HUMAN RESOURCES

Date: October 19, 2022

To: Deschutes County Board of County Commissioners

From: Trygve Bolken, HR Analyst and Kathleen Hinman, HR Director

Re: Deschutes County Employee Benefits Renewal for the 2023 Plan Year

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The Deschutes County Employee Benefits Plan is set to renew for the 2023 Plan Year.

The following is a summary of program renewals and considerations for the period of January 1, 2023 – December 31, 2023.

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 of the change, 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 makes recommendations to the Board regarding employee benefits.

On Tuesday, September 27, EBAC voted 14 – 1 in support of the following proposed plan changes for the 2023 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)
- Life Insurance, Accidental Death & Dismemberment Insurance, and Long Term Disability

Based on current claims trends and proposed plan changes and, overall combined annual employer costs are expected to rise 9.1% or $2,072,296. This renewal recommendation includes retaining the same vendors, the same 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
  - ✓ Includes Sunlife Stop Loss Premium: 5% increase; estimated $52,611 annual cost
  - ✓ Includes TPA PacificSource Services Fee: 3.1% increase; estimated $17,885 annual cost
- Life and Disability Insurances with New York Life: No increase (guaranteed until 1/1/2025)
- Employee Assistance Program with Canopy: No increase
- Flexible Spending Accounts with PacificSource Administrators: No increase

Stop Loss Coverage: The plan has not experienced as many high costs claims this year compared to the prior year and the plan's future projections are looking more favorable. Last year, staff sought competitive bids for renewal however, most firms declined to bid and we experienced a 45% rate increase. Given our more favorable claims year, we were able to negotiate a 5% rate increase with our current vendor. Additionally, we received a few other competitive bids, however 5% with our current vendor is the most competitive.

- ➢ ***Staff recommends and EBAC supports renewing with the current Stop Loss provider and deductible limits for the 2023 plan year.***

Third Party Administrator (TPA): Last year a 3% rate was negotiated for TPA services with our current vendor, PacificSource. This year, PacificSource has proposed a 3.1% rate increase for TPA services.

- ➢ ***Staff recommends and EBAC supports renewing with the current TPA vendor for the 2023 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 9.1% resulting in an anticipated $2,072,296 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, #1-7, for the 2023 plan year.***

1. **Enrollment wait period: Adopt temporary amendment language allowing enrollment to be effective first of the month after hire date.**

   The current plan language states that enrollment is first of the month after 30 days of employment. The amendment, which shortens the enrollment wait period, has been in place during the pandemic to help avoid a break in coverage for new staff. The shorter enrollment wait period is competitive with other employers. The current plan amendment expires 12/31/2022.

   - ➢ **HR Staff recommends and EBAC supported making this change to the wait period. There is no estimated impact to the cost of the plan.**

2. **<u>COVID-19 Testing and Diagnosis & Early Prescription Refills: Revert to regular plan language.</u>**
   The current plan amendment expiring on 12/31/2022 waives deductibles, copayments and/or coinsurance for COVID-19 related services. The amendment was required during the pandemic and is now no longer required. In benchmarking with other plans, staff sees most plans ending this enhanced coverage and covering services for COVID illness under standard plan language, similar to other illness.

   - **HR Staff recommends and EBAC supported allowing the current amendment to expire. With this recommendation, the estimated cost impact to the plan is a savings of $72,100 annually.**

3. **<u>PacificSource Provider Network: Change medical provider network to Navigator.</u>**

   Change from the PacificSource Voyager network to the PacificSource Navigator network for medical providers. There is very minimal impact and disruption to members and the change will result in savings to the plan. (Dental network will continue as Advantage Dental network).

   - **HR Staff recommends and EBAC supported making this change to the provider network. The estimated cost impact to the plan is a savings of $917,580 annually.**

4. **<u>Benefit Exclusions: Remove the plan exclusion for abortion services.</u>**

   PacificSource identifies abortion services as a State mandated covered benefit and recommends removing the exclusion to be in compliance. However, Deschutes County is self-insured and DC Legal believes our plan to be in compliance with the exclusion. Benchmarking shows other comparable plans cover the service and the cost impact to the plan is minimal.

   - **Due to plan benchmarking and minimal cost, 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.**

5. **<u>Update plan language to align with current plan interpretation and TPA best practices.</u>**

   In partnership with our TPA, HR staff have made efforts to clarify plan language. Proposed changes area 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 PY23 sheet.**

6. **<u>Update plan language – Rx Drug Benefit Max OOP Accumulation.</u>**

   Northwest Pharmacy Services (NWPS) our pharmacy benefit manager, recommended adding additional language to the plan document clarifying when the difference in cost from when a member requests brand name and generic is available does not go towards OOP max. Proposed changes area clarifications to the plan document and do not change benefit coverage.

- **HR Staff recommended and EBAC supports adding this language.**

7. **<u>Change mail order pharmacy option with NWPS to Walmart Home Delivery.</u>**

   NWPS changed mail order pharmacy from Kelley-Ross Union Pharmacy to Walmart Home Delivery.

   - **HR Staff recommends and EBAC supported change to the mail order pharmacy provider. There is no estimated impact to the cost of the plan.**

The following plan changes were discussed with EBAC and are not being recommended for consideration by staff and EBAC for this plan year:

8. **<u>Telehealth Copay: Change plan to $0 co-pay for telehealth visits</u>**

   PacificSource is changing their plans to a $0 co-pay for telehealth visits. PacificSource fully insured plans utilize Teladoc for their telehealth visits at a discounted rate. The County plan pays the same cost for telehealth and in office visits, there is no reduced rate for telehealth.

9. **<u>Weight Loss Drugs: Adding weight loss drugs to Rx Formulary</u>**

   The current plan formulary does not include use of off-label drugs for weight loss purposes. The recent and pending reviews and outcomes for off-label drug use for weight loss are trending positively, benchmarking shows a significant cost impact, lack a history of proven effectiveness, and limited coverage by comparable plans at this time. The estimated cost impact of this change would be an annual increase of $655,200.

10. **<u>Musculoskeletal (MSK) Solutions: New Virtual Physical Therapy program</u>**

    Davidson Benefits Planning presented a new virtual physical therapy program. Benchmarking shows a cost impact to the plan, lack a history of proven effectiveness, and limited coverage by comparable plans at this time. The estimated cost impact for this change is an annual increase of $137,000.

11. **<u>Chronic Condition Support: Livongo Chronic Care Complete Program</u>**

    Livongo proposed increasing their program offerings to include more Chronic Care services. Staff does not support as these services can be performed through our current Wellness program at the doc. The estimated cost impact for this change is $75.00 per participant per month.

12. **<u>Infertility Services: Add basic coverage for infertility services</u>**

    Staff continued to review consideration to add basic coverage ($20,000 lifetime benefit) for infertility services to the plan. Benchmarking shows a cost impact to the plan, lacks history of effectiveness, and limited coverage by comparable plans. The estimated cost impact of adding this benefit would be an annual increase of $292,000.

13. **<u>Top Doctor Search Tool: Garner Health - Quality Analytics</u>**

Garner uses healthcare transparency data to rate doctors on multiple points of care. The app and concierge service help members identify the highest-quality, in-network, available doctors for their care. HR staff will continue to gather information and review for consideration in future plan years.

14. **<u>Employee Cost Share and Tiers</u>**

Consider moving from one tier to two or more tiers (ex: Employee Only and Employee + Dependents) for employee cost share contributions for the health benefits plan. HR staff will continue to gather information and review for consideration in future plan years.