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Memorandum

Date : September 29, 2015
TO : Hidalgo County Commissioner's Court
From : Gary Looney REBC
RE : Group Medical and Life Insurance Plans 2016

We have received, reviewed, and negotiated with Blue Cross and Blue Shield on the third year of their three year contract. The County's medical plan has two cost factors. The claim cost projection was prepared by the actuarial firm of Lewis & Ellis. The administration fees and stop loss insurance premiums have been negotiated with Blue Cross and Blue Shield.

The result of the Lewis and Ellis evaluation was to recommend an increase in the funding for the 2016 plan year. The basic plan rate change results in a 4% rate increase for those employees who insure their dependents on the basic plan and an 8% increase for all rates for the Buy Up option. The County would continue to provide the basic medical plan to all full time active employees at no cost to the employee.

The actuarial evaluation also revealed that the premium differential between the Basic Plan and the Buy Up Option was not sufficient to support the plan benefit options. The Buy Up option was essentially priced to low in relationship to the benefits offered. As a result, the Buy Up Option will receive an increase of 8% for the plan year 2016.

In an effort to manage the health care costs for 2016 we are recommending the following changes in your medical plans.

1. Remove gastric bypass and other similar weight loss surgical procedures in the medical plan.
2. Add the Airrosti Advanced Chiropractors treatment (provider types D1 and D2) protocol as a Primary Care Physician with a Primary Co-Pay office visit amount.
3. Prescription Benefit Plan Changes:
 - a. Add a pre-authorization program for specialty medications. To include the pre-authorization of insulin therapy drugs. There are currently 27 employees who are using non-preferred insulin medications that Greatly increase the cost of the prescription drug plan.
 - b. Include Step-Therapy program. Step therapy requires a patient To use a generic therapeutic equivalent medication first to determine if the lower cost generic will be an effective treatment

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- c. Require all specialty medications to be purchased through Prime Pharmaceuticals the Blue Cross prescription benefit manager.
 - d. Employee "Pay the difference" plan. If a generic medication is available and the insured chooses a brand medication the insured will be required to pay the difference in the brand co-pay and the difference in cost of the brand medication.
4. Change the benefit plans as illustrated on the attached spreadsheet titled "Hidalgo County Benefit Plan Changes "
 5. Add the Benefit Value Advisor (BVA) program to the current Blue Cross medical plan. The plan provides an employee with access to an advisory service which will help an employee find a quality provider and help direct an employee to a cost effective service provider. The primary savings for the employee will be lower deductible and co-insurance exposure. The high cost diagnostic testing facilities are the critical cost areas for the medical plan. The BVA advisor will be able to help an insured locate a facility that will be in network, quality, and affordable.

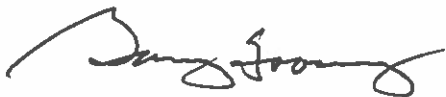
The benefits provided by the medical plan comprise the majority of the cost of the health care plan. Currently, the claim administrator is Blue Cross and Blue Shield. They also provide the underlying insurance for the specific deductible. The specific deductible protects the County from any insured claim that exceeds \$250,000 in a plan year. Blue Cross has agreed to no increase for the 2016 plan year.

If the County accepts the prescription drug changes as shown in #3 above the monthly administration fee of \$31.01 will be reduced to \$27.41 per employee per month and include the Benefits Value Advisor services.

The Basic Life and Accidental Death and Dismemberment policy with Dearborn National is in the second year of a three year rate guarantee. There are no changes necessary for the group term life program.

The attached spreadsheets illustrate the new rates for the employees and retirees for the 2016 plan year. The County will still provide a benefit plan for their full time active employees at no cost to the employee.

Thank you for your confidence in our services.



