



Gary R. Looney, REBC

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Memorandum

Date : September 2018
TO : Hidalgo County Commissioner's Court
From : Gary Looney REBC
RE : Group Medical and Life Insurance Plans 2019

We have received, reviewed, and negotiated with the Aetna Life Insurance company for 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 Aetna Life Insurance Company.

The actuarial firm recommended an increase in funding for the 2019 plan year. The report recommended a rate increase of 7%. The increase in premium contribution rates has been approved. The County continues to provide the basic medical plan to all full time active employees at no cost to the employee.

The following recommendations and plan change options do not impact the final budget requests that have been approved.

The Aetna renewal is the third year of a three year contract. The rate for the claims administration was fixed by contract, but upon review, the rate for claims administration will reduce from \$16.59 PEPM to \$14.60 PEPM. (Approximate savings \$91,000)

The contract for stop loss insurance has a requested increase of 29%. In an effort to reduce this fixed cost, we have negotiated with Aetna to reduce the requested increase. To effectively manage the stop loss deductible of \$275,000, the deductible should be increased by the projected 7% increase suggested by the Lewis and Ellis actuaries. To leverage the claim cost trend, the stop loss deductible should be increased. The increase recommended is a moderate change from \$275,000 to \$300,000. This would decrease the rate request to 14%.

Aetna has also agreed to a three month premium waiver for the last quarter of this year. With the reduction applied against the cost of the stop loss for 2019, the net budget impact is a 0% increase in fixed plan cost for the stop loss contract for 2019.

In addition, there is one outstanding large claim which requires an additional deductible. The claimant will have an additional claim liability of \$200,000 for the plan year 2019. The additional liability will only be applied, if in fact, the claimant exceed the stop loss limit.

In an effort to manage the health care costs for 2019 the attached medical plan adjustments are recommended for 2019.

The employees of Hidalgo County have access to telemedicine through the Teladoc service provided under the Aetna contract. The benefit has been in place since inception of the plan. The benefit has been promoted through various media programs, however, the benefit is underutilized. The current plan has a co-pay equal to an office visit. The cost for the Teladoc encounter is substantially less than a doctor's office visit. The Teladoc program helps reduce the emergency room visits for common diagnosis such as sinus infections, bronchitis, ear infections, and other minor illnesses. Teladoc can effectively diagnose and prescribe medications for many circumstances that we see being treated in an emergency room setting.

This plan is totally voluntary. In an effort to encourage the use of the Teladoc benefits, we have negotiated with Teladoc and Aetna to provide the service and not charge a copay for using the services. An employee could use the service at no charge. Again, the plan is totally voluntary and has proven successful in reducing emergency room cost for employees and County alike.

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

Thank you for your confidence in our services.



Gary Looney
Sr VP Alamo Insurance Group

Hidaglo County

Recommended Plan Changes

7% increase effective 1/1/2019

1.07

Basic Plan

Buy Up Plan

	Basic Plan			Buy Up Plan		
	Current	7%	Recommended	Current	7%	Recommended
In Network Deductible						
Individual	\$ 1,250	\$ 1,338	\$ 1,350	\$ 750	\$ 803	\$ 800
Family	\$ 2,500	\$ 2,675	\$ 2,700	\$ 1,500	\$ 1,605	\$ 1,600
In Network Maximum Out of Pocket						
Individual	\$ 7,150	\$ 7,651	\$ 7,600	\$ 5,000	\$ 5,350	\$ 5,500
Family	\$ 14,300	\$ 15,301	\$ 15,200	\$ 10,000	\$ 10,700	\$ 11,000
Out of Network Deductible						
Individual	\$ 2,000	\$ 2,140	\$ 2,150	\$ 1,000	\$ 1,070	\$ 1,250
Family	\$ 4,000	\$ 4,280	\$ 4,300	\$ 2,000	\$ 2,140	\$ 2,500
Out of Network Maximum Out of Pocket						
Individual	\$ 10,000	\$ 10,700	\$ 11,000	\$ 7,500	\$ 8,025	\$ 8,500
Family	\$ 20,000	\$ 21,400	\$ 22,000	\$ 15,000	\$ 16,050	\$ 17,000

Dearborn national[®]

January 5, 2017

HIDALGO COUNTY
ATTN: FLORA VAZQUEZ
2818 S BUSINESS HIGHWAY 281
EDINBURG TX 78539-6243

Subject: Renewal Analysis
Group Policy Number: F019016
Anniversary Date: January 1, 2017

Dear Policyholder:

Dearborn National would like to thank you for allowing us the opportunity to provide you and your employees with Group insurance products.

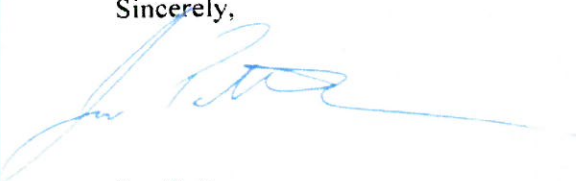
We have reviewed the current experience and demographics of your group insurance programs. As a result, it will be necessary to change the rates of your benefit program which will be effective on the anniversary date. Rates will be guaranteed until January 1, 2020.

