

Group Insurance For Active Employees 2014 Update



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Purpose

- **History**
- **Enrollment and Savings 2013 vs 2014**
- **Projections**
- **Renewals**
- **Discussion**

Enrollment History - Actives

	2013	2012	2011	2010	2009	2008
Blue Shield HMO	354	441	485	577	787	915
Health Net HMO	1846	2125	2307	2361	2791	2834
Kaiser HMO	<u>5547</u>	<u>5563</u>	<u>5693</u>	<u>5756</u>	<u>6851</u>	<u>6679</u>
Total Enrollment	7747	8129	8485	8694	10429	10428
% of Kaiser to Total HMO	71.6%	68.4%	67.1%	66.2%	65.7%	64.2%
Kaiser HDHP	943	629	326	205	193	92
Blue Shield HDHP	<u>82</u>	<u>71</u>	<u>84</u>	<u>95</u>	<u>126</u>	<u>167</u>
Total Enrollment	1025	700	410	300	319	259
% of Kaiser to Total HDHP	92.0%	89.9%	79.5%	68.3%	60.5%	35.5%
% Combined Kaiser	74.0%	70.1%	67.1%	66.3%	65.5%	63.4%

Enrollment 2013 vs 2014 (Jan 2014 Data)

3245	Total EE's who changed their plan
2657	Total EE's who changed to new carriers
206	Single to Family
96	Family to Single
1240	Sutter Enrollment
1120	WHA Enrollment
164	EE's went into Kaiser
269	EE's left Kaiser
105	Net loss to Kaiser
571	EE's moved to Tier B - Now at 58% of those with coverage
664	EE's moved into HDHP's
1732	EE's chose HDHP-19% of those covered

Savings to County by move to Sutter/WHA= \$2.1 Million Annually

Savings to EE's by move to Sutter/WHA= \$6.45 Million Annually



Enrollment Detail August 2014

Plan	Coverage	No Cashback	Cashback	TIRB	SUM(count)	%
Sutter Health Plus HDHP	EE	9	11	51	71	
	EE+D	6	9	222	237	
	Subtotal	15	20	273	308	2.91%
Sutter Health Plus HMO	EE	387	147	77	611	
	EE+D	28	43	318	389	
	Subtotal	415	190	395	1000	9.43%
WHA HDHP	EE	7	8	39	54	
	EE+D	10	8	131	149	
	Subtotal	17	16	170	203	1.92%
WHA HMO	EE	359	191	80	630	
	EE+D	32	31	234	297	
	Subtotal	391	222	314	927	8.75%
Kaiser HDHP	EE	15	34	285	334	
	EE+D	30	48	941	1019	
	Subtotal	45	82	1226	1353	12.76%
Kaiser HMO	EE	932	656	537	2125	
	EE+D	430	312	2287	3029	
	Subtotal	1362	968	2824	5154	48.62%
Waiver	EE	369	948	338	1655	
	Subtotal	369	948	338	1655	15.61%
Summary Total	2614	2446	5540	10600	100%	

% of Kaiser Among Those Electing Plans - 72.74%

% of Non Kaiser Among Those Electing Plans - 27.26%

Premium History

<u>MEDICAL</u>	<u>CY 2014*</u>	<u>CY 2013</u>	<u>CY 2012</u>	<u>CY 2011</u>	<u>CY 2010</u>
Employee Paid	\$21,338,097	\$25,494,202	\$25,603,706	\$24,743,380	\$21,572,551
Employer Paid	<u>\$97,924,020</u>	<u>\$97,881,331</u>	<u>\$94,896,676</u>	<u>\$90,246,364</u>	<u>\$85,532,351</u>
Sub-Total	\$119,262,117	\$123,375,533	\$120,500,382	\$114,989,744	\$107,104,902
Cash Back/PSI	\$ 8,895,530	\$ 9,635,285	\$ 10,600,945	\$ 11,611,127	\$ 13,455,727

- **Based on January through June 2014 paid to date, and estimated through Dec 2014**

Premiums for 2015

Tier B Contribution for Coverage

Plan	Single = \$491.26 Family = \$1256.30		Single = \$501.10 Family = \$1281.46		Impact	
	Single/	Family	2014 Rates	2015 Rates	\$Change	% Change
Kaiser \$15 HMO	S		\$614.08	\$626.38	\$12.30	2.00%
	F		\$1,570.38	\$1,601.82	\$31.44	2.00%
WHA \$15 HMO	S		\$620.53	\$649.74	\$29.21	4.71%
	F		\$1,583.07	\$1,663.38	\$80.31	5.07%
Sutter \$15 HMO	S		\$618.80	\$631.22	\$12.42	2.01%
	F		\$1,582.70	\$1,614.48	\$31.78	2.01%
Kaiser HD HMO	S		\$484.06	\$493.74	\$9.68	2.00%
	F		\$1,237.90	\$1,262.66	\$24.76	2.00%
WHA HD HMO	S		\$473.90	\$496.30	\$22.40	4.73%
	F		\$1,213.20	\$1,270.60	\$57.40	4.73%
Sutter HD HMO	S		\$482.00	\$491.64	\$9.64	2.00%
	F		\$1,232.62	\$1,257.26	\$24.64	2.00%

NOTE: Final premiums to be approved by Board of Supervisors

Additional Items

1. Very small reduction in dental premiums
2. No changes to vision program
3. New “Limited FSA” to allow for FSA and HSA overlap
4. Optional Life insurance rates to go down, with additional 5 x salary level.
5. Exploring a Critical incident/Cancer plan.

Enrollment Projections

Assumptions:

1. Temporary halt to the migration from Non-Kaiser to Kaiser plans. Will resume if plan design and/or cost structures are not changed.
2. High Deductible Plans are seeing considerable adoption increases nationwide. Greater emphasis these plans to slow the rate of increase at least until 2018 Cadillac tax impact.

Goals - Projections

- Maximize Opportunities to Minimize Rate Increases - Affordability
- Continue Effective Use Of Financial Resources
- Maintain Or Increase Competitiveness
- Provide Flexibility To Meet Employee Needs
- Provide Accessibility For Retirees

Discussion Points – Current Landscape

1. **Health Savings Accounts and High Deductible Health Plans:**
 - a. County Plans provide no deduction options for employee only and family coverage
 - b. Assists employees in building a “nest egg” for purchasing health coverage in retirement
 - c. Will have an impact on the Cadillac Tax
2. **Impact of the ACA’s Excise “Cadillac” Tax**
 - a. Takes effect with Plan Year 2018
 - b. Tax is 40% of every dollar over \$10,200 (\$850/mth) for single coverage and \$27,500 (\$2,292/mth) for family coverage.
 - c. The tax is inflation indexed –rate increases exceed inflation
 - d. Includes amounts contributed to HSA/FSA in formula

Discussion Points – Future Steps

3. Future JLM Meetings – Early 2015

Will need further discussions on how to address multiple topics in a workable manner- examples:

- a. Evaluate Plan design options
- b. Look at best practices
- c. Evaluate two, three and four Tier options
- d. When Cadillac Tax kicks in a three tier approach may be beneficial to employee plus one
- e. Look at a revised subsidy structure with different tier options
- f. Provide premium credits for employees participating in wellness program

Discussion Points

5. Remain on the leading edge

- a. The City of Sacramento has moved to WHA & SHP
- b. The Superior Courts are also looking at this as an option
- c. Does joining with agencies of similar size make sense

Summary

Next Steps:

1. Obtain Board Approval
2. Open Enrollment
3. Begin Discussions on Long Term Strategies

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