Gary Looney
Sr VP Alamo Insurance Group

Hidalgo County Rate Projection 2016

PLAN	TIER	CURRENT RATES				4% INCREASE BASIC 8% INCREASE BUYUP				4% INCREASE BASIC 8% INCREASE BUYUP ROUNDED UP TO NEAREST EVEN DOLLAR			
		MONTHLY PREMIUM	EMPLOYEE CONTRIBUTION	EMPLOYEE CONTRIBUTION	MONTHLY PREMIUM	EMPLOYEE CONTRIBUTION	EMPLOYEE CONTRIBUTION	MONTHLY PREMIUM	EMPLOYEE CONTRIBUTION	EMPLOYEE CONTRIBUTION	MONTHLY PREMIUM	EMPLOYEE CONTRIBUTION	EMPLOYEE CONTRIBUTION
BASIC	EMPLOYEE ONLY	\$ 494.00	\$ 494.00	\$ -	\$ 513.76	\$ 513.76	\$ -	\$ 514.00	\$ 514.00	\$ -	\$ 514.00	\$ 514.00	
	EMPLOYEE/CHILD(REN)	\$ 596.00	\$ 494.00	\$ 102.00	\$ 619.84	\$ 513.76	\$ 106.08	\$ 620.00	\$ 514.00	\$ 106.00	\$ 514.00	\$ 106.00	
	EMPLOYEE/SPOUSE	\$ 726.00	\$ 494.00	\$ 232.00	\$ 755.04	\$ 513.76	\$ 241.28	\$ 756.00	\$ 514.00	\$ 242.00	\$ 514.00	\$ 242.00	
	EMPLOYEE/FAMILY	\$ 828.00	\$ 494.00	\$ 334.00	\$ 861.12	\$ 513.76	\$ 347.36	\$ 862.00	\$ 514.00	\$ 348.00	\$ 514.00	\$ 348.00	
BUY-UP	EMPLOYEE ONLY	\$ 538.00	\$ 494.00	\$ 44.00	\$ 581.04	\$ 513.76	\$ 67.28	\$ 582.00	\$ 514.00	\$ 68.00	\$ 514.00	\$ 68.00	
	EMPLOYEE/CHILD(REN)	\$ 668.00	\$ 494.00	\$ 174.00	\$ 721.44	\$ 513.76	\$ 207.68	\$ 722.00	\$ 514.00	\$ 208.00	\$ 514.00	\$ 208.00	
	EMPLOYEE/SPOUSE	\$ 826.00	\$ 494.00	\$ 332.00	\$ 892.08	\$ 513.76	\$ 378.32	\$ 894.00	\$ 514.00	\$ 380.00	\$ 514.00	\$ 380.00	
	EMPLOYEE/FAMILY	\$ 998.00	\$ 494.00	\$ 504.00	\$ 1,077.84	\$ 513.76	\$ 564.08	\$ 1,078.00	\$ 514.00	\$ 564.00	\$ 514.00	\$ 564.00	

Retiree Rate Projection 2016

PLAN	TIER	CURRENT RATES				4% INCREASE BASIC				
		MONTHLY PREMIUM	AGE 64 OR LESS	AGE 65 OR GREATER	MONTHLY PREMIUM	AGE 64 OR LESS	AGE 65 OR GREATER	MONTHLY PREMIUM	AGE 64 OR LESS	AGE 65 OR GREATER
BASIC	RETIREE ONLY	\$ 494.00	\$ 250.00	\$ 250.00	\$ 513.76	\$ 260.00	\$ 260.00	\$ 514.00	\$ 260.00	\$ 260.00
	RETIREE/CHILD(REN)	\$ 596.00	\$ 352.00	\$ 352.00	\$ 619.84	\$ 366.08	\$ 366.08	\$ 620.00	\$ 368.00	\$ 368.00
	RETIREE/SPOUSE	\$ 726.00	\$ 482.00	\$ 482.00	\$ 755.04	\$ 501.28	\$ 501.28	\$ 756.00	\$ 502.00	\$ 502.00
	RETIREE/FAMILY	\$ 828.00	\$ 584.00	\$ 584.00	\$ 861.12	\$ 607.36	\$ 607.36	\$ 862.00	\$ 608.00	\$ 608.00
	SURVIVING SPOUSE	\$ 494.00	\$ 250.00	\$ 250.00	\$ 513.76	\$ 260.00	\$ 260.00	\$ 514.00	\$ 260.00	\$ 260.00
	SURVIVING SPOUSE/CHILD(REN)	\$ 596.00	\$ 352.00	\$ 352.00	\$ 619.84	\$ 366.08	\$ 366.08	\$ 620.00	\$ 368.00	\$ 368.00
	SURVIVING CHILD(REN)	\$ 494.00	\$ 250.00	\$ 250.00	\$ 513.76	\$ 260.00	\$ 260.00	\$ 514.00	\$ 260.00	\$ 260.00

HIDALGO COUNTY BENEFIT PLAN CHANGES

Plan Design Changes

	Plan Change		Percent of Claim Cost Savings	Estimated Cost Savings	Projected Total Claim Cost
	Current	Options			

Basic Plan

Annual Deductible	\$ 1,250	\$ 1,500		\$ 0.01	\$ 138,016
Maximum Out of Pocket	\$ 7,500	\$ 6,600		-0.015	\$ (207,024)
Co-Insurance Percentage	70%	70%		0	\$ -
Office Visit Co-Pay Primary Care Physician	\$ 35.00	\$ 45.00		0.01	\$ 138,016
Office Visit Co-Pay Speciality Care	\$ 45.00	\$ 55.00		0.008	\$ 110,413
Urgent Care Facility	\$ 35.00	\$ 45.00		0.0005	\$ 6,901
Emergency Room Co-Pay	\$ 50.00	\$ 125.00		0.003	\$ 41,405
Hospital Per Admission Deductible	\$ 350.00	\$ 500.00		0.001	\$ 13,802
Rx Co-Pays	10/20/35	5/40/60		0.004	\$ 55,206
Step Therapy	Yes	Yes		0.001	\$ 13,802
Benefit Value Advisor		Optional		0.009	\$ 124,215
Reference Based Pricing	none			\$ -	\$ -
					\$ 434,751

