

Item Title: Plan Year 2020 Benefit Plans, Rates, and Contract Extension

Specific Action Requested:
That the Board of Commissioners:

- 1. Approves Plan Year 2020 benefits and rates for the medical plan; benefit changes and rates for the dental plan; and benefits and rates for the vision plan.**
- 2. Authorizes the County Manager to enter a five-year agreement with Marsh and McLennan Agency to assist in the ongoing management of the County's health and benefit plans, subject to terms and conditions acceptable to the County Attorney.**

Item Summary:

Purpose: Benefit changes and annual employee rates require Board of Commissioners review and approval. Multi-year contracts require Board of Commissioners approval.

Background: Wake County offers its employees a wide array of County-funded benefits and supplemental employee-funded benefits. The County offers three medical coverage plans, as well as dental and vision coverage.

Each year, staff consider health plan changes that balance employee health, cost containment, and our competitiveness as an employer. For Plan Year 2020, no changes will be made to the plan designs. Rates for the plan are recommended for reduction by 2.3% overall, with an average employee reduction of 2.45% and reduction in county rates by 2.27%. Staff recommends no change to the employer contribution to the health savings account (HSA). Staff recommends a dental benefit enhancement and a 3.1% increase to the dental insurance employer contribution rate to adequately fund the plan. There are no recommended plan or rate changes to the vision plans.

Staff recommends entering a 5-year contract extension with Marsh and McClennan Agency (MMA). MMA is a consulting firm that assists the County in long-term strategic planning for the County's health insurance plan and related benefits; provides actuarial analysis of the health plan for budget forecasting, assists the County in maintaining compliance with employee benefits regulations; and serves as a liaison between the County and its benefit vendors.

Board Goal: These actions complement several initiatives in the Great Government goal area.

Fiscal Impact: The FY20 budget was developed using the most recent plan forecast, which included the estimated savings from moving the pharmacy benefit to Cigna and improved medical trend. The rates purposed are sufficient for covering the estimated 2020 plan year costs. The fiscal impact of the increased dental rates is approximately \$50,000 and can be accommodated within the FY20 budget. There is no additional fiscal impact for the vision plan.

Additional Information:

Medical Insurance Plans: Wake County offers three medical plan options: Standard, Premium, and Consumer Driven. There are no recommended changes to the medical plans or HSA contribution from the 2019 plan year.

The recommended rates are shown below. The 2020 rates were calculated considering several factors, including forecasted trend for medical and pharmacy costs and anticipated savings from moving pharmacy coverage to our CIGNA. The County has experienced very positive results in health benefits with plan surpluses the past two years. As a result of our experience and changes in pharmacy, the rates for certain employee tiers and county rates will be reduced for Plan Year 2020. The reduction in rates is calculated to maintain the same ratio of employee and county funding as Plan Year 2019. Employee only and Employee + Children tiers comprise 88% of enrollees and these group will experience a slight reduction. The Spouse and Family tiers will be held flat for 2020.

FT Medical Rates (Semi-Monthly Rates)					
	2020 Rates			Change from 2019	
	Employee	County	Total	Employee	County
Tier	Dollars	Dollars		Dollars	Dollars
Consumer Driven Plan					
Employee Only	\$12.50	\$270.71	\$283.21	-\$2.50	-\$4.18
Employee + Spouse	\$170.00	\$427.65	\$597.65	\$0.00	-\$14.10
Employee + Child(ren)	\$75.00	\$429.41	\$504.41	-\$2.50	-\$9.40
Employee + Family	\$245.00	\$616.44	\$861.44	\$0.00	-\$20.32
Standard Plan					
Employee Only	\$15.00	\$270.93	\$285.93	-\$2.50	-\$4.24
Employee + Spouse	\$175.00	\$428.38	\$603.38	\$0.00	-\$14.23
Employee + Child(ren)	\$77.50	\$431.75	\$509.25	-\$2.50	-\$9.51
Employee + Family	\$250.00	\$619.70	\$869.70	\$0.00	-\$20.51
Premium Plan					
Employee Only	\$47.50	\$253.21	\$300.71	-\$2.50	-\$4.59
Employee + Spouse	\$257.50	\$377.07	\$634.57	\$0.00	-\$14.97
Employee + Child(ren)	\$136.00	\$399.57	\$535.57	-\$2.50	-\$10.13
Employee + Family	\$360.50	\$554.15	\$914.65	\$0.00	-\$21.57

