

BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS

WEDNESDAY, APRIL 28, 2010

6:35 p.m. Convene

CONSENT AGENDA

- (1) (a) Consider approval of Commission Orders; and
- (b) Acknowledge fee reports for February and March 2010.

REGULAR AGENDA

- (2) Consider approval of 2010 health insurance proposals (Pam Madl)

- (3) Other Business
 - (a) Consider approval of Accounts Payable (if necessary)
 - (b) Appointments
 - (c) Miscellaneous
 - (d) Public Comment

- (4) Adjourn

WEDNESDAY, MAY 5, 2010 (Light Agenda)

THURSDAY, MAY 6, 2010

4:30-7:00 p.m. Midnight Farm grand opening and ribbon cutting located at 2084 N 600 Rd, Baldwin City. (two or more Commissioners may attend.)

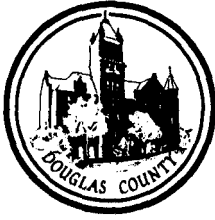
WEDNESDAY, MAY 12, 2010

4:00 p.m.

- Consider Fairgrounds CIP (Bill Woods)
- Presentation on the principles of No Adverse Impact (NAI) (Tom Morey)
- Presentation on draft environmental Chapter to Horizon 2020 (Amy Brown)

WEDNESDAY, MAY 19, 2010

Note: The Douglas County Commission meets regularly on Wednesdays at 4:00 P.M. for administrative items and 6:35 P.M. for public items at the Douglas County Courthouse. Specific regular meeting dates that are not listed above have not been cancelled unless specifically noted on this schedule.



DOUGLAS COUNTY ADMINISTRATIVE SERVICES

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Pamela J. Madl
Assistant County Administrator

MEMO TO: Board of County Commissioners
FROM: Pam Madl
SUBJECT: Health Insurance Renewal
DATE: April 28, 2010

2009-2010 EXPERIENCE

Our overall claims experience in 2009-2010 has been good. Medical claims are down 0.5% as compared to this time last year, and dental claims are up 9.73% (\$25,170) over last year. Pharmaceutical claims are also up, a total of 5.49% compared to last year. However, we may see this increase go down as claims from the new pharmaceutical contract are accumulated. Overall, the total plans claims costs were up 1.44%, which is excellent when we consider inflationary costs are included in that figure..

High dollar claims (\$25,000 and over) represent 19% (13 claimants) of total claims dollars. Last year at this time they represented 25.6% (19 claimants). No one has reached the \$150,000 specific deductible.

FIXED COSTS FOR 2010-2011 PLAN YEAR

As we have in the past, requests were made for reinsurance coverage from a number of different companies. These responses have been narrowed down to the two best quotations. We are recommending that the specific stop loss level be increased from \$150,000 to \$175,000 (still with a \$50,000 aggregating specific). This action will help reduce our fixed costs as indicated below; based on the costs, it would take almost 3 additional people reaching the specific stop loss level for this to have been a bad economic decision.

	ING CURRENT	ING RENEWAL	OPTUM
Specific Stop Loss level	\$150,000	\$175,000	\$175,000
Aggregating Specific	\$50,000	\$50,000	\$50,000
Specific Cost	\$27.42 Employee Only; \$60.15 Family	\$20.92 Employee Only; \$45.89 Family	\$19.07 Employee Only; \$45.00 Family
Aggregate	\$2.75	\$2.90	\$2.67
TOTAL MONTHLY COST, combined	\$28,271	\$22,112	\$21,111
TOTAL ANNUAL COST, combined	\$339,256	\$265,343	\$253,327
Annual Dollar Difference		-\$73,914	-\$85,929

When quoting their reinsurance, each company also provides their best guess at our expected claims cost, and then develop the maximum aggregate claims as 125% of the expected claims. The following table displays these numbers:

	ING Current	ING Renewal	Optum
Expected Annual Claims Total	\$5,586,992	\$5,688,072	\$5,486,416
Maximum Annual Claims Total	\$6,983,721	\$7,110,090	\$6,858,020
Dollar Difference		\$126,369	-\$125,701

None of these numbers include dental claims, which average about \$300,000 per year.

Administrative fees will increase 1.53%; in addition, we plan to contract with FMH to handle COBRA administration, which will cost an additional \$1.20 per employee per month (\$8,900 annually). However, this will significantly reduce our liability if we should fail to issue proper notification. The annual administrative costs are expected to be \$254,806, a \$12,607 increase over this plan year.

PHARMACEUTICAL PLAN FOR 2010-11

MedTrak will continue to be our pharmaceutical third party administrator at the same rate we contracted for in February. Co-pays will also remain the same. However, we are recommending the addition of a few features which will not only benefit the plan, but individual employees as well:

- **Starter Dose with a 180-day look back:** this means that individuals who are presenting new prescriptions for a maintenance medication will only be able to obtain a 30-day supply for the first prescription. This is to save the plan money (and the individual) in the event that the medication doesn't work out. From that point on, the individual will be able to obtain a 90-day supply at a time. They will determine new prescriptions by looking at the individual's history for the past 180 days.
- **Step Therapy:** individuals receiving certain maintenance medications the first time will be expected to start with generics rather than high cost brand name drugs. If the generics do not seem to achieve the results, they will be then allowed to use brand name drugs. Medications in this category are anti-inflammatory, sedatives and hypnotics, anti-hypertensives, lipid lowering, nasal steroids protein pump inhibitors, and anti-depressants.
- **WellTrak:** this is a chronic drug therapy management program designed to put selected individuals in touch with a clinical pharmacist to ensure they are getting the most out of their medications. Individuals taking several medications will be targeted. If individuals sign up for this program, the clinical pharmacists will review current medications with them, answer any questions or concerns they may have with their medications, and possibly make recommendations for changes. These phone calls will occur approximately 4 times per year. Employees who are eligible and choose to participate (and continue to participate) will then receive their generic medication at no cost and brand name medication at half the co-pay (or \$17.50). It has been documented that this type of consultation can benefit plans significantly enough to more than cover this co-pay incentive. The fixed cost of this program is \$4.00 per member per month (about \$40,000 per year).

REQUIRED PLAN CHANGES

- Mental health benefits will be paid at 80/20 – the same as other medical benefits – rather than the current 50/50. This change is required by the Mental Health Parity Act. The annual cost is anticipated to be in the \$70,000 range.

PREMIUM LEVELS FOR 2010-2011

Willis staff with actuarial experience has reviewed our historical rolling 12-month claims and fixed costs in order to recommend premium levels for 2010-2011. As a result of this study, they are recommending that our premium levels remain the same:

	FULL PREMIUM		EMPLOYEE PORTION
	2009-2010	2010-2011	
Employee Only	\$543	\$543	\$29
Employee + 1	\$1,062	\$1,062	\$183
Family	\$1,518	\$1,518	\$254
			RETIREE'S PORTION OF THE PREMIUM: Regular Retirement Plan
Employee Only			\$299
Employee +1			\$584
			RETIREE'S PORTION OF THE PREMIUM: Incentive Retirement Plan
Employee Only			\$29
Employee + 1			\$183
Family			\$254

HEALTH INSURANCE BANK ACCOUNTS

As of March 31st, the account balances in both accounts was as follows:

Checking Account (from which claims are paid): \$981,716
Reserve Account: \$2,795,078

Additionally, there is \$3,998,006 remaining in the 2010 budget to be transferred to one or both accounts.

RECOMMENDED MOTION

The Health Insurance Committee recommends that the 2010-2011 Health Insurance Plan be renewed with the above changes and acceptance of the reinsurance proposal from ING and renewal of the pharmaceutical contract with MedTrak.