

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Renewal of Group Health, Long-Term Disability and Short-Term Disability,
Cancer and Flexible Spending Account and COBRA Administration

DEPARTMENT: Administrative Services **DIVISION:** Risk Management

AUTHORIZED BY: Jamie Croteau **CONTACT:** Linda Eiland **EXT.** 5950

Agenda Date <u>8/24/04</u>	Regular <input checked="" type="checkbox"/>	Consent <input type="checkbox"/>	Work Session <input type="checkbox"/>	Briefing <input type="checkbox"/>
	Public Hearing – 1:30 <input type="checkbox"/>	Public Hearing – 7:00 <input type="checkbox"/>		

MOTION/RECOMMENDATION:

Authorization to renew the County's benefit programs and authorization for Chairman to execute agreements as follows:

Group Health Insurance program with United Healthcare, with an 8.64% rate increase for the period of January 01, 2005 through December 31, 2005.

Long-Term Disability with Reliance Standard with a 10% increase for the period of January 01, 2005 through December 31, 2005.

Short-Term Disability and Cancer, Flexible Spending Account and COBRA Administration with Professional Insurance Corporation for the period of January 01, 2005 through December 31, 2006, with Flexible Spending Account and COBRA Administration being handled by EBC Corporation, and authorization for the Chairman to execute the agreement.

Reviewed by:
Co Atty: _____
DFS: _____
Other: <u>JS</u>
DCM: <u>JS</u>
CM: <u>JA</u>
File No. <u>RASR01</u>

BACKGROUND:

Group Health Program

On July 23, 2004, staff presented renewal of the county's Group Health, Long-Term Disability, Short-Term Disability and Cancer, and Flexible Spending Account and COBRA Administration to the Risk Management Executive Committee. Staff also advised the committee that the Dental and Life Insurance programs do not require any action because premiums and coverages are guaranteed through December 31, 2005.

United Healthcare has presented the renewal effective January 01, 2005 with a 14.6% rate increase. Based on more recent claims experience and continued negotiations, United Healthcare has reduced the renewal to 9.8%. United Healthcare also provided an option to further reduce the increase to an 8.15%.

United Healthcare's renewal includes changes to the county's current benefit plan to bring the plan to one of their standard plans, and to a more efficient operating platform. This has resulted in some copays being increased while others were lowered from their current level.

United Healthcare has also made some changes to their ancillary benefits which are reflected on Attachment #3.

Attachment #1, pages 1 through 3, and Attachment #2, pages 1 through 3 summarize the options and premiums presented to the committee regarding the County's Group Health Plans.

The Risk Management Executive Committee voted 4-0 to recommend to the Board of County Commissioners renewal with United Healthcare changing the lowered copays back to their current level as reflected in Exhibit 2 page 1, with the exception of the Outpatient Surgery copay which will be \$0. This will bring the rate increase to 8.64%.

Exhibit #4 reflects the premiums recommended by the Risk Management Executive Committee.

The estimated total annual cost for FY 04/05 at an 8.64% rate increase is \$18,997,285, with \$14,277,793 being the county's portion.

Estimated annual costs are projected based on current enrollment and can vary depending on employee turnover, changes made during Open Enrollment, and lifestyle changes throughout the year.

The Risk Management Executive Committee also recommends bidding the group health program during 2005 to include an option to self insure.

Long-Term Disability

The Board of County Commissioners awarded group long term disability coverage to Reliance Standard effective January 01, 2003. Reliance Standard guaranteed their rates for 24 months through December 31, 2004.

Reliance Standard has provided their renewal to be effective January 01, 2005 requesting a 10% increase in premiums.

Our loss ratio over the 17 months of the experience period is 136.4%. Staff feels that with a 136% loss ratio the increase is more than favorable to the county and employees.

Estimated annual cost to the county for FY 04/05 is \$115,200 as compared to estimated Annual cost for FY 03/04 of \$104,818. Estimated annual cost to employees with buy-up coverage for FY04/05 is \$38,567 as compared to cost for FY 03/04 of \$35,696 based on current enrollment.

The Risk Management Executive Committee voted 4-0 to recommend approval to the Board of County Commissioners.

Short-Term Disability, Cancer, Flexible Spending Account and COBRA Administration

Seminole County has offered its BCC employees the opportunity to purchase Short-term Disability and Cancer plans through Professional Insurance Corporation and participate in Flexible Spending Accounts since January 01, 1996. This program also includes COBRA administration for BCC and Constitutional Officers.

