

RISK MANAGEMENT DEPARTMENT

Fort Bend County, Texas

Phone: 281-341-8630 Fax: 281-341 3751

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 copays. 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,

Wyatt Scott

Director of Risk Management

FORT BEND COUNTY

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

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Costs/(Savings)	ther delay!}	Total	,	Total	13,863.00			\$300 (1) (\$271,000)	\$3,800/\$19,000*	\$850	\$2,500/\$12,500*	ch Max		\$30 (2) (\$82,000)	(3) (\$258,000)		\$12	\$30	\$50	\$125		\$24	\$60	\$100	\$250
	<u>E:</u> employee to 30 or more hours/week (Possible furt covered lives for the 1st nine months of 2014.	! !	covered lives for 10/01/13-09/30/14	∐.	\$ 3.00 × 4,621 \$ 1 .		Current:	\$250	*000	\$750	\$2,000/\$10,000*	*Plan Pays 100%, if not covered by Other Group Health Plan, When Qualified & Eligible Expenses Reach Max		\$25			\$10	\$25	\$40	\$100		\$20	\$50	\$80	\$200
(As of 07/29/2014) FEES AND BENEFIT CHANGES HEALTH CARE REFORM: A.	(1) EMPLOYER SHARED RESPONSIBILITY MANDATE: Change the definition of a full-time, benefit eligible employee to 30 or more hours/week (Possible further delay!) (2) TRANSITIONAL REINSURANCE FEE:	Calculation: Estimated Due Date: 01/15/15	(3) PCORI FEE: Estimated at \$3.00 (not vet published) per average covered lives for 10/01/13-09/30/14	Calculation:	Due Date: 07/31/15	D ACA GRANDFATHERED HEALTH PLAN (GHP) CHANGES:		(1) Low (A) Plan - PPO Deductible	Low (A) Plan - PPO Coinsurance/Max*	High (B) Plan - PPO Deductible	High (B) Plan - PPO Coinsurance/Max*	*Plan Pays 100%, if not covered by Other Group H	In Plans	(2) Physician Office Visit Copay	(3) Rx Copayments:	Retail:	Generic	Form, Brand	Non-Form. Brand	Specialty	Mail-Order:	Generic	Form. Brand	Non-Form, Brand	Specialty

FORT BEND COUNTY

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

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(As of 07/29/2014)

FEES AND BENIFFIT 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. 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.	(AS OJ U//25/2014)		
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EMPLOYEE CONTRIBUTION INCREASE (Calculated rate increase using 25% OF GHP MAX Allowed with ALL Recommended Plan Changes County Contribution estimated	E (Calculated rate in <i>Changes County</i> (ncrease using 25% of the contribution estime	OF GHP MAX ated	4	Employee Portion:	\$337,225
@\$10,305):					County Portion:	\$872,660
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.	5% & start charging imum allowed under	Current:	Increase:	Annual Increase	Increase Per Month	\$1,209,885
Plan A - Low Plan	# of EEs					
Employee Only	521	\$599,52	\$732.89	\$133.37	\$11,11	
Emplovee & Child(ren)	253	\$1,867.20	\$2,031.40	\$164.20	\$13.68	
Employee & Spouse	111	\$3,134.52	\$3,334.89	\$200.37	\$16.70	
Employee & Family	156	\$4,402.20	\$4,633.40	\$231.20	\$19.27	
Plan B - High Plan						
Employee Only	516	\$0.00	\$120.25	\$120.25		
Employee & Child(ren)	206	\$608.00	\$741.50	\$133.50	\$11.13	
Employee & Spouse	189	\$1,215.00	\$1,362.75	\$147.75	\$12.31	
Employee & Family	299	\$1,823.00	\$1,984.00	\$161.00	\$13.42	