



Interoffice memorandum

Delivered via email

Date: October 14, 2021
To: Deschutes County Board of County Commissioners
From: Trygve Bolken, HR Analyst
Re: Deschutes County Employee Health Benefits Plan Review for 2022 Plan Year

The Deschutes County Employee Health Benefits Plan is set to renew for the 2022 Plan Year. This year has been another challenging year as COVID continues to be at the forefront of our strategic planning. With these continuing challenges we have also seen many successes. We have completed the RFP process for services provided at the DOC Clinic and Pharmacy beginning January 2022. Premise Health was awarded the contract and the transition for them to assume services at the clinic has begun. Through temporary changes in the IRS guidelines regarding Flexible Spending Account, employees now have more flexibility in deferring dollars into those accounts. 2021 personal Health Assessments are under way after a break in 2020. Despite all of the challenges, we were able to keep our health benefit plan running smoothly for all of the participants.

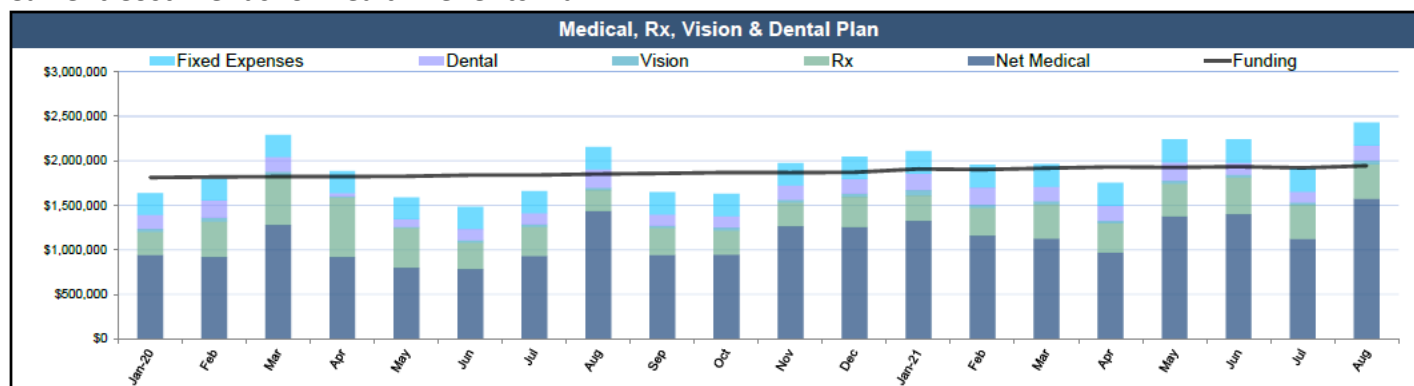
Stop Loss Coverage: The plan did not experience any claims this year that hit our stop loss deductible of \$500,000. One high dollar claim that we anticipated would continue to impact our plan is no longer a concern. As we were finalizing the renewal, our stop loss provider identified a potential high dollar claim that could hit our stop loss deductible this coming year. Due to that potential claim, the renewal rate for stop loss increased from an initial projection of 9.8% to 45%, resulting in a \$355,382 increase in premium cost. We are evaluating other stop loss coverage deductible amounts and have sought other competitive bids however, many have declined to bid. For the 2023 plan year we will need to re-negotiate the contract and will again request additional bids for coverage.

Third Party Administrator (TPA): Last year PacificSource (our current TPA) came back with an increase to our rates and we were successful in negotiating the rates to stay flat for the next plan year. This year we will see an increase of 2.9%, resulting in a \$16,130 increase to the plan.

Claims Costs and Rates: This year continued to present challenges in forecasting claims costs due to delayed medical care and unpredictable costs associated with COVID treatment. This is anticipated to continue into the 2022 plan year. The industry anticipates the potential for higher claims costs as medical conditions worsen due to delayed treatment. Currently, Deschutes County claims costs are trending a little higher than anticipated at 6.4%.

In total, the overall plan costs are estimated to increase by 6.3% resulting in an anticipated \$1,414,549 increase cost to the plan.

Current Cost Trends for Health Benefits Plan



Below is a list of considerations discussed with the Employee Benefits Advisory Committee (EBAC) this year. Considerations for plan changes came from HR staff review, EBAC, Davidson Benefit Planning (Davidson), and PacificSource. Plan changes are scheduled to take effect when the plan renews on January 1, 2022. The full summary is attached and highlights are listed below.

