

RECOMMENDATION:

The Benefits Committee recommends the Board give consensus on moving forward with one of the two below changes to the prescription plan structure for the 2021 plan year, as there was split feedback within the Committee (see slide 9 of the presentation for rate details).

Option B, resulting in a 12% premium increase:

- Generic retail co-pay from \$20 to \$25, and mail order co-pay from \$40 to \$50
- Preferred brand retail co-pay from \$40 to \$75, and mail order co-pay from \$80 to \$150.
- Non-Preferred brand retail co-pay from \$70 to \$100, and mail order co-pay from \$140 to \$200.
- Increasing the annual deductible (waived on generics) from \$150 to \$300.

Option D, resulting in a 10.5% increase:

- Generic retail co-pay from \$20 to \$30, and mail order co-pay from \$40 to \$45.
- Preferred brand retail co-pay from \$40 to \$100, and mail order co-pay from \$80 to \$150.
- Non-Preferred brand retail co-pay from \$70 to \$100, and mail order co-pay from \$140 to \$300.
- Adding a specialty brand mail order co-pay of \$300 per monthly supply.
- Increasing the annual deductible (waived on generics) from \$150 to \$300.

The increase for the \$2500 HDHP for either option above will be 15%.

The Benefits Committee also recommends the Board give consensus to renew coverages for Premera and Willamette dental plans for the 2021 plan year with zero change in rates.

COORDINATION:

On 1/21/20 and 2/18/20 the Benefits Committee held their regular, in-person monthly meetings, attended on average by representatives from 45.5% of employee groups.

Beginning on 3/17/20, in response to the COVID-19 outbreak, the Benefits Committee began holding telephonic meetings through the spring and summer, attended on average by representatives from 39% of employee groups.

On 8/4/2020, HR sent out a call for Benefits Committee representatives to All-County and all union business representatives. In that communication we expressed our continued desire to have at least one representative from each office/department and employee group/union to help us make sure all employee groups are represented on the Committee and informed on benefits related topics, including 2021 renewal plan and rate options. In response to this call, 57% of County groups had representatives in attendance at the 8/18/2020 meeting or indicated who would be representing their group for 2021.

Following the 8/18/2020 meeting, a recap was sent out to the 2020 Committee representatives, again calling for confirmation of who will represent their groups (for those who hadn't responded) for the 2021 Committee. Following that email recap, a few additional County groups responded, bringing the total represented groups to 91% (all but two departments, WSU extension and Corrections).

There are two employees in the WSU extension office, both of whom are in the Courthouse bargaining unit. The County is currently engaged in negotiations with the Corrections unit for their 2021 CBA, including benefits. The unit has chosen not to engage with, participate in, or provide a recommendation to, the Benefits Committee as their stated position is that this established committee process for analyzing and recommending changes to County benefits programs is not consistent with the County's duty to bargain. We will continue to negotiate in good faith with this unit and bargain any impacts of the benefits decisions, but have communicated to the unit's representative that the County must make decisions and move forward with 2021 benefits plans for all employees as our current plans end 12/31/2020.

On 9/1/2020, the 2021 Benefits Committee met to review claims data, and the renewal plan design presentation from Conover. Representatives from 57% of County groups attended the presentation and participated in discussions of plan options.

On 9/8/2020, the Committee held an additional meeting to discuss individual group feedback based on the prior week's presentation. Representatives from 49% of County groups attended the presentation and participated in discussions of plan options.

On 9/21/2020, the Committee met to review renewal rate information received from Premera. Representatives from 61% of County groups attended the presentation and participated in discussions of plan options.

On 9/24/2020, the Committee conducted a final meeting to discuss group recommendations/consensus, with the goal of determining the Committee's recommendation to the Board for 2021 benefits plans. 70% of the County groups were present at this meeting or shared their groups' feedback prior to the meeting. Of those groups, 56% recommended making no change to the medical plan structure, 31% recommended making a change, and 13% were either split or had no preference. 75% of groups present at that meeting supported making a change to the prescription plan design, 19% did not support making a change, and 6% were split. Of those groups supporting a change to the prescription plan design, 46% recommended RX Option 1, while 31% recommended RX Option 3, while 23% had no preference on the plan design.