Professional Insurance Corporation has presented its renewal advising that they will extend their guaranteed issue Short-term Disability and Cancer plans with no change in premiums for 24 months effective January 01, 2005 through December 31, 2006. Employee Benefits Corporation has provided the same guarantee for Flexible Spending Account and COBRA Administration.

Both guarantees are based on the county not requiring them to respond to an RFP during this 2 year period and them being the exclusive provider.

Estimated annual cost to the County for COBRA administration is \$4,180. Summary of current participation is as follows:

<u>Plan</u>	<u>Number Participants</u>	<u>Premium/Cost</u>
Cancer/Disability	354/361	\$8,373/\$19,907
Flexible Medical	117	\$162,362
Flexible Childcare	7	\$26,949

The Risk Management Executive Committee voted 4-0 to recommend approval to the Board of County Commissioners.

Attachment #1 - Page 1
Seminole County Government
January 1, 2005 Health Renewal Benefit Comparison

Plan Summary	United Healthcare Current		United Healthcare Renewal	
	HMO	POS	HMO 38 C	POS 32C+
In Network Benefits				
Deductible	\$0	\$0	\$0	\$0
Coinsurance	100%	100%	100%	100%
Maximum Out of Pocket	\$1,500/\$3,000	\$1,500/\$3,000	no limit	no limit
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited
Office Visits				
• Primary	\$15 Copay	\$15 Copay	\$15 Copay	\$10 Copay
• Specialty	\$25 Copay	\$25 Copay	\$15 Copay	\$10 Copay
• Routine Physical	\$0 Copay	\$0 Copay	\$15 Copay	\$10 Copay
Inpatient Hospital	\$250 Copay Per Admission	\$250 Copay Per Admission	\$250 Copay Per Admission	\$250 Copay Per Admission
Outpatient Hospital				
• Surgery	\$100 Copay	\$100 Copay	\$0 Copay	\$0 Copay
• Diagnostics	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
• Therapeutic Treatments	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Emergency Room	\$100 Copay	\$100 Copay	\$75 Copay	\$75 Copay
Urgent Care Center	\$25 Copay	\$25 Copay	\$35 Copay	\$35 Copay
X-Ray	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Lab	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Prescription Drugs	\$10/\$15/\$25 2 X Mail Order	\$10/\$15/\$25 2 X Mail Order	\$10/\$20/\$30 2.5 X Mail Order	\$10/\$20/\$30 2.5 X Mail Order
Out of Network Benefits				
Deductible	Not Covered	\$300/\$600	Not Covered	\$500/\$1,000
Coinsurance	Not Covered	80%	Not Covered	80%
Maximum Out of Pocket	Not Covered	\$3,000/\$6,000 + Ded	Not Covered	\$2,500/\$5,000 + Ded
Prescription Drugs	80%	80%	Not Covered	Not Covered
Lifetime Maximum	Not Covered	\$2,000,000	Not Covered	\$1,000,000
Total Monthly Premium	\$1,418,527.31	\$50,660.66	\$1,557,547.49	\$55,625.57
Combined Monthly Premium	\$1,469,187.97		\$1,613,173.06	
Percentage Change			9.80%	9.80%
Combined Percentage Change			9.80%	

This is for summary purposes only. Your policy will govern.

8/11/2004

Attachment #1 - Page 2
Seminole County Government
January 1, 2005 Health Renewal Cost Comparison

HMO	POS	United Healthcare Current Rates				United Healthcare Renewal Rates			
		HMO		POS		38 C		32 C+	
1419	20 @ Employee	\$317.30	\$450,248.70	\$471.08	\$9,421.60	\$348.40	\$494,379.60	\$517.25	\$10,345.00
353	27 @ Employee + Spouse	\$689.83	\$243,509.99	\$815.57	\$22,020.39	\$757.43	\$267,372.79	\$895.50	\$24,178.50
410	9 @ Employee + Child(ren)	\$661.42	\$271,182.20	\$757.13	\$6,814.17	\$726.24	\$297,758.40	\$831.33	\$7,481.97
434	10 @ Employee + Family	\$1,045.13	\$453,586.42	\$1,240.45	\$12,404.50	\$1,147.55	\$498,036.70	\$1,362.01	\$13,620.10
Total Monthly Premium		\$1,418,527.31		\$50,660.66		\$1,557,547.49		\$55,625.57	
Combined Monthly Premium		\$1,469,187.97				\$1,613,173.06			
Percentage Change						9.80%		9.80%	
Combined Percentage Change						9.80%			

- ♦ Some benefits are not covered or covered differently out of network.
- ♦ The lifetime maximum amount is for in and out of network services combined.
- ♦ Renewal assumes no change in employee contribution.

