

**REQUEST FOR AGENDA PLACEMENT FORM**

Submission Deadline - Tuesday, 12:00 PM before Court Dates

SUBMITTED BY: Randy Gillespie TODAY'S DATE: November 7, 2022

DEPARTMENT: Personnel

SIGNATURE OF DEPARTMENT HEAD: *Randy Gillespie*

REQUESTED AGENDA DATE: November 14, 2022

**SPECIFIC AGENDA WORDING:**

Consideration to authorize Holmes Murphy to move forward with moving County to a Self-Funded Insurance program.

COMMISSIONERS COURT

NOV 14 2022

*to include the level funded option*

**Approved**

**PERSON(S) TO PRESENT ITEM:**

Randy Gillespie/Personnel Director, Julie Rickman/Holmes Murphy, and Shawn Quildon/Holmes Murphy  
**SUPPORT MATERIAL:** (Must enclose supporting documentation)

TIME: 10 Min  
(Anticipated number of minutes needed to discuss item)

ACTION ITEM:   
WORKSHOP:   
CONSENT:  
EXECUTIVE:

**STAFF NOTICE:**

COUNTY ATTORNEY:

IT DEPARTMENT:

AUDITOR:

PURCHASING DEPARTMENT:

PERSONNEL:

PUBLIC WORKS:

BUDGET COORDINATOR:

OTHER:

This Section to be completed by County Judge's Office

ASSIGNED AGENDA DATE: \_\_\_\_\_

REQUEST RECEIVED BY COUNTY JUDGE'S OFFICE:

COURT MEMBER APPROVAL: \_\_\_\_\_

DATE: \_\_\_\_\_



# Johnson County

Commissioner's Court Strategy Discussion

November 14, 2022



# Agenda

- Review of Strategic Opportunities
- Summarized Road Map
- Benchmarking & Comparisons
- Plan Funding Strategies
- Next Steps

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# 2023 Strategic Opportunities

Determine Medical Plan Funding – Self fund Or Fully Insure

Determine Pharmacy Strategy – Remain paired w/medical OR carve out

Evaluate Employer Dependent Subsidy Strategy

Enrollment Platform Solution

Consider Voluntary Benefits as an offset for enrollment platform

Market Dental & Vision – evaluate packaging and bundling discounts

Market Voluntary – evaluate enhanced plan value options

Explore Fertility Treatment Coverage

Evaluate Pre- Paid Legal Services – employee paid

Explore Lifestyle Spending Accounts



# Strategic Road Map



# Benchmarking

# PPO Comparison – Neighboring Entities

CITY	Johnson County	Johnson County	Burleson	Cleburne	Crowley	Winnsboro
Plan Name	TML PPO	TML HMO	UHC Copay	Aetna PPO	BCBS PPO	BCBS PPO
<b>Out of Network?</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
Deductible - Individual	\$2,000	\$2,000	\$2,000	\$5,000	\$800	\$3,000
Deductible - Family	\$4,000	\$4,000	\$4,000	\$10,000	\$2,400	\$6,000
Out-of-Pocket Maximum - Individual	\$4,000	\$4,000	\$4,000	\$10,000	\$5,800	\$6,000
Out-of-Pocket Maximum - Family	\$8,000	\$8,000	\$8,000	\$20,000	\$17,400	\$8,000
Coinsurance	80%	80%	80%	80%		80%
HRA/HSA Contribution	HRA: \$1,000/\$2,000	HRA: \$1,000/\$2,000	HRA: \$1,000/\$2,000	N/A		N/A
Employee Only	\$54.06	\$0.00	\$43.99	\$20.64	Not Available	\$0.00
Employee + Spouse	\$332.88	\$249.54	\$228.77	\$227.83	Not Available	\$219.33
Employee + Child	\$180.79	\$113.42	\$151.78	\$144.99	Not Available	\$161.84
Employee + Family	\$748.50	\$621.52	\$367.35	\$312.26		\$415.22

- All rates are per pay period / non-wellness

- Burleson offers a \$0 cost HSA
- Cleburne, Winnsboro also offer an HSA plan option



