



Fulton County

Legislation Text

File #: 21-0657, Version: 1

Department

Finance

Requested Action *(Identify appropriate Action or Motion, purpose, cost, timeframe, etc.)*

Request approval of 2022 premium rates for the Medical and Pharmacy, Dental and Vision Plans effective January 1, 2022. **(APPROVED)**

Requirement for Board Action *(Cite specific Board policy, statute or code requirement)*

In accordance with Board Policy, benefit plan premiums are approved prior to the beginning of each plan year.

Strategic Priority Area related to this item *(If yes, note strategic priority area below)*

Open and Responsible Government

Commission Districts Affected

All Districts ☒

District 1 ☐

District 2 ☐

District 3 ☐

District 4 ☐

District 5 ☐

District 6 ☐

Is this a purchasing item?

No

Summary & Background *(First sentence includes Agency recommendation. Provide an executive summary of the action that gives an overview of the relevant details for the item.)*

Scope of Work: The Finance Department worked with Segal Consulting to complete the 2022 health plan renewals and premium rate projections. Fulton County currently provides a combination of self-insured and fully-insured Medical & Pharmacy (Rx), Dental and Vision programs to approximately 4,093 employees and 3,309 retirees/beneficiaries. For the fully-insured plan options, the insurance carrier pays claims from their own funds and sets premium rates to support expected claim payments. With the self-insured plans, the carrier administers the plan, but claims are funded by the County. Funding rates must be calculated using historical claims and enrollment data, to which actuarial sound methodologies and assumptions are applied, and costs and credits associated with

administration of the plan are incorporated. The 2022 funding projection assumes no changes in benefit plan design or cost share changes for active employees and retirees. Fully-Insured Premium rates were negotiated for the following products: Kaiser Medical/Rx HMO for active and non-Medicare retirees/beneficiaries, Aetna Medicare Advantage (Basic & Enhanced Plans), Aetna Dental HMO and Kaiser Senior Advantage Plan for Medicare Eligible retirees/beneficiaries. The Finance Department staff, along with our benefits consultants from Segal, met with each vendor and successfully negotiated lower renewal rates for the 2022 plan year resulting in a \$484,000 negotiated savings as shown below in Exhibit I below. Fully-insured plans make up 32% of the total medical and pharmacy costs.

EXHIBIT I: FULLY-INSURED PLAN NEGOTIATIONS

Plan	Original Increase	Final Negotiated Increase	Plan and Member Savings
Aetna DHMO	4.0%	"No change"	\$26,000
Aetna MAPD			
Basic Option	10.2%	5.3%	\$192,000
Enhanced Option	8.7%	5.3%	
Kaiser HMO	8.0%	7.0%	\$263,000
Kaiser Senior Advantage	-5.0%	-5.0%	\$3,000
Total Negotiated Savings			\$484,000

Unlike fully insured plans, which charge a defined premium for coverage, claims incurred within the self-insured plans are paid directly by Fulton County. Therefore, the funding rates must be calculated using historical claims and enrollment data, to which actuarial sound methodologies and assumptions are applied, and costs and credits associated with administration of the plan are incorporated. Self-Insured performed this exercise for the following plans: Anthem Medical/Rx HMO, POS, and HSA for

Actives and non-Medicare retirees, Anthem Medical/Rx Medicare HMO, Indemnity, and PPO Plus (closed/grandfathered), Aetna Dental PPO and EyeMed Vision PPO. Adjustments were made to account for anticipated enrollment changes due to the transition of Department of Health employees from the County to the State, and for the anticipated additional positions opened for court backlog staffing. Funding rates are set to support the expected costs generated by members enrolled in the plans. The Fulton finance team expects funding returns from approximately 400 vacant positions. Applying this anticipated additional funding toward the cost of these plans, resulted in the following rate changes for 2022:

EXHIBIT II: SELF-INSURED RENEWAL SUMMARY

Medical/Rx	Funding Change
Active Employees	
Anthem BCBS CDHP/HSA	+1.5%
Anthem BCBS HMO	+1.5%
Anthem BCBS POS	+1.5%
Under 65 Retirees	
Anthem BCBS CDHP/HSA	+1.5%
Anthem BCBS HMO	+1.5%
Anthem BCBS POS	+1.5%
Over 65 Retirees	
Anthem BCBS Medicare HMO	-2.4%
Anthem BCBS Medicare Indemnity	-2.4%
Anthem BCBS Medicare PPO Plus (closed)	-2.4%
Dental	
Aetna Dental PPO	-5.2%
Vision	
EyeMed Vision	-10.3%

PROPOSED CHANGE FOR 2022 Three-tier Vision Rates We are proposing a transition of the vision rates from a “flat rate for all” structure, to a 3-tier structure, to be consistent with the other benefit offerings. The 3-tier structure will eliminate the subsidization of higher tiers by the lower tiers. This will cause the single rate to decrease further, and the dependent tiers to increase. Since vision is a low-cost benefit, the greatest rate increase (family tier) would equate to only \$2.69 per month.

EXHIBIT III: PROJECTED HEALTH INSURANCE PLANS COST The expected total cost for all of the Plan’s products (Medical, Rx, Dental, and Vision) in 2022 is \$105.8 million as shown in Exhibit III below. This incorporates all renewals, funding, and the proposed change outlined above.

	Total Cost All Health Benefits	County Cost	Employee Contribution
2022 Total Medical & Pharmacy Cost	\$100.6M	\$82.3M	\$18.3M
2022 Total Dental Cost	\$4.2M	\$1.8M	\$2.5M
2022 Total Vision Cost	\$1.0M	\$0.5M	\$0.4M
2022 Total Health Plan Cost	\$105.8M	\$84.6M	\$21.2

Community Impact: None

Department Recommendation: The Finance Department is recommending approval of the three-tier rate structure for vision rates and the 2022 premium rates for medical, dental and vision as outlined in Exhibit II above. These changes were carefully considered, weighing the financial impact to the plan as well as the financial and logistical impact to the member. Exhibits Attached: Attachment I - Proposed Medical & Rx Rates; Attachment II - Proposed Dental Rates; Attachment III - 2022 Proposed Vision Rates and Attachment IV - Medical & Rx Plan Designs Comparison.

Project Implications: None

Community Issues/Concerns: None

Department Issues/Concerns: Approval is needed to begin open enrollment planning including HR/ESS system modifications, preparation and printing of materials, and website and email communications for the upcoming enrollment period scheduled for Monday, September 27th through Friday, October 12th. For retirees, the dates will be Monday, October 4th through Friday, October 22nd. Employee and retiree information meetings will be held virtually, starting the week of September 27th and October 4th respectively.