



Date: October 18, 2023
To: Deschutes County Board of County Commissioners
From: Trygve Bolken, HR Analyst
Kathleen Hinman, HR Director
Re: Deschutes County Employee Benefits Renewal for the 2024 Plan Year

The Deschutes County Employee Benefits Plan is set to renew for the 2024 Plan Year. The following is a summary of program renewals and considerations for the period of January 1, 2024 – December 31, 2024.

In preparation for the annual renewal period, staff meets with the County's legal team, benefit consultant, and Third Party Administrator (TPA) to review proposed changes to the plan. This includes an analysis of changes due to legislative requirements, industry standards, new offerings in the industry, benchmarking against comparable plans, cost impacts, and the impact on the health care needs of our employees and their dependents.

It is the County's approach to consider changes that have proven effectiveness, are mandated by law, fiscally responsible, and competitive with benchmarking against other health plans.

After review, staff develop recommended renewal changes, and present them to the County's Employee Benefits Advisory Committee (EBAC) for consideration. EBAC is comprised of representation of County management and represented staff. EBAC is responsible for meeting with HR staff, benefit consultants, and insurance representatives, to review possible options with regard to employee benefits. EBAC will make recommendations to the Board of County Commissioners regarding Health benefits.

On Tuesday, September 27, EBAC voted 14 yes – 1 abstain in support of the following proposed plan changes for the 2024 Plan Year:

The summary of the health and benefit program renewal, including:

- Employee Health Benefits Plan (Medical/Dental/Vision/Prescription Drugs)
- Flexible Spending Accounts (FSA)
- Employee Assistance Program (EAP)
- Livongo Diabetic Management Program
- Life Insurance, Accidental Death & Dismemberment Insurance, and Long Term Disability

Based on claims trends, proposed plan changes, and increases in the cost of healthcare, the overall combined annual employer costs are expected to rise approximately 5.1% or \$1,588,608. This renewal recommendation includes retaining the same vendors, increasing the employee contribution rate, and includes the changes to the health plan design as recommended below.

The following vendors and renewal rates are recommended:

- Employee Health Benefits Plan
 - ✓ Stop Loss Insurance Premium: Preliminary estimate is a 15% fee increase; \$178,528 annual cost increase. Final renewal not to exceed this estimate.
 - ✓ Includes TPA PacificSource Services Fee: 3.9% fee increase; estimated \$23,938 annual cost increase.
- Life and Disability Insurances with New York Life: No increase (rates guaranteed until 1/1/2025)
- Employee Assistance Program with Canopy: 9.3% fee increase; estimated \$3,062 annual cost increase.
- Flexible Spending Accounts with PacificSource Administrators: No increase
- Livongo Diabetic Management Program: No increase

Stop Loss Coverage: The plan continues to see improved experienced related to high-cost claims subject to stop lost coverage. Staff worked with the benefit consultants to obtain competitive bids for coverage and reviewed adjusting the policy deductible. Preliminary bids show a maximum bid of 15% increase, staff expects final bids to come in lower. Staff recommends keeping current deductible levels as well.

Third Party Administrator (TPA): Last year saw a 3.1% rate increase for TPA services with our current vendor, PacificSource. This year, PacificSource has proposed a 3.9% rate increase for TPA services.

- ***Staff recommends and EBAC supports renewing with the current TPA vendor for the 2024 plan year.***

Employee Health Benefits Plan: This year continued to present challenges in forecasting claims costs due to delayed medical care and increased health care costs in general. In total, overall plan costs are on the rise and are estimated to increase by 5.1% resulting in an anticipated \$1,572,608 increase cost to the plan. This includes the increases associated with the Stop Loss and TPA services mentioned above.

- ***Staff recommends and EBAC supports the following Employee Benefit Plan changes, #1-10, for the 2024 plan year.***

1. **Confirm Change to National Provider Network from First Choice to Aetna.**

PacificSource has moved their entire book of business to the Aetna network for areas outside of the regional 4-state Navigator network. This allows for continued in-network coverage throughout the United States. The current plan amendment changing to Aetna expires 12/31/2023, plan change needed to incorporate the amendment.