Following the conclusion of the Benefits Committee meeting, a couple of additional employee groups provided their input, bringing total employee group participation to 78%. With that feedback taken into account, 50% of groups recommended making no change to the medical plan design, 39% recommended making a change, while 11% were either split or had no preference. With that added feedback, 83% of groups supported making a change to the prescription plan design, 12% did not support making a change, and 5% were split. Of those groups supporting a change to the prescription plan design, 40% recommended RX Option 1, while 40% recommended RX Option 3, and 20% had no preference.

In the course of the conversation, individual members of the Committee expressed general concern regarding rising health care and premium costs, and a stagnant County contribution, particularly for those covering families.

Of the plan options presented to the Committee, only 22% of groups recommended the option that would result in the lowest premium increase of 6.6%.

ATTACHMENTS: (Documents you are submitting to the Board)

1. Conover Benefits Renewal Presentation

HANDLING / ROUTING: (Once document is fully executed it will be imported into Document Manager. Please list name(s) of parties that will need a pdf)

n/a

I certify the above information is accurate and complete.

Carlee Nave

Carlee Nave, HR Director



FRANKLIN COUNTY

COMMISSIONER PRESENTATION OCTOBER 6, 2020



NON-MEDICAL PLAN RENEWALS

Carrier	
Premera Blue Cross Dental	0% Increase
Willamette Dental	0% Increase
Vision Service Plan (VSP)	Renews 1/1/2022
Lincoln Financial <ul style="list-style-type: none">• Employee Paid Life/AD&D• Base Long Term Disability• Buy-Up Long Term Disability• Voluntary Short Term Disability• Voluntary Life• Voluntary AD&D	Renews 1/1/2022

MEDICAL PLAN REVIEW

- **2020 was a ROUGH Claims Year!**
- Premera's Target Loss Ratio is 75%
 - For every dollar paid in premium, Premera pays \$0.75 in claims
- Through August 2020
 - Medical Loss Ratio is 81%
 - Prescription Drug Loss Ratio is 190%
 - Combined Loss Ratio is 100%
- Preliminary Renewal – 36.2% rate increase
- Initial Renewal – 19.9% rate increase
- Negotiated Renewal – 15.0% rate increase

MEDICAL PLAN REVIEW

- Two Major Factors Driving Increased Claims Cost
 - Increase of Large Claims (Claims over \$25,000)
 - 2020 Y-T-D Costs from Large Claims are DOUBLE 2019 Y-T-D Costs
 - 11 out of 450 covered enrollees (2.4% of enrollees) account for 47% of total claims cost
 - 5 of the Large Claims are Pharmacy
 - Sharp Rise in Pharmacy Costs
 - Y-T-D Prescription Costs are up 66% from Y-T-D 2019
 - Average cost of a prescription is up 50% from last year
 - Average cost of a Specialty Drug by Franklin County participant is \$6051
 - 1.4% of the prescriptions filled account for 64% of Franklin County's Drug Cost (Specialty Drugs)

BENEFITS COMMITTEE ACTIVITY

- Based on the experience trends, the Benefits Committee was expecting a larger increase compared to prior years
 - 2020 – 3.55% Increase
 - 2019 – 5.00% Increase
 - 2018 – 0.00% Increase
- In the interest of exploring other options in the market, medical quotes were requested from 5 insurance companies
 - Only one company provided a quote – 33% above current rates
 - Focus shifted to negotiating the best possible rates/coverage options with Premera
- The committee proactively explored alternate (Scaled Down) Medical and Pharmacy plan designs to offset premium increases

BENEFITS COMMITTEE ACTIVITY

- Benefits Committee reviewed several Medical and Prescription options then communicated findings to each representative's group
- Renewal increase options ranged from a 15.0% increase down to a 6.6% increase
- Benefits Committee was asked to make the following recommendations:
 - Keep the existing Medical plan design or move to an Alternate Medical plan design
 - Keep the existing Prescription Drug plan design or move to one of three new options

