

Item Title: Plan Year 2025 Health and Dental Rates

Specific Action Requested:

That the Board of Commissioners approves plan year 2025 benefits and rates for the County's self-funded health and dental plans.

Item Summary:

Purpose: Rate changes for County-funded health and dental plans require Board of Commissioners approval per state statute.

Background: Wake County offers its eligible employees a selection of health and dental plans that are funded by the County. Each year, staff considers health and dental plan changes that balance employee health, cost containment, and our competitiveness as an employer. Health and dental plan costs continue to increase. As a result, plan design changes and an increase to health and dental rates for plan year 2025 is recommended.

Strategic Plan: This action supports Foundations for Service Goal 2: Increase overall employee satisfaction to 90% by 2029.

Fiscal Impact: The FY2025 budget was developed using a plan forecast to estimate increases in medical, prescription, and dental utilization and claim costs. The increased cost associated with the proposed rates are included within the adopted FY2025 budget.

Additional Information:

Wake County periodically issues request for proposals (RFP) as part of the benefit vendor selection process. The Board of Commissioners has approved the multi-year contracts for our current benefit vendors as listed below. Stop loss coverage is bid annually.

Benefit	Last RFP	Current Vendor	Contract Term	Next RFP
Medical	2023	Cigna	1/1/2024 – 12/31/2026	2026
Pharmacy	2023	Cigna	1/1/2024 – 12/31/2026	2026
Dental	2022	Delta Dental	1/1/2023 – 12/31/2026	2026
Medicare Advantage	2023	Cigna	1/1/2024 – 12/31/2026	2026
Stop Loss	2023	Cigna	1/1/2024 – 12/31/2024	2024

Health Plan Design and Rate Changes

The FY2025 budget was developed using a plan forecast to estimate increases in medical and prescription utilization and claim costs. The increased cost associated with the proposed County rates are included within the adopted FY 2025 budget.

Based on increased enrollment, utilization, and claims, total plan cost for the 2025 plan year is projected to increase \$3.5 million above the 2024 plan year budget. Staff recommends the following for the 2025 plan year:

- **No increase to medical plan deductibles, copays, coinsurance, or out-of-pocket maximums**
Staff recommends no increases to medical and pharmacy plan deductibles, copays, co-insurance, or out-of-pocket maximums to remain competitive.
- **Decrease copay for physical therapy services**
Musculoskeletal conditions rank second as a top chronic health condition on the County's health plan with 32% of plan members having a diagnosed musculoskeletal condition. Physical therapy offers a non-invasive, cost-effective approach to treating musculoskeletal conditions that often prevents the need for costly surgical treatment options. Staff recommends lowering the physical therapy copay from the specialist copay level (\$60 Standard plan; \$50 Premium plan) to the regular office visit copay level (\$35 Standard plan; \$25 Premium plan) to encourage the use of this more affordable treatment option. The estimated direct cost of lowering the copay is approximately \$150,000, negated by the cost avoidance of surgical treatments.
- **No increase to prescription plan copays, coinsurance, or out-of-pocket maximums**
Staff recommends no increases to prescription plan deductibles, copays, co-insurance, or out-of-pocket maximums to remain competitive.
- **Increase to employee premium cost share on health plans.**
Staff recommends increasing the employee share of premium cost from \$0 to \$19 per month, depending on plan and enrollment tier. The increase to the overall employee share is 2.4%.
- **Increase to County's premium cost share on health plans.**
Staff recommends increasing the County share of premium cost from \$27.96 to \$80.25, depending on plan and enrollment tier. The increase to the overall County premium share is 4.0%.

The chart below shows the recommended increases in health plan premium cost share for the County and employees.