Employee Contribution	\$ -	\$ -			
Dependent Contribution Increase					\$ 67,500
					\$ 8,787,932

High Plan

Annual Deductible	\$ 750	\$ 1,000		0.015	\$ 131,819
Maximum Out of Pocket	\$ 5,000	\$ 6,600		0.005	\$ 43,940
Co-Insurance Percentage	80%	80%		0	\$ -
Office Visit Co-Pay Primary Care Physician	\$ 30.00	\$ 40.00		0.003	\$ 26,364
Office Visit Co-Pay Speciality Care	\$ 40.00	\$ 55.00		0.008	\$ 70,303
Urgent Care Facility	\$ 30.00	\$ 40.00		0.002	\$ 17,576
Emergency Room Co-Pay	\$ 50.00	\$ 75.00		0.001	\$ 8,788
Hospital Per Admission Deductible	\$ 350.00	\$ 500.00		0	\$ -
Rx Co-Pays	10/20/35	5/40/60		0.004	\$ 35,152
Step Therapy	Yes	Yes		0.001	\$ 8,788
Benefit Value Advisor		Optional		0.009	\$ 79,091
Reference Based Pricing	none			\$ -	\$ -
					\$ 421,821

Employee Contribution Increase	\$ -	\$ -			\$ 419,200
Dependent Contribution Increase					\$ 413,738

MEMORANDUM

Date: September 28, 2015

From: Cynthia Castro

Subject: Employee Benefits Research

To: Erika Reyna

- 7 out of 11 participants use BCBS for their Health Insurance Benefits
- **Lowest monthly premium to participating municipality (City of Pharr) pays \$331.45**
- **2nd lowest monthly premium participant (City of Mission) pays \$362.50**
- **Highest monthly cost to participating municipality (PSJA ISD) \$510.37**
- **Lowest number of employees insured (City of Pharr) 550**
- **2nd lowest number of employees insured (City of Mission) 586**
- **Highest number of employees insured (PSJA ISD) 4,371**

Table Figures Based on Basic Plan

	1	2	3	4	5	6	7
	City of Pharr	City of Mission	Mission CISD	McAllen ISD	Cameron County	Hidalgo County	PSJA ISD
Monthly premium	\$331.45	\$362.50	\$364.26	\$329.00	\$466.67	Currently \$494/New Year Premium \$514	\$510.37
Monthly cost to employee	No cost to employee	No cost to employee	No cost to employee	\$52 monthly (Basic plan)	No cost to employee	No cost to employee	No cost to employee
# of employees	550	586	2,150	3,380	1,680	3,681	4,371