# Benchmarking – Medical Plan Design

Medical Plan Design	Johnson County	Benchmark	Johnson County	Benchmark	Benchmark
	496 Enrolled	500-999 Employees	213 Enrolled	Government Industry	500-999 Employees
	HMO Base Plan	HMO (Median)	PPO Buy Up Plan	PPO (Median)	PPO (Median)
Individual Deductible	\$2,000	\$750	\$2,000	\$600	\$750
Family Deductible	\$4,000	\$1,500	\$4,000	\$1,500	\$1,700
Coinsurance	20%	20%	20%	20%	20%
Individual Out-of-Pocket	\$4,000	n/a	\$4,000	\$2,500	\$3,000
Family Out-of-Pocket	\$8,000	n/a	\$8,000	\$6,000	\$7,000
PCP Office Visit	\$35	\$25	\$35	\$20	\$25
Specialist Office Visit	\$45	\$40	\$45	\$40	\$40
Emergency Room Visit	\$150	\$150	\$150	\$150	\$150
Rx - Generic/Preferred/Non-Preferred	\$10/\$50/\$75	\$10/\$30/\$60	\$10/\$50/\$75	\$10/\$30/\$50	\$10/\$30/\$60
ER HRA Contrib after \$1,000 ded - EE/Family	\$1,000/\$2,000		\$1,000/\$2,000		
<b>Employee Monthly Cost Share</b>	<b>Actual</b>	<b>Average</b>	<b>Actual</b>	<b>Average</b>	<b>Average</b>
Employee Only	\$0	\$144	\$108	\$120	\$165
Employee + Family	\$1,243	\$551	\$1,497	\$448	\$598
<b>Employer Monthly Cost Share</b>	<b>Actual</b>	<b>Average</b>	<b>Actual</b>	<b>Average</b>	<b>Average</b>
Employee Only	\$922	\$456	\$922	\$737	\$552
Employee + Family	\$922	\$1,349	\$922	\$1,500	\$1,464
<b>Total Premium Equivalent</b>	<b>Actual</b>	<b>Average</b>	<b>Actual</b>	<b>Average</b>	<b>Average</b>
Employee Only	\$922	\$600	\$1,030	\$857	\$717
Employee + Family	\$2,165	\$1,900	\$2,419	\$1,948	\$2,062

\* ID represents Insufficient Data Received from Survey

Survey did not have reported HMO Benchmark data for Government Industry.





# Benchmarking – Premium & Cost Share

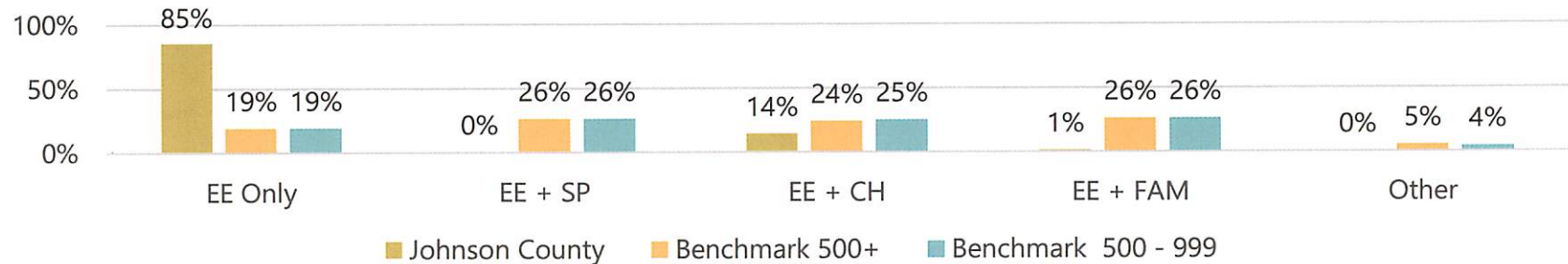
	Johnson County HMO Base Plan	BENCHMARK HMO 500-999 Employees	Johnson County PPO Buy Up Plan	BENCHMARK PPO Government Industry	BENCHMARK PPO 500-999 Employees
<b>Employer Cost Share %</b>	<i>Actual</i>	<i>Average</i>	<i>Actual</i>	<i>Average</i>	<i>Average</i>
Employee Only	100%	76%	90%	86%	77%
Employee + Family	43%	71%	38%	77%	71%
<b>Employee Cost Share \$</b>	<i>Actual</i>	<i>Average</i>	<i>Actual</i>	<i>Average</i>	<i>Average</i>
Employee Only	\$0	\$144	\$108	\$120	\$165
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Source: National Survey of Employer Sponsored Health Plans, Services Industry Employers (2021 Data)



