

2020 Benefit Plan Design and Premium Options

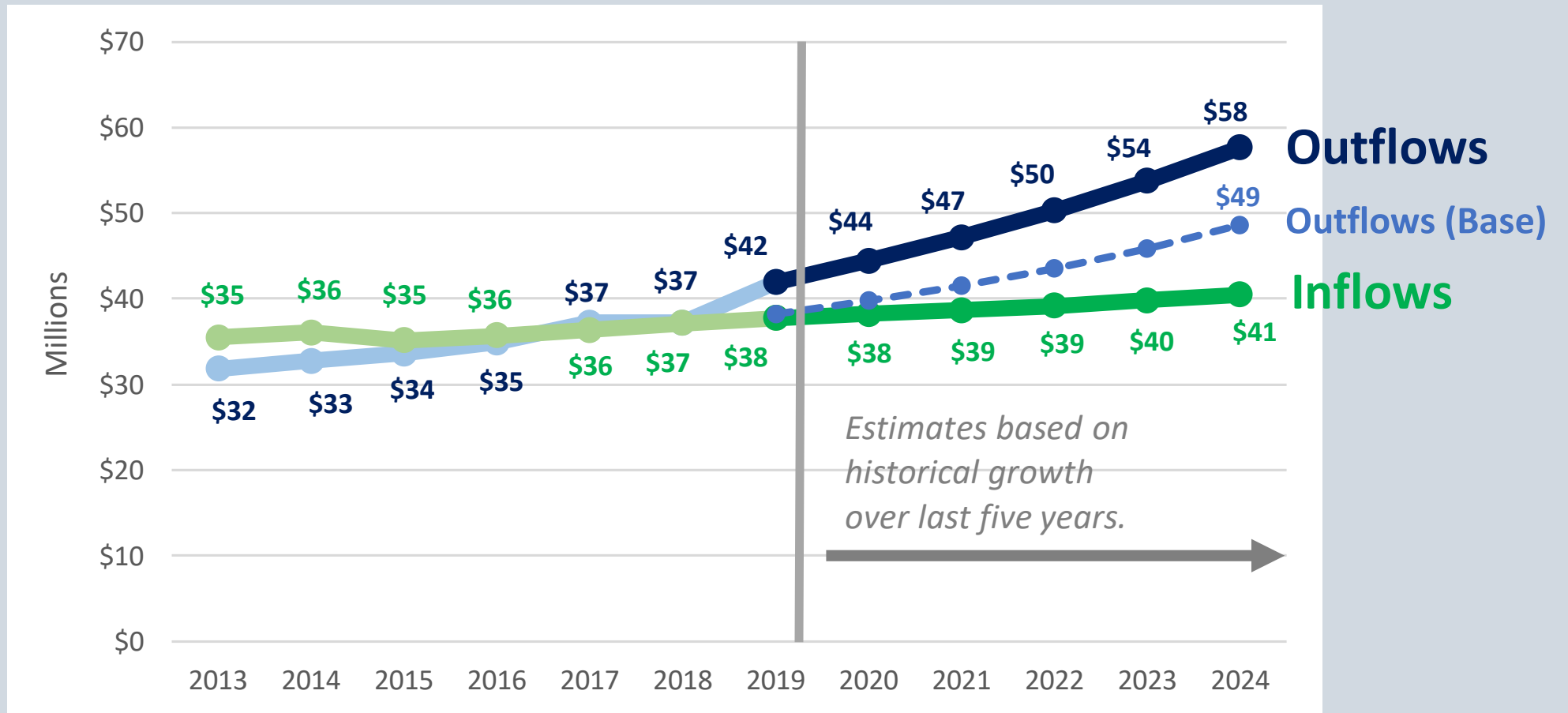
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Deputy County Manager/
Interim HR Director
Carol Campbell
Benefits Manager
October 17, 2019*



What Happened in FY 2019?

- Large increase in high cost claims – 50 claimants over \$100,000
- Already four over the 2019 stop loss limit of \$425,000
- Medical trend
- Fiduciary responsibility for plan sustainability

Health Insurance Internal Service
Fund Balance Used in FY 2019
Totaled
\$4,296,676



INFLOWS AND OUTFLOWS FROM 2013 PROJECTED TO 2024

**Total Medical Claims Paid
(Employees & Retirees
Combined)**

	2015	2016	2017	2018	2019
Claims Paid	\$29,752,747	\$30,813,910	\$32,893,349	\$32,660,540	\$37,336,305
Change from Prior Year	\$2,319,387	\$1,061,163	\$2,079,438	(\$232,808)	\$4,675,765
% Change from Prior Year	8%	4%	7%	-1%	14%

**Medical (Employees)
Claims Paid**

	2015	2016	2017	2018	2019
Claims Paid	23,977,521	25,472,080	27,005,780	27,002,406	30,425,280
Change from PY	3,579,421	1,494,559	1,533,700	(3,373)	3,422,874
% Change	18%	6%	6%	0%	13%