COMPARISON OF CURRENT AND 2005 MONTHLY HEALTH INSURANCE PREMIUMS								
<i>9.8% Increase</i>								
Type of Coverage	Total Premium		County Paid			Employee Paid		
	Current	2005	Current	2005	Increase	Current	2005	Increase
OPTION # 1: MANAGED HEALTH CARE (HMO)								
Employee Only	317.30	348.40	317.30	348.40	31.10	\$ - 0 -	\$ - 0 -	0
Employee & Spouse	689.83	757.43	503.57	552.91	49.34	186.26	204.52	18.26
Employee & Child(ren)	661.42	726.24	489.36	537.32	47.96	172.04	188.92	16.88
Employee & Family	1045.13	1147.55	681.23	747.97	66.74	363.90	399.58	35.68
OPTION #2: DESIGNATED PROVIDER PROGRAM (POSHMO) & OPTION #3: OUT OF AREA								
Employee Only	471.08	517.24	394.20	432.82	38.62	76.88	84.42	7.54
Employee & Spouse	815.57	895.50	566.45	621.96	55.51	249.13	273.54	24.41
Employee & Child(ren)	757.13	831.33	537.23	589.87	52.64	219.90	241.46	21.56
Employee & Family	1240.45	1362.01	778.89	855.21	76.32	461.56	506.80	45.24

Attachment #2 - Page 1
Seminole County Government
January 1, 2005 Health Renewal Benefit Comparison

Plan Summary	United Healthcare Current		United Healthcare Renewal	
	HMO	POS	HMO SCG 1	POS SCG 2
In Network Benefits				
Deductible	\$0	\$0	\$0	\$0
Coinsurance	100%	100%	100%	100%
Maximum Out of Pocket	\$1,500/\$3,000	\$1,500/\$3,000	no limit	no limit
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited
Office Visits				
• Primary	\$15 Copay	\$15 Copay	\$15 Copay	\$15 Copay
• Specialty	\$25 Copay	\$25 Copay	\$25 Copay	\$25 Copay
• Routine Physical	\$0 Copay	\$0 Copay	\$15/\$25	\$15/\$25
Inpatient Hospital	\$250 Copay Per Admission	\$250 Copay Per Admission	\$250 Copay Per Admission	\$250 Copay Per Admission
Outpatient Hospital				
• Surgery	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
• Diagnostics	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
• Therapeutic Treatments	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Emergency Room	\$100 Copay	\$100 Copay	\$100 Copay	\$100 Copay
Urgent Care Center	\$25 Copay	\$25 Copay	\$35 Copay	\$35 Copay
X-Ray	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Lab	\$0 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Prescription Drugs	\$10/\$15/\$25 2 X Mail Order	\$10/\$15/\$25 2 X Mail Order	\$10/\$20/\$30 2.5 X Mail Order	\$10/\$20/\$30 2.5 X Mail Order
Out of Network Benefits				
Deductible	Not Covered	\$300/\$600	Not Covered	\$500/\$1,000
Coinsurance	Not Covered	80%	Not Covered	80%
Maximum Out of Pocket	Not Covered	\$3,000/\$6,000 + Ded	Not Covered	\$2,500/\$5,000 + Ded
Prescription Drugs	80%	80%	Not Covered	Not Covered
Lifetime Maximum	Not Covered	\$2,000,000	Not Covered	\$1,000,000
Total Monthly Premium	\$1,418,527.31	\$50,660.66	\$1,534,182.00	\$54,791.23
Combined Monthly Premium	\$1,469,187.97		\$1,588,973.23	
Percentage Change			8.15%	8.15%
Combined Percentage Change			8.15%	

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Attachment #2 - Page 2
Seminole County Government
January 1, 2005 Health Renewal Cost Comparison