# Enrollment by Tier



- Current enrollment by tier driven by current contribution strategy
- Projected cost to normalize EE contributions - based on current enrollment by tier & current plan designs
  - HMO Plan Only – Estimated \$18,000\* vs. Both Plans – Estimated \$35,000\*

Notes: A change in employer contribution strategy may result in change in enrollment by tier

- Making dependent tiers more affordable may result in shifting affordability drives coverage choice
- Making dependent tiers more affordable will also make benefits offered more attractive to new employment candidates with dependent children and/or families
- In either case – we will need a more normalized enrollment tier split to accurately project expected cost impact



# Benchmark – Funding Strategy

Funding Method	Johnson County HMO & PPO Plans	BENCHMARK Government Industry	BENCHMARK 500 - 999 Employees
Fully Insured	100%	15%	21%
Self Funded	0%	85%	79%

Represents employer plan funding strategy by percentage

Source: National Survey of Employer Sponsored Health Plans, Services Industry Employers (2021 Data)

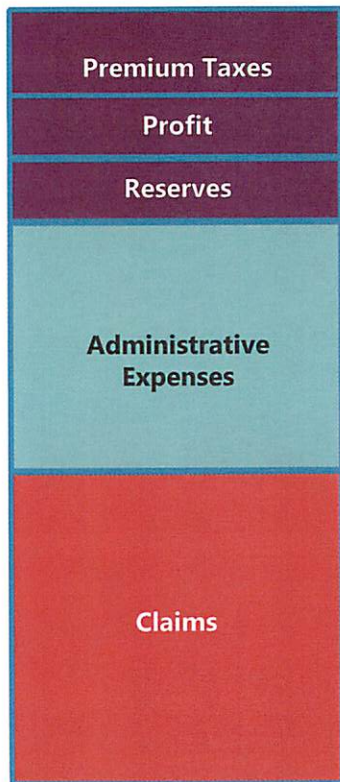


# Plan Funding Analysis

Care.Fully.

# How Premium is Broken Down

## Fully-Insured



## Self-Funded



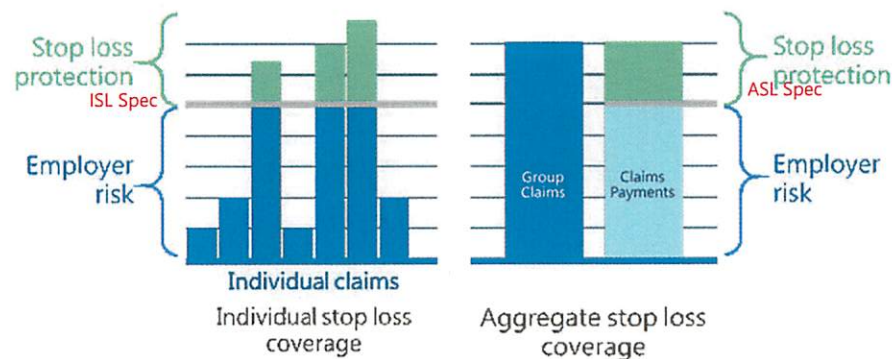
- No Premium Tax
- No "Risk Margin"
- No Carrier "Profit" Margin
- Not Required to Abide by State Mandated Benefits