**Medical (Retirees) Claims
Paid**

	2015*	2016	2017	2018	2019
Claims Paid	\$5,775,227	\$5,341,830	\$5,887,569	\$5,658,134	\$6,911,025
Change from PY	(\$1,260,034)	(\$433,396)	\$545,739	(\$229,435)	\$1,252,891
% Change	-18%	-8%	10%	-4%	22%

* the decrease from FY 2014 to FY 2015 was largely the result of moving Medicare-eligible retirees to Medicare Advantage effective January 1, 2015

Claims Cost Per Person by Coverage Type and Employment Status

ACTIVE

Per Employee	\$8,479
Per Spouse	\$10,620
Per Child	\$3,286

RETIRED

Per Retiree	\$13,926
Per Spouse	\$10,614
Per Child	\$3,012

Out of Pocket Cost Analysis

Met \$200 deductible in 2018	741
Met \$2,250 in network out of pocket maximum (now \$2,500)	208
Met \$500 out of network deductible	110
Met \$3,000 out of network out of pocket maximum	9
Average out of pocket expense per member	\$473
Median out of pocket expense per member	\$223

Premium Share Analysis

COUNTY SHARE OF PREMIUMS

86%

EMPLOYEE SHARE OF PREMIUMS

14%

County heavily subsidizes dependents

Claims Share Analysis

COUNTY SHARE OF CLAIMS COSTS

93.5%

EMPLOYEE SHARE OF CLAIMS COSTS

6.5%

Alamance County

Buncombe County

City of Charlotte

Cumberland
County

City of Durham

Durham County

Forsyth County

City of Greensboro

City of High Point

New Hanover
County

Randolph County

Pitt County

City of Winston-
Salem

Orange County

Rockingham
County

Mecklenburg
County

Chatham County

Wake County

'Town of Mebane

City of Asheville

Cabarrus County

Gaston County

City of Raleigh

Other Entities Surveyed

Plan Comparisons Medical

Plan Features In Network	Guilford	Other Entities Average
Single/Family Deductible	\$200/\$600	\$1,436/\$3,200
Single/Family Out of Pocket Max.	\$2,500/\$4,750	\$3,950/\$7,775
Primary Copay	\$20	\$27
Specialist Copay	\$40	\$52
Hospitalization	90%	80%
Premium Employee/Family	\$35/\$365	\$36/\$494

Rate Class	Current Biweekly Premium Employee	Current Biweekly Premium County	Amount Needed in 2020 With No Plan Changes
Employee Only (1,245)	\$16	\$353	-
Employee Spouse (338)	\$112	\$619	↑ \$147
Employee Child (591)	\$72	\$514	↑ \$62
Employee Family (493)	\$168	\$757	↑ \$227

How Do Plan Changes Affect Employees?

By the Numbers in Calendar 2018* Plan Year:

Employees, Retirees and Dependents	
Total covered	5,415
Met in-network deductible (\$200)	741 (13.6%)
Met in-network out of pocket maximum (\$2,250, now \$2,500)	208 (3.8%)
Met out-of-network deductible (\$500, now \$600)	110 (2%)
Met out-of-network out of pocket maximum (\$3,000, now \$3,500)	9
Total employee out of pocket	\$2,630,061*
*2019 should account for approximately \$100,000 in additional out of pocket costs to employees	

Biweekly Increases Needed By Option

Coverage Type	Option One	Option Two	Option Three
Employee Spouse	\$19.62	\$95.62	\$62.62
Employee Child(ren)	\$4.90	\$22.90	\$17.90
Employee Family	\$22.63	\$99.63	\$65.63

Premium Increase with Option One

Coverage Type	Option One
Employee Spouse	\$19.62
Employee Child(ren)	\$4.90
Employee Family	\$22.63

Premium Increase with Option Two

Coverage Type		Option Two
Employee Spouse		\$95.62
Employee Child(ren)		\$22.90
Employee Family		\$99.63

Premium Increase with Option Three

Coverage Type	Option Three
Employee Spouse	\$62.62
Employee Child(ren)	\$17.90
Employee Family	\$65.63

Source of Savings

Option	Savings from Premium Changes	Savings from Plan Changes
Option 1	\$500k	\$4.5 million
Option 2	\$2.5 million	\$2.5 million
Option 3	\$1.6 million	\$3.4 million

Employee Premium Depends on Option Chosen

Rate Class	Current Biweekly Premium Employee	Employee Premium in 2020 With Option One	Employee Premium in 2020 With Option Two	Employee Premium in 2020 With Option Three
Employee Only (1245)	\$15.97	-	-	-
Employee Spouse (338)	\$112.38	\$132	\$208	\$175
Employee Child (591)	\$72.10	\$77	\$95	\$90
Employee Family (493)	\$168.37	\$191	\$268	\$234

Summary of Proposed Options

Plan Option 1

Savings of \$4,473,753 in plan changes

Most plan changes, least premium increase

Plan Option 2

Savings of \$2,515,709 in plan changes

Least plan changes but most premium increase

Plan Option 3

Savings of \$3,359,539 in plan changes

Fewer plan changes than Option 1, but heavier premium increase