



RISK MANAGEMENT DEPARTMENT

Fort Bend County, Texas

Wyatt O. Scott
Director

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August 1, 2014

Members of Commissioners Court,

Attached you will find the Risk Management recommendations for the Fort Bend County Employee Medical Plan for plan year 2015. The recommended changes are those selected from a number of options considered to protect the financial stability of the Plan while at the same time having the minimum impact to it's' participants.

The first change was addressed with this year's current budget when the County re-defined a full-time benefit eligible employee as one working 30 or more hours. This will assist the County in being compliant with the Affordable Care Act (ACA) requirement to offer medical benefits to the ACA targeted group.

Items A (2) and (3) are ACA required fees. The Transitional Reinsurance Fee is required to create a pool from which programs may be able to purchase reinsurance; this will assist with the start-up of new insurance programs in order to facilitate the anticipation of many more covered lives. The Patient-Centered Outcome Research Institute (PCORI) purpose is to provide research that will help patients and doctors make informed medical treatment decisions.

The next category of recommended changes (Section B) addresses deductibles, coinsurance and co-pays. By increasing these components of the Plan design, participants will have a greater cost-share in the Plan, with the burden being principally borne by those who have greater utilization. This strategy allows for a fairer financial co-share between participants and the County without having to materially raise the Plan rates. While the ACA allows the County to make greater increases, Risk is recommending the least impactful increases of the options considered.

Under section C, Risk is making a recommendation to address the increased impact of a significant rise in enrollment of Plan Participants for years 2008 to 2014. Total lives participating on the Plan in year 2008 was 2935 and 5185 in year 2014 (Participating Spouses increased from 391 to 701 for the same period). With the changes caused by the ACA and the increased cost of medical, employers are changing their Plans and more spouses are electing to be covered by the FBC Plan as a result. Risk believes that this is the year to address this issue by requiring that any spouse of a plan participating employee to enroll in the spouse's own employer's health plan (if eligible) in order to participate for secondary coverage on the FBC medical plan.

In section D, Risk recommends Mandatory Health Risk Assessments (HRA). As we realize that a healthier work population translates in less costly medical care, Risk recommends that year 2015 be used as the ramp-up year for mandatory annual HRAs. This initiative will help our employees understand their current state of health and it should encourage them to seek medical care at a stage when a condition anecdotal recitations of life-saving interventions when an imminent event was prevented by identification from a simple HRA.

Lastly, if the Court considers rate increases, Risk recommends increases for both Plan A and Plan B at 25% of the amount of allowed under the ACA. This would be the least impactful increase of the options that Risk considered at 25%, 50% and 75% of the maximum allowed under ACA. If all of the before mentioned recommendations are approved, then Risk recommends a County contribution of \$10,305 per budgeted position with a corresponding rate increase as indicated in the recommended changes attachment.

Members of the Court, thank you for your attention.

Regards,

A handwritten signature in black ink, appearing to be 'WS' with a long horizontal stroke extending to the right.

Wyatt Scott
Director of Risk Management

FORT BEND COUNTY

Recommended Changes To Fort Bend County Employee Benefit Medical Plan Effective January 1, 2015

(As of 07/29/2014)

FEES AND BENEFIT CHANGES

C. SPOUSE COVERAGE:

If a spouse has other coverage available through their own employment, they must take that coverage in order to participate in the County's plan.

(\$983,000)

D.

MANDATE ANNUAL HEALTH RISK ASSESSMENT:

In order to address the County's increase in large claim activity and further the drive to wellness, mandate an annual HRA to include blood work for ALL employees to be eligible to participate in the Medical Plan. This requirement only applies to the employee.

RECOMMENDED CONTRIBUTIONS

EMPLOYEE CONTRIBUTION INCREASE (Calculated rate increase using 25% OF GHP MAX Allowed with ALL Recommended Plan Changes County Contribution estimated @\$10,305):

These proposed amounts (increasing most by 5% & start charging for Plan B employee only) are within the maximum allowed under PPACA for retaining GHP status.

Plan A - Low Plan

	# of EEs
Employee Only	521
Employee & Child(ren)	253
Employee & Spouse	111
Employee & Family	156

Plan B - High Plan

Employee Only	516
Employee & Child(ren)	206
Employee & Spouse	189
Employee & Family	299

Current:

Increase:

Annual Increase

County Portion:

Increase Per Month

Employee Portion: \$337,225

County Portion: \$872,660

\$1,209,885

Revenue