Dental Insurance Plan: Wake County offers two dental insurance plan options: Basic and Plus. Based on dental benefits offered by our peers, staff recommends modifying the plan to include adult orthodontic coverage, effective January 1, 2020. The cost of adding this benefit will result in a minimal increase to dental rates for the County. Staff recommend an increase to the County contribution rates for the 2020 dental plan year.

2020 Dental Plan Benefit Enhancements			
Benefit	Current Coverage	New Coverage in 2020	Plan
Orthodontic Services (braces)	Eligibility: To end of the month of age 19	Eligibility: No age limit	Basic & Plus

2020 FT Dental Rates (Semi-Monthly Rates)				
Tier	Total	County	Employee	Employee Change from 2019
Basic				
Employee Only	\$14.54	\$9.04	\$5.50	\$0.00
Employee + Spouse	\$29.65	\$18.65	\$11.00	\$0.00
Employee + Child(ren)	\$35.81	\$20.81	\$15.00	\$0.00
Employee + Family	\$55.39	\$31.39	\$24.00	\$0.00
Plus				
Employee Only	\$17.04	\$8.04	\$9.00	\$0.00
Employee + Spouse	\$34.65	\$17.15	\$17.50	\$0.00
Employee + Child(ren)	\$41.71	\$21.21	\$20.50	\$0.00
Employee + Family	\$65.21	\$32.21	\$33.00	\$0.00

Voluntary Vision Plan: Wake County offers two voluntary vision insurance plans: Basic and Premium. The Board of Commissioners approved a four-year contract extension with EyeMed effective January 1, 2019. The voluntary vision benefit plan is provided to benefit-eligible employees; and employees pay 100% of the cost of coverage. The Board of Commissioners approved vision insurance semi-monthly rate increases in 2019 based on increased enrollment and utilization.

There are no recommended plan or rate changes to the voluntary vision plans for the 2020 plan year.

2020 Vision Semi-Monthly Rates			
	Basic Plan	Premium Plan	Change from 2019
Options	2020 Rates	2020 Rates	
Employee Only	3.50	4.50	\$0.00
Employee plus Children	6.50	9.50	\$0.00
Employee plus Spouse	7.00	10.00	\$0.00
Employee plus Family	8.00	11.50	\$0.00

Marsh and McLennan Agency (MMA): The County entered into a five-year contract with Marsh and McLennan Agency effective January 1, 2015. The contract expires December 31, 2019. Staff recommends an extension of the MMA contract for the following reasons:

- MMA has agreed to maintain current rates and fees flat for the next five years.
- As the County's benefit broker/consultant for the past five years, MMA has a thorough knowledge of the County's employee benefits package.
- MMA offers a suite of sophisticated analytical tools to help the County gauge the performance of the self-funded health and dental plans, identify plan enhancement opportunities, and develop long-term strategies to reduce year-over-year cost trends.
- MMA has assisted the County in the development of the medical and pharmacy plan designs and an award-winning wellness program that has resulted in claims costs increasing at a significantly lower rate than national trend.
- MMA has assisted the County in successfully navigating the implementation of new vendors for medical and pharmacy benefit administration, the employee health center, the employee assistance program, and voluntary benefits.
- Staff have been pleased with MMA's performance, responsiveness, and day-to-day support of the County's benefit program. Additionally, MMA has compiled multiple years of County health plan data used to gauge plan performance and analyze trends. A change in consulting firm would result in a loss of data analysis capabilities, which is critical to the proactive management of health insurance benefits and vendor management.

Attachments:

None.