# Overview – Funding Differences

Type of Contract	Fully-Insured	Level-Funded	Self-Funded
<b>Participation in Claim Savings</b>	Carrier Maintains	Employer share - 50% or 67% Carrier Share – 50% or 33% <small>(rates impacted by share % - sharing occurs 4 months after close of plan year)</small>	Employer Maintains
<b>Fiduciary Responsibility</b>	Insurance company has final claim determination and liability	Employer has limited claim determination and liability	Employer has final claim determination and liability
<b>Reporting Availability</b>	Varies by client size	Detailed reporting available	Detailed reporting available
<b>Benefit Flexibility</b>	Filed plans; limited flexibility	Ability to customize plan design	Ability to customize plan design
<b>HIPAA</b>	Insurance company must comply	Must name a privacy officer	Must name a privacy officer
<b>Administrative Fees</b>	Built into Premiums	Built into Premiums	Lower administration fee;
<b>Administration &amp; Monthly Payment</b>	Monthly bill based on enrollment	Monthly bill based on enrollment	Banking, Stop Loss, Fixed Fees, weekly claim wires
<b>Budget Variability</b>	Predictable cost	Predictable cost	Budget can fluctuate
<b>Terminal Liability</b>	Pre-funded as reserves in premium	Pre-funded as reserves in premium	Financial Statement liability. Post termination cash liability
<b>Cash Flow Impact</b>	Greater upfront cash cost. Cash predictability	Greater upfront cash cost. Cash predictability	Potential for improved cash flow