2025 Health Plan Rates

Enrollment Tier	2025 Health Rates (Monthly)			Change from 2024	
	Employee Dollars	County Dollars	Total	Employee Dollars	County Dollars
Consumer Driven Plan					
Employee Only	\$25.00	\$762.96	\$787.96	\$0.00	+\$28.68
Employee + Spouse	\$353.00	\$1,309.78	\$1,662.78	+\$5.00	+\$55.53
Employee + Child(ren)	\$152.00	\$1,251.36	\$1,403.36	+\$2.00	+\$49.09
Employee + Family	\$510.00	\$1,886.71	\$2,396.71	+\$7.00	+\$80.25
Standard Plan					
Employee Only	\$33.00	\$762.52	\$795.52	+\$1.00	+\$27.96
Employee + Spouse	\$382.00	\$1,296.72	\$1,678.72	+\$9.00	+\$52.11
Employee + Child(ren)	\$165.00	\$1,251.83	\$1,416.83	+\$4.00	+\$47.58
Employee + Family	\$547.00	\$1,872.67	\$2,419.67	+\$13.00	+\$75.08
Premium Plan					
Employee Only	\$103.00	\$733.64	\$836.64	+\$2.00	+\$28.46
Employee + Spouse	\$565.00	\$1,200.50	\$1,765.50	+\$14.00	+\$50.27
Employee + Child(ren)	\$290.00	\$1,200.05	\$1,490.05	+\$7.00	+\$47.24
Employee + Family	\$789.00	\$1,755.74	\$2,544.74	+\$19.00	+\$73.64

2025 Dental Plan Rates

Based on utilization and claims, total plan cost for the 2025 plan year is projected to increase \$108,000 above the 2024 plan year budget. Staff recommends an increase in the County's premium cost share to absorb the increase as shown below. The increase to the overall County share is 1.67%.

Enrollment Tier	2025 Dental Rates (Monthly)			Change from 2024	
	Employee	County	Total	Employee	County
Basic Plan					
Employee Only	\$11.00	\$21.25	\$32.25	\$0.00	+\$0.29
Employee + Spouse	\$22.00	\$43.76	\$65.76	\$0.00	+\$0.60
Employee + Child(ren)	\$30.00	\$49.42	\$79.42	\$0.00	+\$0.74
Employee + Family	\$48.00	\$74.85	\$122.85	\$0.00	+\$1.15
Plus Plan					
Employee Only	\$18.00	\$19.78	\$37.78	\$0.00	+\$0.34
Employee + Spouse	\$35.00	\$41.85	\$76.85	\$0.00	+\$0.71
Employee + Child(ren)	\$41.00	\$51.51	\$92.51	\$0.00	+\$0.87
Employee + Family	\$66.00	\$78.62	\$144.62	\$0.00	+\$1.34

Medicare Advantage Plan Design and Rate Change

The County offers retirees and their covered spouses who are age-eligible for Medicare a fully insured Medicare Advantage plan. Effective January 1, 2025, the Inflation Reduction Act of 2022 requires changes to Medicare Part D prescription drug plans to include the addition of a \$2,000 out-of-pocket spending cap, elimination of the coverage gap (commonly referred to as the “donut hole”), and the implementation of a prescription payment plan that allows covered individuals the option to spread out-of-pocket prescription drug costs over the year instead of paying the balance due in full at the pharmacy upon purchase. Due to these required changes, the Medicare Advantage monthly premium is increasing 22.5%, from \$96.65 to \$118.44, resulting in an estimated annual increase to the County of \$241,869. Staff recommends an increase in the County’s premium cost share to absorb the increase as shown below.

Enrollment Tier	2025 Health Rates (Monthly)			Change from 2024	
	Retiree Dollars	County Dollars	Total	Retiree Dollars	County Dollars
100% County Subsidy*					
Retiree Only	\$0.00	\$118.44	\$118.44	+\$0.00	+\$21.79
Retiree + Spouse	\$118.44	\$118.44	\$236.88	+\$21.79	+\$21.79
50% County Subsidy*					
Retiree Only	\$59.22	\$59.22	\$118.44	+\$10.89	+\$10.89
Retiree + Spouse	\$177.66	\$59.22	\$236.88	+\$32.68	+\$10.89
No County Subsidy*					
Retiree Only	\$118.44	\$0.00	\$118.44	+\$21.79	+\$0.00
Retiree + Spouse	\$236.88	\$0.00	\$236.88	+\$43.58	+\$0.00

*The level of County subsidy is based on a retiree’s date of hire and years of service with Wake County, per Wake County Ordinance 31.14 Retiree Health Insurance Guidelines.

Attachments:

None.