- **HR Staff recommends and EBAC supported making this change to the National Provider Network. There is no estimated impact to the cost of the plan.**

2. **Language updates throughout the plan for new Aetna national network.**

Plan language is updated to clearly define the benefits available and provide clarification language for services outside of the 4-state Navigator network.

- **HR Staff recommends and EBAC supported making changes to the National Provider Network plan language. There is no estimated impact to the cost of the plan.**

3. **Change copay for first three visits per plan year to \$5.00 each.**

The first three visits per plan year combined for Professional Services – Office visits, Telehealth visits, and Mental Health and Substance Use Disorder Services office visits will be \$5.00 each. Subsequent visits will follow normal cost share. This is a State mandate under SB 1529 to reduce financial barriers in receiving routine medical care.

- **HR Staff recommends and EBAC supported making this change to comply with SB 1529. The estimated cost impact to the plan is a savings of \$150,000 annually.**

4. **Update plan language – Diagnostic Breast Examinations**

A mammogram, MRI, and ultrasound for a Diagnostic Breast Examination or Supplemental Breast Examination are paid at no cost share when provided by an In-network Provider. This is a State mandate under SB 1041. This expands preventative coverage beyond mammograms and now includes MRI and ultrasounds for diagnostic and/or supplemental breast exams.

- **HR Staff recommends and EBAC supported making this change to comply with SB 1041. There is no estimated impact to the cost of the plan.**

5. **Clarify and align plan language – Mental Health and Substance Use Disorders**

Amend plan language in all sections that cover Mental Health and Substance Use Disorders to clarify and align plan language with State legislation and guidance for mental and behavioral health benefits. This is State legislation under OAR 836-053-0012, Behavioral Health Parity rules, 2021 OR, Laws ch. 629

- **HR Staff recommends and EBAC supported making this change to comply with Durable medical Equipment rules. There is no estimated impact to the cost of the plan.**

6. **Update plan language – Pediatric Hearing Aids**

Amend plan language to include Pediatric Hearing Aid benefits under the Service/Supply section of the medical plan document. This is a State mandate under HB 2994B due to a requirement of no deductible cost share for hearing aid benefits for pediatric patients.

- **HR Staff recommends and EBAC supported making this change to comply with Durable Medical Equipment rules. The estimated cost impact for this change is an annual increase of \$16,000.**

7. **Benefit Exclusions: Remove the plan exclusion for abortion services.**

PacificSource identifies this as a State mandated covered benefit and recommends removing the exclusion for these services to be in compliance. Deschutes Legal Counsel is of the opinion the abortion coverage may no longer be excluded from the health benefits plan due to HB 2002.

- **HR Staff and EBAC supports removing the exclusion. The estimated cost impact for this change is an annual increase of \$8,000 to \$12,000.**

8. **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. Proposed changes are clarifications to the plan document and do not change benefit coverage.

- **HR Staff recommended and EBAC supports making the corrections, clarifications and changes as described on the PacificSource Notice of Change PY24 sheet.**

9. **Establish a two-tier employee cost share structure and increase rates.**

Establish two tiers for employee cost share for 2024 plan year:

- Employee (EE) Only - \$95.00/month (\$90/medical and \$5/dental).
- EE + Dependents - \$116/month (\$111/medical and \$5/dental).

Aligns with the recent ~29% increase to department charges effective 7/1/2023. Employee rates have not increased in the past 10 years.

- **HR Staff recommended and EBAC supports establishing two tiers with increased rates. Estimate \$273,000 increase to revenue annually.**

10. **Continue Livongo Diabetic Management Program**

Davidson Benefits Planning provided a ROI update on the Livongo Diabetic Management Program. The analysis shows savings on claims for participants in the program with diabetes as a primary diagnosis.

- **HR Staff recommended and EBAC supports continuing the pilot program for another year. Estimate cost of the program is \$10,000 with an estimated claims cost savings of \$31,000 (\$21,000 net savings).**