<u>HMO</u> <u>POS</u>	United Healthcare Current Rates				United Healthcare Renewal Rates			
	HMO		POS		38 C		32 C+	
1419 20 @ Employee	\$317.30	\$450,248.70	\$471.08	\$9,421.60	\$343.17	\$486,958.23	\$509.49	\$10,189.80
353 27 @ Employee + Spouse	\$689.83	\$243,509.99	\$815.57	\$22,020.39	\$746.07	\$263,362.71	\$882.07	\$23,815.89
410 9 @ Employee + Child(ren)	\$661.42	\$271,182.20	\$757.13	\$6,814.17	\$715.35	\$293,293.50	\$818.86	\$7,369.74
434 10 @ Employee + Family	\$1,045.13	\$453,586.42	\$1,240.45	\$12,404.50	\$1,130.34	\$490,567.56	\$1,341.58	\$13,415.80
Total Monthly Premium	\$1,418,527.31		\$50,660.66		\$1,534,182.00		\$54,791.23	
Combined Monthly Premium	\$1,469,187.97				\$1,588,973.23			
Percentage Change					8.15%		8.15%	
Combined Percentage Change					8.15%			

- ♦ Some benefits are not covered or covered differently out of network.
- ♦ The lifetime maximum amount is for in and out of network services combined.
- ♦ Renewal assumes no change in employee contribution.

COMPARISON OF CURRENT AND 2005 MONTHLY HEALTH INSURANCE PREMIUMS

8.64 % Increase

Type of Coverage	Total Premium		County Paid			Employee Paid		
	Current	2005	Current	2005	Increase	Current	2005	Increase
OPTION # 1: MANAGED HEALTH CARE (HMO)								
Employee Only	317.30	344.71	317.30	344.71	27.41	\$ - 0 -	\$ - 0 -	0
Employee & Spouse	689.83	749.43	503.57	547.07	43.50	186.26	202.36	16.10
Employee & Child(ren)	661.42	718.57	489.36	531.65	42.29	172.04	186.92	14.88
Employee & Family	1045.13	1135.43	681.23	740.07	58.84	363.90	395.36	31.46
OPTION #2: DESIGNATED PROVIDER PROGRAM (POSHMO) & OPTION #3: OUT OF AREA								
Employee Only	471.08	511.78	394.20	428.24	34.04	76.88	83.54	6.66
Employee & Spouse	815.57	886.03	566.45	615.37	48.92	249.13	270.66	21.53
Employee & Child(ren)	757.13	822.55	537.23	583.63	46.40	219.90	238.92	19.02
Employee & Family	1240.45	1347.62	778.89	846.16	67.27	461.56	501.46	39.90

Attachment #3

Seminole County Government Renewal 2005

The following benefits have standard limitations as part of the 2005 renewal.

Deductible Carryover – There is no deductible carryover.

(2004 Benefit had deductible carryover)

DME/Prosthetics – There is a \$5000 maximum benefit each per calendar year.

(2004 Benefit – Benefit had no maximum)

Eye Exams – One exam every other calendar year.

(2004 Benefit – One exam every year)

Home Health Care – maximum of 200 visits per calendar year.

(2004 Benefit - no maximum)

Injections within a physician's office – No copay

(2004 Benefit is \$25 copay for a specialist depending on claim filing)

Rehabilitation Services – 20 Visits each for Speech therapy, Occupational therapy, Physical therapy, Pulmonary therapy. 36 Visits for Cardiac rehabilitation therapy.

(2004 Benefit had all therapies limited to 62 consecutive days of therapy per episode of care)

Spinal Treatment (Chiropractic) – 48 visits per calendar year.

(2004 Benefit had no maximum)

Attachment # 4

GROUP HEALTH INSURANCE PREMIUMS						
January 1, 2005 - December 31, 2005						
Type of Coverage	Total Premium		County Paid		Employee Pays	
	Monthly		Monthly		Monthly	Twice Monthly
OPTION # 1: MANAGED HEALTH CARE (HMO)						
Employee Only	344.71		344.56		0.00	0.00
Employee & Spouse	749.43		547.07		202.36	101.18
Employee & Child(ren)	718.57		531.65		186.92	93.46
Employee & Family	1135.43		740.07		395.36	197.68
OPTION #2: POINT OF SERVICE (POS) & OPTION #3: OUT OF AREA						
Employee Only	511.78		428.24		83.54	41.77
Employee & Spouse	886.03		615.37		270.66	135.33
Employee & Child(ren)	822.55		583.63		238.92	119.46
Employee & Family	1347.62		846.16		501.46	250.73