

# Agreements for Health Insurance Services



# Overview

- Healthcare costs continue to rise
- Last year was a transition year
  - Focus was on plan migration
- Doing nothing means a 15% cost increase
- Board direction 5% or less
  - 2011 cost       \$6.0 million
  - 2012 target     \$6.3 million



# The Approach

1. Use Board target, look long-term
2. Involve employees
  - Healthcare Advisory Committee
  - Surveys, employee meetings, focus groups
3. Understand healthcare issues
  - What is the existing utilization?
  - What influences cost and what are cost containment strategies?
  - What plans are available and what do they cost?
  - What are others doing?
  - What about “pooling”?
4. Test “what if” scenarios – plan options, contribution structures
5. Review, analyze tradeoffs
6. Recommend plan to achieve directives and meet employee needs



# Due Diligence

- Secured quotes from alternative carriers and one purchasing pool - California State Association of Counties – Excess Insurance Authority (CSAC-EIA)
  - 5 Medical, CSAC-EIA
  - 3 Dental, CSAC-EIA
  - 2 Vision, CSAC-EIA
- For each carrier, evaluated:
  - Medical groups, hospital networks
  - Dental and vision network utilization and alternative carriers
- Reviewed Consumer Driven Health Plans
- Analyzed various contribution strategies



# HAC Recommendation

- Include tenured benefit after 10 years\*
- Offer **4 medical, 2 dental and 1 vision plan** option
  - Kaiser
  - Anthem Blue Cross Health Maintenance Organization (HMO)
  - Anthem Blue Cross Preferred Provider Organization (PPO)
  - Anthem Blue Cross High Deductible Health Plan plus Health Savings Account = Consumer Driven Health Plan (CDHP)
  - Delta Dental PPO through CSAC-EIA
  - Delta Dental DHMO
  - Vision Service Plan through CSAC-EIA

(Change to Anthem Blue Cross and Delta Dental results in minimal disruption)
- Expand wellness program with Anthem Blue Cross funding

\* Grandfather in those hired on or before 6/27/2004

# Consumer Driven Health Plan

- High deductible plan\*
- Preventative care 100% coverage\*\*
- OCTA covers deductibles via deposits in a Health Savings Account (HSA)
  - OCTA fully funds HSA January 1, 2012
  - Unspent HSA rolls to next year and is totally portable
- Once deductible is met, like a PPO
  - 10% coinsurance in-network, 30% out-of-network
- After deductible, prescription drugs
  - \$10 generic co-pay, \$30 brand co-pay, \$50 non-formulary co-pay

\* \$1,250 individual, \$2,500 family

\*\* Preventative care is not subject to a deductible

# 2012 Proposed Medical Plan Rates and Contributions

Year	Contribution Schedule for Employees with less than 10 years of service						Contribution Schedule for Employees with 10 or more years of service**						
	2011			2012			2011			2012			
	Plan	Cost Share (%)	Monthly Premium	Monthly Employee Cost	Cost Share (%)	Monthly Premium	Monthly Employee Cost	Cost Share (%)	Monthly Premium	Monthly Employee Cost	Cost Share (%)	Monthly Premium	Monthly Employee Cost
<b>Kaiser</b>													
Employee Only	10%	\$442	\$44	10%	\$506	\$51	0%	\$442	\$0	0%	\$506	\$0	
Two-party	15%	\$884	\$133	15%	\$1,012	\$152	0%	\$884	\$0	5%	\$1,012	\$51	
Family	15%	\$1,251	\$188	15%	\$1,431	\$215	0%	\$1,251	\$0	5%	\$1,431	\$72	
<b>Anthem HMO</b>													
Employee Only	10%	\$392	\$39	10%	\$457	\$46	0%	\$392	\$0	0%	\$457	\$0	
Two-party	15%	\$843	\$126	15%	\$959	\$144	0%	\$843	\$0	5%	\$959	\$48	
Family	15%	\$1,137	\$170	15%	\$1,371	\$206	0%	\$1,137	\$0	5%	\$1,371	\$69	
<b>Anthem PPO</b>													
Employee Only	10%	\$756	\$76	15%	\$660	\$99		\$756		7.5%	\$660	\$50	
less than \$50k							4%		\$30				
\$50k - \$74k							6%		\$45				
\$75k - \$99k							8%		\$60				
\$100k plus							10%		\$75				
Two-party	15%	\$1,625	\$244	20%	\$1,387	\$277		\$1,625		10%	\$1,387	\$139	
less than \$50k							6%		\$95				
\$50k - \$74k							8%		\$130				
\$75k - \$99k							11%		\$180				
\$100k plus							15%		\$240				
Family	15%	\$2,192	\$329	20%	\$1,981	\$396		\$2,192		10%	\$1,981	\$198	
less than \$50k							5%		\$120				
\$50k - \$74k							8%		\$170				
\$75k - \$99k							10%		\$225				
\$100k plus							15%		\$325				
<b>Anthem CDHP*</b>													
Employee Only				10%	\$495	\$49				5%	\$495	\$25	
Two-party				15%	\$1,039	\$156				7.5%	\$1,039	\$78	
Family				15%	\$1,484	\$223				7.5%	\$1,484	\$111	

\*OCTA contribution to Health Savings Account fully funds deductible for CDHP Plan @ either \$1,250 for individual or \$2,500 for two-party or family.

\*\*Employee hired prior to 6/27/04 will be grandfathered into the ten-year tenured benefit.

# 2012 Proposed Dental and Vision Plan Rates and Contributions

## OCTA 2012 Plan Rate Proposal and Contributions

Contribution Schedule for All Employees						
Year	2011			2012		
Plan	Cost Share (%)	Monthly Premium	Monthly Employee Cost	Cost Share (%)	Monthly Premium	Monthly Employee Cost
<b>Delta Dental DHMO</b>						
Employee Only	10%	\$10.35	\$1.04	10%	\$11.19	\$1.12
Two-party	15%	\$16.00	\$2.40	15%	\$17.30	\$2.60
Family	15%	\$21.00	\$3.15	15%	\$22.94	\$3.44
<b>Delta Dental DPPO</b>						
Employee Only	10%	\$72.78	\$7.28	10%	\$77.46	\$7.75
Two-party	15%	\$156.35	\$23.45	15%	\$163.58	\$24.54
Family	15%	\$210.11	\$31.52	15%	\$218.99	\$32.85
<b>Vision Service Plan Choice (VSP)</b>						
Employee Only	10%	\$13.17	\$1.32	10%	\$11.79	\$1.18
Two-party	15%	\$26.34	\$3.95	15%	\$22.61	\$3.39
Family	15%	\$38.19	\$5.73	15%	\$32.34	\$4.85





# Results

- ✓ Achieves Board directive, within 5% budget
- ✓ Provides employees with choices and good access to medical providers
- ✓ Anthem HMO and PPO plans result in minimum provider disruption
- ✓ Includes Kaiser
- ✓ Higher contribution percentage required for the more expensive PPO plan
- ✓ Achieves long term strategy goals

# Next Steps

- OCTA Board of Directors October 7, 2011
- Employee Communication October 2011
- Open Enrollment Nov 1<sup>st</sup> - Nov 17<sup>th</sup> ,2011
- Health Fair November 8, 2011
- Effective Date January 1, 2012
- Wellness Program Expansion\* 2012

\*Anthem provides \$25,000