	Hidalgo County	Cameron County	El Paso County	Travis County	McAllen ISD	Mission CISD	PSJA ISD	City of McAllen	City of Edinburg	City of Pharr	City of Mission
1. Who is your health insurance provider?	BCBS	BCBS	Aetna	United Healthcare	BCBS	BCBS	BCBS	BCBS	Humana	BCBS	BCBS
a. What is cost to municipality per employee monthly/annually?	\$494 monthly/\$5,928 annually	\$466.67 monthly/\$5,600 annually	\$371.60 monthly/\$4,459.26 annually	\$810.50 (average cost per month per employee) No cost to employee if on PPO & Co-insured EPO Plan/\$91 monthly on EPO Plan (employee)	\$329 monthly/\$3,948 annually	\$364.26 monthly/\$4,371.12 annually	\$510.37 monthly/\$6,124.44 annually	\$275 (subsidized monthly)	\$382.54 monthly/\$4,590.48 annually	\$331.45 monthly/\$3,977.40 annually	\$362.50 monthly/\$4,350 annually
b. Cost to employee monthly?	Basic-No cost to employee	Basic-No cost to employee	Basic \$49.44 monthly/Buy up \$158.36 (employee only)	Basic \$52/High Plan \$128/State Plan \$261 (employee only)	Basic-No cost to employee	Basic-No cost to employee	Basic-No cost to employee	Varies depending on plan selected by employee	Varies depending on plan selected by employee	Basic-No cost to employee	Basic-No cost to employee
c. How many employees enrolled in Health Insurance Plan?	3,681	1,680	2,281	4,384	3,380	2,150	4,371	1,900	730	550	586
2. Who is your Dental Carrier?	Humana	Delta Dental	Aetna	Assurant Freedom	BCBS	BCBS	Delta Dental	Principal Financial	Ameritus Group	Ameritus Group	Humana
a. What is cost to municipality per employee monthly/annually?	No cost to County	No cost to County	\$27.99 monthly/\$335.08 annually	No cost to County	\$18 monthly/\$216 annually	No cost to District	\$13.74 monthly/\$164.88 annually	No cost to City	\$7.52 monthly/\$90.24 annually	No cost to City	No cost to City
b. Cost to employee monthly?	\$27.91 monthly/\$334.92 annually (employee only)	\$20.40 monthly/\$244.8 annually (employee only)	\$27.99 monthly/\$335.08 annually (employee only)	\$11.70 monthly/\$140.40 annually (employee only)	No monthly cost to employee	\$17.46 monthly/\$209.52 annually (employee only)	Core Plan-No cost to employee/Buy up Plan \$4 monthly/\$48 annually (employee only)	Varies/Offered to employee as supplemental coverage	No cost to employee	Low Plan \$20.52 monthly/High Plan \$29.32 monthly (employee only)	Basic-\$13.62 employee only/High=\$23.90 (employee only)
c. How many employees enrolled in Dental Plan?	1,757	873	1,475	4,004	3,100	538	Number not available	Number not available	730	Number not available	358
3. Who is your Vision Carrier?	Vision Service Plan	Davis Vision	Superior Vision	United Healthcare	Superior	United Healthcare	Davis Vision	Block Vision	Humana	Ameritus Group	Avesis
a. What is cost to municipality per employee monthly/annually?	No cost to District	No cost to County	No cost to County	No cost to County	No cost to District	No cost to District	No cost to District	\$6.58 monthly/\$78.96 annually (employee only)	\$2.45 monthly/\$29.40 annually (employee only)	No cost to City	No cost to City
b. Cost to employee monthly?	\$8.04 monthly/\$96.48 annually (employee only)	\$6.36 monthly/\$76.32 annually (employee only)	\$7.28 monthly/\$87.36 annually (employee only)	\$4.26 monthly/\$51.12 annually (employee only)	Cost varies depending on employee selection	Info not available	Info not available	No cost to employee	No cost to employee	Low Plan \$8.48 monthly-\$101.76 annually/High Plan \$16.56 monthly (employee only)	\$6.12 monthly/\$73.44 annually (employee only)
c. How many employees enrolled in Vision Plan?	1,567	648	1,124	3,406	1,400	Number not available	Number not available	Number not available	730	Number not available	229

	Hidalgo County	Cameron County	El Paso County	Travis County	McAllen ISD	Mission CISD	PSJA ISD	City of McAllen	City of Edinburg	City of Pharr	City of Mission
4. **Do you offer an Employee Assistance Program?	No	Yes-Oaktree \$1.32 monthly/\$15.84 annually per employee	Yes-Aetna \$2.18 monthly/\$26.16 annually per employee	Yes \$1.05 monthly/\$12.60 annually per employee	Yes-Deer Oaks Less than \$5 per employee monthly	Yes- Magellan Cost is paid for through BCBS as part of contract	No	Yes-Deer Oaks	Yes-Aetna Figure not available	Yes-Magellan \$1.58 monthly/\$18.96 annually per employee	Yes-Deer Oaks \$1.45 monthly/\$17.40 annually per employee
a. Cost to municipality per employee monthly/annually?	N/A	No cost to employee	No cost to employee	No cost to employee	No cost to employee	No cost to employee	N/A	Figure not available	No cost to employee	No cost to employee	No cost to employee
b. Cost to employee monthly?	N/A	No cost to employee	No cost to employee	No cost to employee	No cost to employee	No cost to employee	N/A	No cost to employee	No cost to employee	No cost to employee	No cost to employee
c. How many employees enrolled in EAP?	N/A	1,680	2,668	4,930	3,380	2,150	N/A	Number not available	730	Number not available	578
5. ***Do you offer a Flexible Spending Account (FSA)?	No	Yes-Boon Chapman	Yes-Payflex	Yes	Yes	Yes-David K. Young	Yes-David K. Young	Yes-JEM Flexible Spending Acct	No	No	No
a. Cost to municipality per employee monthly/annually?	N/A	No cost to County	\$4.50 monthly/\$54.00 annually per employee	\$3.25 monthly/\$39 annually per employee	No cost to employer	No cost to employer	No cost to employer	\$4.00 monthly/\$48 annually per employee	N/A	N/A	N/A
b. Cost to employee monthly?	N/A	Employee contribution only	\$28 monthly/\$338 annually per employee	Employee contribution only	Employee contribution only	Employee contribution only	Employee contribution only	Employee contribution only	N/A	N/A	N/A
c. How many employees enrolled in FSA?	N/A	1,251	181	1,111	Not many participate	500	Number not available	Number not available	N/A	N/A	N/A