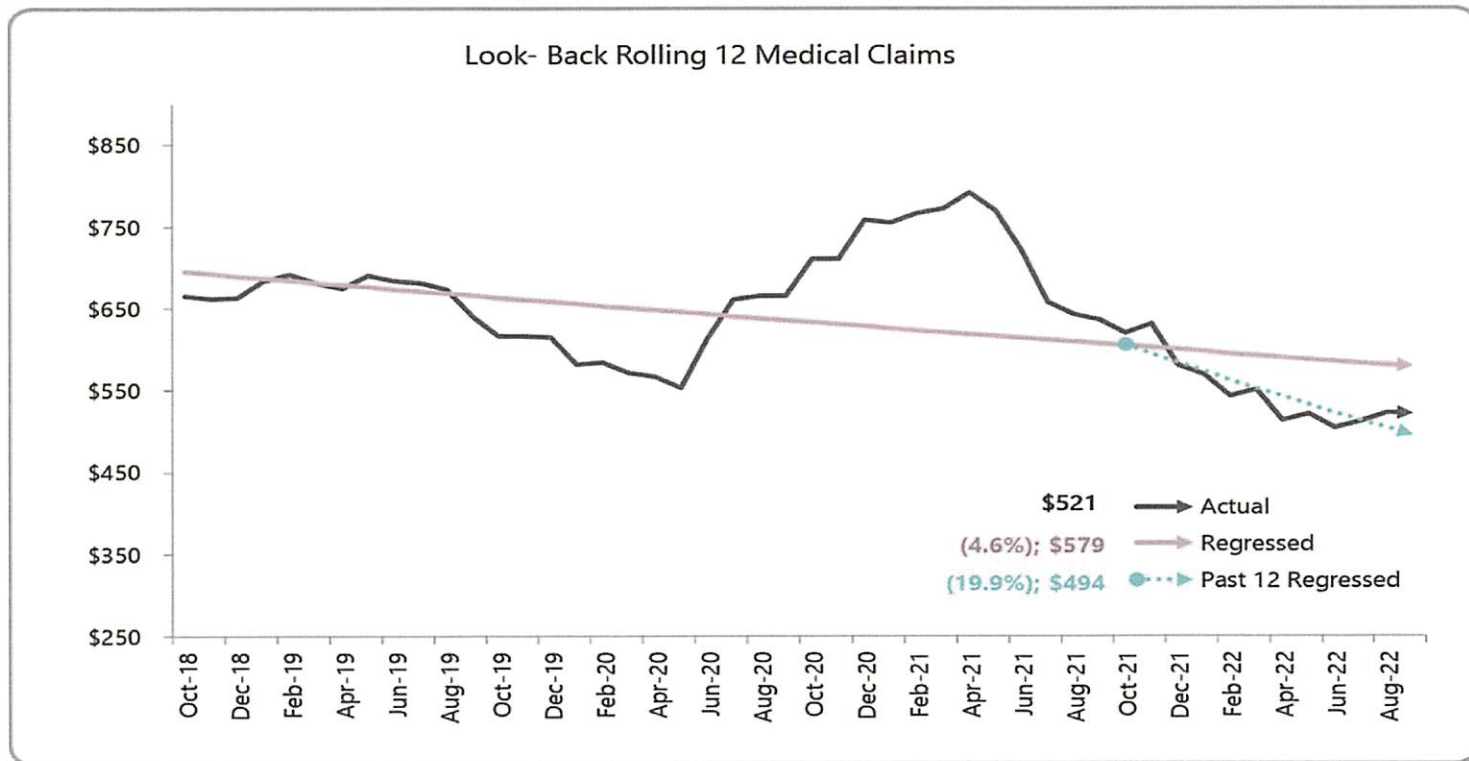
# Stop Loss Overview

- Stop Loss (or Reinsurance) – risk protection for a Self Funded plan and Level Funded plan against catastrophic loss
  - Level-Funded plans come with Stop Loss – written into admin costs at agreed upon levels
  - Self-Funded groups set stop loss level based on risk tolerance
  - Types of Stop Loss – number of variations and contract periods
    - Greater employer risk and liability = lower premium
    - ISL – Individual stop loss – employer protection on any one individual per contract period
    - ASL – Aggregate stop loss – employer protection on total plan liability per contract period



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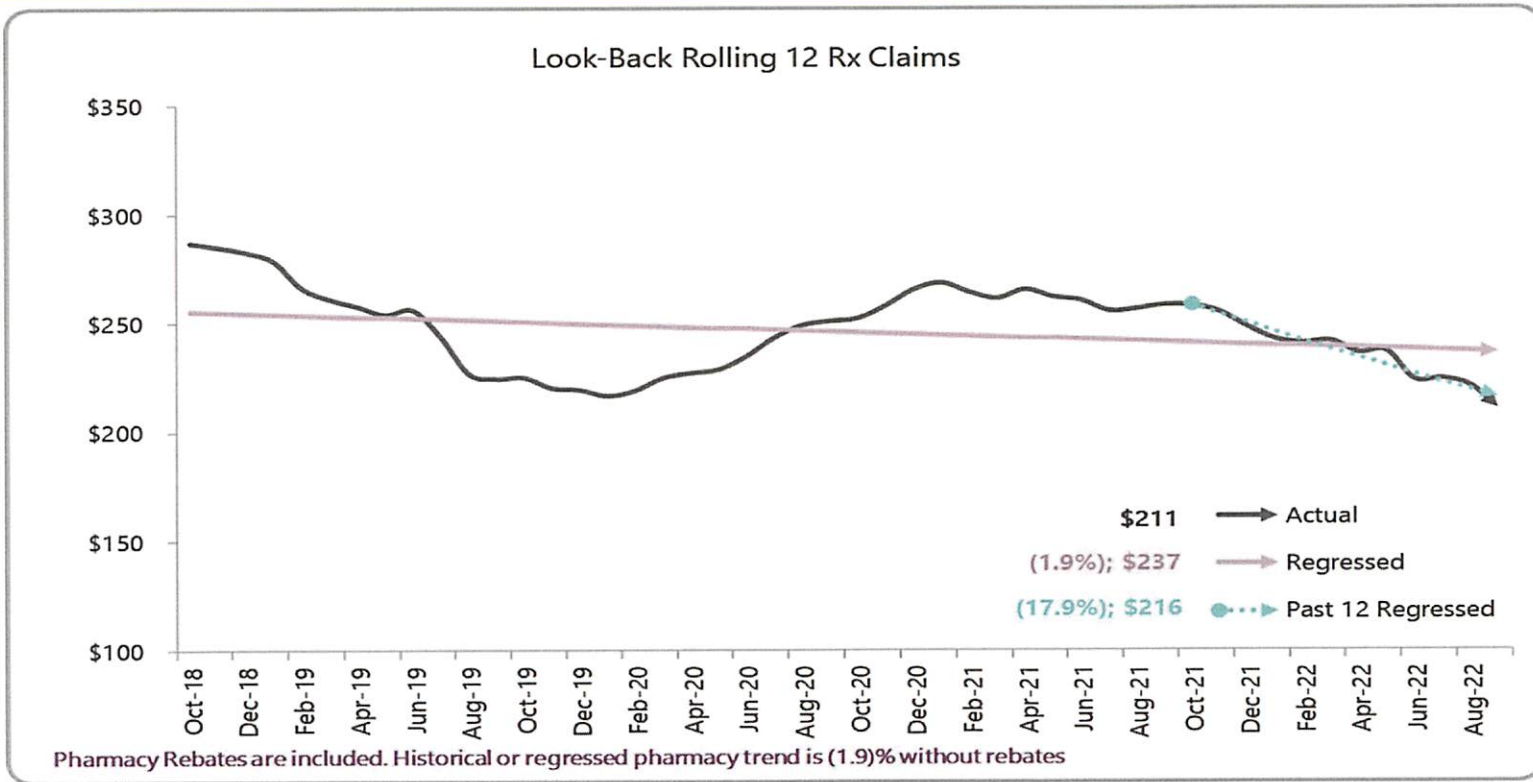
# Medical Claims Experience



