium**	**Employee Contribution**	**County Contribution**
Single	309.75	92.93	216.83
Employee/Children	628.67	188.60	440.07
Employee/Spouse	780.51	234.15	546.36
Employee/Family	1,034.40	310.32	724.08

Coverage for ancillary products such as disability and voluntary life will now be covered by Assurant instead of Greater Georgia Life. There would be a minor increase for Short Term Disability (STD) premiums due to utilization. The rate per $10 of benefit under the 90 day wait option would increase from $0.18 to &0.21 and under the 45 day wait option would increase from $0.36 to $0.42. This is a voluntary benefit that is paid for by the employee.

Recommendation:

In light of the potential savings the County can attain by changing from fully funded to self funded, HR staff recommends to continue utilizing the services of Scott Burrell, changing ancillary coverages to Assurant and changing to self funded program with Meritain. The plan design for the proposed health coverage with Meritain is outlined in the table below.

Meritain Proposed Plan for 6/1/2010

Plan Type:		PPO
Network:		CIGNA-GreatWest
Lifetime Maximum	In	$2,000,000
	Out	Combined w/In Network
Deductible (Individual/Family):	In	$500 Individual / $1,500 Family
	Out	$1,000 Individual / $3,000 Family
Annual Out-of-Pocket Maximum:	In	$0 Individual / $0 Family
(excluding deductible)	Out	$4,000 Individual / $12,000 Family
Per Admission Hospital Copay:	In	NA
	Out	NA

Physician Copay:	In	$25 Copay PCP / $25 Specialist
	Out	Plan pays 60% after Deductible
Coinsurance:	In	Plan pays 100% after Deductible
	Out	Plan pays 60% after Deductible
Inpatient Hospital Copay:	In	Plan pays 100% after Deductible
	Out	Plan pays 60% after Deductible
Inpatient Physician Services:	In	Plan pays 100% after Deductible
	Out	Plan pays 60% after Deductible
Outpatient Surgery Copay:	In	$100 copay then 100%
	Out	Plan pays 60% after Deductible
Outpatient Physician Services:	In	Plan pays 100% after Deductible
	Out	Plan pays 60% after Deductible
Emergency Room Facility Copay:		$100 copay (waived if admitted)
Prescription Card:	In	$15 generic $30 preferred brand $60 non-preferred brand
Mail Order Drugs:	In	2x retail copay for generic & preferred Non-preferred not covered on Mail Order