MEDICAL PLAN COMPARISON

Existing Plans

Deductible	Office Co-pay	Coinsurance	Out of Pocket Max
\$750	\$20	20%	\$3,000
\$1,500	\$30	20%	\$4,000
\$3,000	\$30	20%	\$6,000
\$2,500 HDHP	20%	20%	\$5,000

Alternate Plan Design

Deductible	Office Co-pay	Coinsurance	Out of Pocket Max
\$750	\$25	30%	\$4,000
\$1,500	\$35	30%	\$5,000
\$3,000	\$40	30%	\$6,000
\$2,500 HDHP	20%	20%	\$6,000

Benefit Committee Recommendation: Keep Existing Medical Plans

PRESCRIPTION DRUG PLANS

	Current Plan Design		Option 1		Option 2		Option 3	
Drug Category	RETAIL	MAIL	RETAIL	MAIL	RETAIL	MAIL	RETAIL	MAIL
Generic (Co-Pay)	\$20	\$40	\$25	\$50	\$25	\$50	\$30	\$45
Pref. Brand (Co-Pay)	\$40	\$80	\$75	\$150	\$75	\$150	\$100	\$150
Non-Pref. Brand (Co-Pay)	\$70	\$140	\$100	\$200	\$125	\$250	\$200	\$300
Specialty (Co-Pay)	NA	NA	NA	NA	NA/\$250*	\$250 - 1 Mo.	NA/\$300*	\$300 - 1 Mo.
Annual Deductible	\$150 Waived on Generics		\$300 Waived on Generics		\$300 Waived on Generics		\$300 Waived on Generics	

*Some Specialty Drugs are allowed by Retail since they require same day use.

Benefit Committee Recommendation: Evenly Split Between Options 1 & 3

	\$750	\$1,500	\$3,000
Current Medical w/Current Rx			
Employee	\$519.40	\$484.11	\$451.83
Family	\$1,246.58	\$1,161.88	\$1,084.38
A. Renewal Medical w/Renewal Rx 15.0% Increase			
Employee	\$597.32	\$556.74	\$519.60
Family	\$1,433.56	\$1,336.16	\$1,247.04
B. Renewal Medical w/Rx Option 1 12.0% Increase			
Employee	\$581.78	\$542.26	\$506.10
Family	\$1,396.30	\$1,301.42	\$1,214.62
C. Renewal Medical w/Rx Option 2 12.1% Increase			
Employee	\$582.26	\$542.70	\$506.50
Family	\$1,397.42	\$1,302.48	\$1,215.60
D. Renewal Medical w/Rx Option 3 10.5% Increase			
Employee	\$574.04	\$535.04	\$499.36
Family	\$1,377.72	\$1,284.12	\$1,198.46
E. Alternate Medical w/Rx Option 1 8.1% Increase			
Employee	\$561.26	\$523.14	\$488.26
Family	\$1,347.06	\$1,255.54	\$1,171.78
F. Alternate Medical w/Rx Option 2 8.4% Increase			
Employee	\$562.96	\$524.68	\$489.70
Family	\$1,351.04	\$1,256.26	\$1,175.26
G. Alternate Medical w/Rx Option 3 6.6% Increase			
Employee	\$553.48	\$515.88	\$481.48
Family	\$1,328.36	\$1,238.10	\$1,155.52

\$2,500 HDHP	Rates	% of Change from Current
Current HDHP Medical		NA
Employee	\$430.91	
Family	\$1,034.20	
A, B, C, D. Renewal HDHP Medical		15.0%
Employee	\$495.56	
Family	\$1,189.34	
E, F, G. Alternate HDHP Medical		9.1%
Employee	\$469.90	
Family	\$1,127.78	

It was communicated to the Benefit Committee that the HDHP selection (renewal or alternate plan) would follow the PPO plan recommendation.

The prescription plan design options do not apply to this plan as the insurance benefit does not begin until the deductible is met in full.

Questions?

Thank you for using Conover Insurance.