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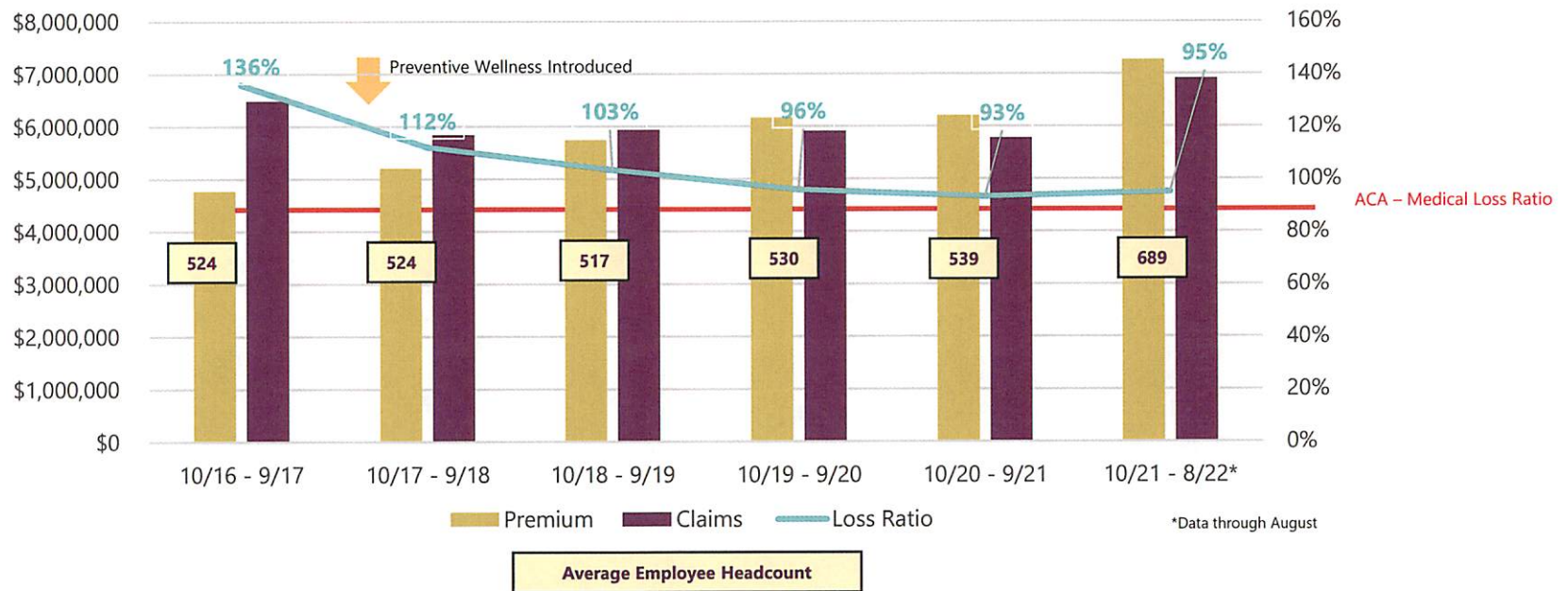