Plan Changes for Consideration:

1. Physical Therapy benefit: Change from deductible and coinsurance model to deductible and co-pay model. Currently, physical therapy visits are subject to deductible then coinsurance applied. When benchmarked again this year, 70% of plans do not apply a deductible and services are subject to co-pay. 30% of plans apply deductible then coinsurance.
 - HR Staff Recommended and EBAC supported making a change to deductible, then \$10 co-pay. The estimated cost impact for this change is +\$9,500 annually or \$0.65 Per Employee Per Month (PEPM).
2. Alternative Care Benefit: Removing dollar limits for chiropractic and acupuncture services. Currently, alternative care services are bundled under a \$1500 per member per year allowance. Due to State Benchmark Plan Changes, we are required to unbundle this benefit and remove the dollar limits associated with chiropractic and acupuncture services.
 - HR Staff Recommended and EBAC supported making a change to 24 visits each per year for chiropractic and acupuncture (48 total) and \$1200 annual allowance for massage (approximately 1.3 massages per month.) The estimated cost impact for this change is +\$9,500 annually or \$0.65 PEPM.
3. Livongo Diabetic Management Program: Two year pilot program. Currently the plan does not offer a specialized diabetic management program for our members. Unmanaged diabetes can lead to high cost claims and a lower quality of life. The plan will only be charged for members who use the program.
 - HR recommends and EBAC supported adding the Livongo Diabetes Management Program to support those members as a pilot program for two years to gauge utilization and effectiveness. The estimated cost impact for this change is -\$21,228 annually or -\$1.45 PEPM. This is a soft

estimate as it factors in avoided claims costs for improved disease management. We anticipate the program being cost neutral.

4. Prescription Insulin: Legislative requirement to cap cost to members. Currently, insulin is a standard prescription benefit that is applied to the plan's deductible, copay, and/or coinsurance. Oregon HB 2623 state formulary prescription insulin is not subject to deductible and may not exceed \$75 per 30 day supply.
 - HR recommends and EBAC supported adding plan language to comply with this legislation. There is no estimated cost to the plan for this change as our plan meets this requirement.
5. Reproductive Health Services: Remove exclusion for abortion and add the service as a covered benefit. Currently, abortions are excluded on the health plan unless the life of the mother is endangered by the continued pregnancy or the pregnancy is the result of rape or incest. PacificSource recommends removing the exclusion to align with coverage under the ORS 743A.067 Oregon Reproductive Health Act (RHA) as they have added this service to all of their fully insured plans in Oregon. The Reproductive Health Act allows for plans to be grandfathered in and continue to exclude abortion services if the plan excluded the services prior to the RHA. The County plan, as a self-insured plan, qualifies for this grandfather status and complies with the RHA with current plan language.
 - HR Staff recommended keeping current plan language, as our plan meets the requirements under RHA due to the grandfather status.
 - EBAC voted 9 for, 4 against, and 2 abstaining in support of removing the exclusion and add coverage for abortions as outlined in the RHA. The estimated cost impact for this change is +\$12,000 annually or \$0.82 PEPM.
6. Update plan language to align with current plan interpretation and TPA best practices. In partnership with our TPA, HR staff have made efforts to clarify plan language. These changes reflect language clarifications to the plan document, not changes in benefit coverage.
 - HR Staff recommended and EBAC supports making the corrections, clarifications and changes on the attached plan change sheet.

The total annual cost to the plan for the changes listed above is \$20,200.

Other considerations evaluated by HR staff and reviewed by EBAC:

7. Fertility Services as an eligible covered expense. Currently, fertility services is excluded from our health plan. Members asked that we consider adding fertility services as a covered expense under the health plan. When benchmarked, this benefit was not a standard covered benefit on most plans. Employers are considering this benefit to support Diversity, Equity, and Inclusion efforts in their organizations.
 - HR staff recommended and EBAC supported not making a change at this time, however Staff will continue to benchmark this to identify any changes in trends as employers offering this benefit is expected to grow. A conservative estimated cost impact for adding this change is +\$264,000 annually or \$18.00 PEPM.

8. Doula Services as an eligible covered expense. Currently, doula services are not a covered service on the plan. Members asked that we consider adding Doula services as a covered expense under the health plan. When benchmarked, this benefit was not a covered service on health plans. Doulas are not considered medical providers and are generally not covered under medical benefits.
 - HR staff recommended and EBAC supported not making a change at this time. The estimated cost impact for this change is +\$1,900 annually or \$0.13 PEPM.
9. Dental Plan Annual Limit: Benchmark only. Currently, the annual benefit limit for dental services is \$2000 per member. Members asked that we benchmark the annual limit against other dental plans. It was determined that we are competitive with the majority of plans.
 - HR staff recommended and EBAC supported not making a change at this time.
10. Part Time Buy Up to Standard Plan: Change current calculation. Currently, part time benefit eligible employees have the option of buying up from the High Deductible Health Plan (HDHP) to the Standard Plan. The current calculation is based on % of their FTE. A proposal was submitted by EBAC AFSCME representatives to revise the calculation and factor in the difference between each plan's deductible effectively reducing the buy up cost to the employee. While this particular proposal was not supported, staff will benchmark these costs.
 - HR staff recommended and EBAC supported not making a change at this time. The estimated cost impact for this change is +\$230,471 annually or \$15.72 PEPM.