

# HEALTH INSURANCE OVERVIEW & HISTORY

## PROCESS

Each year the County's broker puts the County's health insurance coverage out to bid. The broker also assists in looking at ideas brought by labor unions such as the Teamsters health coverage plan (which has been compared to our plan this year, as well as several times in the past); and the Canadian drug program "CanaRx" offered by CSEA.

## HISTORY

In March of 2003, the County adopted rules for the administration of health and dental insurance participation and enrollment. This information is included in the Employee Handbook (Section #7.008). The current version is entitled "Washington County Health/Dental Insurance Policy Effective 06/01/09". A copy is provided in this packet.

Also in 2003, on the recommendation of the County Treasurer, the County established an up to 60-day waiting period for new employee coverage under the County's health plan.

In 2003, the County gathered the unions together to form the Union Health Insurance Work Group to discuss health insurance issues with the idea that changes to one union contract concerning health coverage must happen to all, rather than happening separately during negotiations. At this time, Blue Shield offered an experience rated plan with a deadline of January 2004. Unfortunately, no agreement could be reached with the unions on accepting this plan before the deadline.

Prior to 2004, the County offered multiple plan products including two HMO experience rated plans, MVP, and the Matrix plan which also covered all retirees.

Early in 2004, a renewed effort was made to get the Blue Shield experience rated plan. The Board agreed to offer a basic dental plan to help offset the potential loss of MVP dental coverage for children. The County agreed to pay the first \$10 of the premium for all participants. Agreement with the unions was reached and the County was able to take the Blue Shield plan beginning June 1, 2004. This was the start of the County's June-May health insurance plan year. (See 2004 Memo to Employees, included in this packet.)

Beginning in 2007, the County moved to a claims only policy with Blue Shield and a Medicare premium plan for all retirees over age 65. The Self Insurance Fund for Health Insurance was created (Board Resolution No. 136 of 4/20/2007).

In June of 2009, the County switched to Empire Blue Cross and added a Health Reimbursement Account (HRA). The HRA provides partial reimbursement to employees for co-payments made for doctor visits & drug costs. To further assist in employee expenses, on June 1, 2009, the County split the deduction of the employee's share of premium costs into two deductions per month, rather than deducting the entire amount from one paycheck. In addition, a 125 Premium Only Plan (POP) is offered to employees by the County. This plan has been in existence since 1996 and allows employees to pay health insurance premium amounts with pre-tax dollars. Information on this plan is included in the Employee Handbook (Section #7.009).

Changes were made to benefits allowed for new hires after 10/1/09. One of these changes was, starting with employees hired after 10/1/2009, once retired the County covers the retired employee's spouse up to Medicare eligible age only, after that only the retiree is covered. As of 12/31/09, the County shifted the retirees to a calendar year based plan to match when the retiree rates are available.

Services Rendered to Washington County  
By Capital Financial Group, Inc.

- 1.) Handle all in-coming employee benefit questions.
- 2.) Resolve all employee claim issues.
- 3.) Supply all statistics & updates to the board.
- 4.) Bid out all products (Community Rated, Experience Rated, Minimum Premium & ASO) and carriers each year for competitive quoting.
- 5.) Prepare discount, rebate, CPT & NDC comparison reports yearly.
- 6.) Attend all board meetings with updated quoting and alternative options throughout the year.
- 7.) Set up open enrollment meetings and prepare all posters.
- 8.) Run all open enrollment meetings with at least 3 staff to answer questions.
- 9.) Process open enrollment additions, deletions & changes.
- 10.) Prepare budget analysis spreadsheets throughout the year.
- 11.) Prepare all rate and benefit spreadsheets for employee & retiree distribution.
- 12.) Do all open enrollment mass mailings to employees and retirees.
- 13.) Enroll & terminate employees online daily.
- 14.) Update County database developed by Capital (adds, terms, address & plan changes, premium changes, etc.)
- 15.) Set new rates on system yearly showing all employee deductions for each product based on union and retirement.
- 16.) Develop and print group statistics.
- 17.) Run Minimum Premium logs daily and send to County monthly (monitoring admin bills, daily claims & Catalyst transfers).
- 18.) Run HRA logs and send to County weekly and monthly.
- 19.) Prepare HRA logs with HIPAA data for in-office use and monitoring.
- 20.) Send all HRA updates to carrier monthly for billing reconciliation.
- 21.) Prepare & monitor high claimant reporting.
- 22.) Prepare incurred and paid log yearly.
- 23.) Prepare "aging-off" logs monthly.
- 24.) Prepare and mail retiree & Cobra coupons for payments.
- 25.) Send out Cobra notification and monitor all eligible.
- 26.) Request Medicare documentation from Medicare eligible employees.
- 27.) Handle all Medicare Secondary payer issues & COB claims.
- 28.) Assist with GASB 45 data collection.
- 29.) Assist departments with union and enrollment statistics.
- 30.) Assist with union health and dental negotiations.
- 31.) Update County on all Legislative issues.
- 32.) Produce and mail all necessary employee correspondence.
- 33.) Mail out overdue premium letters for prepaid and Cobra.
- 34.) Complete all Medicare D requirements (\$296,083.98 collected from our work between 06-08).
- 35.) Do informational sessions for employees multiple times a year.
- 36.) Assist with wellness events.
- 37.) Negotiate to get RX rebates (Approx. \$100,000 per year)

## Washington County Broker Fees.

Capital Financial Group receives 2.5% commission. Most brokers get 4%. This % was reduced by Capital Financial Group 5 years ago on Washington County's group.

1.) Total Commission:	2.5% x \$5,800.00	\$145,000
Subtract out the following expenses for our services:		
A.) Salary- 4 Washington County employees:	-	\$110,000
B.) Computer Software:	-	\$10,000
C.) 7 mailings (labor, stamps, paper & envelopes)	-	<u>\$6,000</u>
	Total:	\$19,000 Profit after Expenses

None of these expenses include the time and effort John Weber and Kristy Laney apply to do the renewal and attend meetings (Union, Enrollment, Board Meetings, etc) to reduce the rate from 35% increase down to 19% with a total budget increase for 2010 of 8.6%.

Capital Financial also has services calls from Washington County employees and retirees of about 130 a month or 1,560 a year. Consisting of:

- Phone calls
- Claims
- Appeals
- Insurance Department Complaints
- Walk-ins
- Enrollments
- Terminations
- Cobra election
- Medicare questions
- Retirement questions
- Status changes
- etc

**Washington County Summary-  
Actives & Retirees under 65**

	2009-2010 Plan Year	2010-2011 Plan Year
Health	\$4,337,570	\$5,499,385
Drug	\$1,106,392	\$1,226,499
Vision	\$88,000	\$88,000
Admin.	\$1,305,655	\$1,431,025
HRA	\$267,000	\$267,000
Totals	\$7,104,617	\$8,511,909