# Pharmacy Claims Experience



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# Johnson County Historical Loss Ratio



ACA requires large group health insurers to spend at least 85% of premium on health care and quality improvement



# 2023 -2024 Initial Projection

## 2022-2023 Plan Year

## 2023-2024 Plan Year

No change in plan design or employee contribution structure

	Fully Insured	Fully Insured Renewal - HMA Estimate	Fully Insured Renewal - TAC Estimate	Self Funded	Self Funded Savings over TAC
<b>Average Headcount</b>	<b>720</b>	<b>720</b>	<b>720</b>	<b>720</b>	
PEPM Gross Cost	\$1,000	\$1,255	\$1,151	\$1,107	(\$44)
PEPM EE Contributions	\$79	\$79	\$79	\$79	\$-
PEPM Net Cost	\$922	\$1,176	\$1,072	\$1,028	(\$44)
Gross % Change To Current Year		25.5%	15.1%	10.6%	<i>Cost // (Savings)</i>
Net % Change To Current Year		27.6%	16.3%	11.5%	

	Fully Insured	Fully Insured Renewal - HMA Estimate	Fully Insured Renewal - TAC Estimate	Self Funded	Self Funded Savings over TAC
Annual Gross Cost	\$8,643,000	\$10,843,000	\$9,944,000	\$9,561,000	(\$383,000)
Annual EE Contribution	\$679,000	\$679,000	\$679,000	\$679,000	\$-
Annual Net Cost	\$7,964,000	\$10,164,000	\$9,265,000	\$8,882,000	(\$383,000)
Gross \$ Change To Current Year		\$2.200M	\$1.301M	\$918K	<i>Cost // (Savings)</i>
Net \$ Change To Current Year		\$2.200M	\$1.301M	\$918K	

Assumes a 25% increase to fully Insured premiums based on actuarial analysis

Assumes a 15% increase to fully Insured premiums based on actuarial analysis

# Next Steps

- Court to approve moving forward with exploring Self Funded plans for 2023
- Early 2023 - Finalize recommendation to request authorization from Commissioners Court to Market
  - Present renewal projections
  - Present options for marketing
- Marketing
  - Present analysis to committee
  - Present recommendations to Court

Marketing

Decisions

Approvals

Implementation



Thank  
you.



HOLMES  
MURPHY.

## Non-PPO Comparison – Neighboring Entities

CITY	Johnson County	Burleson	Cleburne	Winnsboro
Plan Name	TML HMO	UHC HSA	Aetna HSA	BCBS HSA
<b>Out of Network?</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Deductible - Individual	\$2,000	\$2,800	\$3,000	\$3,000
Deductible - Family	\$4,000	\$5,600	\$6,000	\$6,000
Out-of-Pocket Maximum - Individual	\$4,000	\$5,000	\$5,000	\$6,500
Out-of-Pocket Maximum - Family	\$8,000	\$10,000	\$10,000	\$8,000
Coinsurance	80%	90%	80%	80%
HRA/HSA Contribution	HRA: \$1,000/\$2,000	HSA: \$1,000/\$2,000	HSA: \$1,000/\$2,000	HSA: \$2,500/\$5,000
Employee Only	\$0.00	\$44.42	\$0.00	\$0.00
Employee + Spouse	\$113.42	\$155.16	\$302.00	\$193.29
Employee + Child	\$249.54	\$84.76	\$181.20	\$142.63
Employee + Family	\$621.52	\$238.00	\$425.12	\$365.92