<u>Products</u>	<u>Current Rates</u>	<u>Renewal Rates</u>
Life	\$0.105 per \$1,000	\$0.125 per \$1,000
AD&D	\$0.02 per \$1,000	\$0.02 per \$1,000

If you have any questions pertaining to your renewal, or would like more information including the availability of other products as well as a quote for additional benefit programs, please contact your local Dearborn National sales office or insurance broker.

We value our relationship with you and look forward to providing quality service to you in the future.

Sincerely,



Jon Potter
Strategic Account Executive
Dearborn National

701 East 22nd Street, Lombard, IL 60148 ☎ Fax: 312.540.4775

Products and services are provided by Dearborn National Group and the strategies are underwritten and provided by Dearborn National Life Insurance Company. Dearborn National Life Insurance Company is licensed in all states except New York and District of Columbia. The United States Virgin Islands, Guam and Puerto Rico.

Telemedicine 24/7 Medical Care

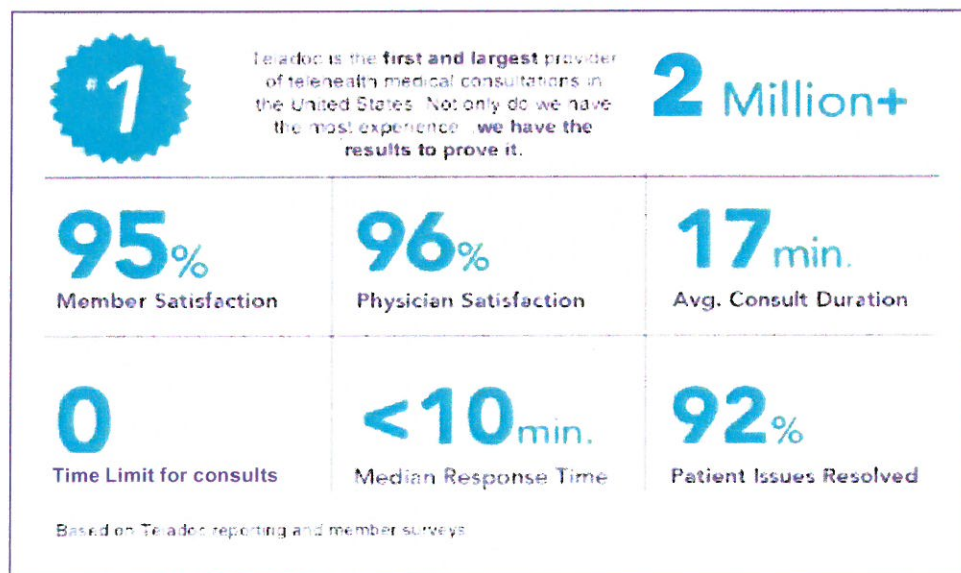


Health care is in need of a solution

Health care expenses, premiums and out-of-pocket costs are putting the crunch on health plans, employers, unions and patients alike. 71% out of 6.5 million ER visits analyzed by Truven Health in 2016 were found to be avoidable.

Patients visiting an emergency room or urgent care clinic for non-emergency medical care cost everyone in the system a huge amount of money. Teladoc gives them a convenient, affordable option that also happens to drive down health care costs for health plans, employers, unions, and patients.

Teladoc doctors are U.S. board-certified in internal medicine, pediatrics, and family medicine. Teladoc doctors are credentialed every 3 years, with NCQA certified provider credentialing standards. They're doctors just like your primary care physician (PCP) or pediatrician. They incorporate telehealth or telemedicine into their medical practice because they see it as a way to give more affordable, more convenient access to quality care. What doctor wouldn't love that?



Telemedicine 24/7 Medical Care



Feel better now! 24/7 access to a doctor is only a call or click away—anytime, anywhere **with no consult fee**. With Teladoc, you can talk to a doctor by phone, online video consult or mobile app to get a diagnosis, treatment options and prescription if necessary. Save time and money by avoiding crowded waiting rooms in the doctor's office, urgent care clinic or ER. Simply use your phone, computer, Smartphone or tablet to request a consult with a U.S. Physician licensed in your state. Teladoc doctors respond on average within 24 minutes.

Benefits:

- ❖ On-Demand health care - Physicians available anytime, anywhere, 24/7/365
- ❖ Fast treatment - Teladoc doctors respond within 16 minutes, on average
- ❖ Physician reviews/updates health record when performing a medical consultation
- ❖ Secure, personal and portable electronic health records
- ❖ No time limit on Consultations

Call Teladoc:

- ❖ When your primary care physician is not available
- ❖ After normal hours of operation
- ❖ For non-emergent medical care
- ❖ When away on vacation or a business trip

Teladoc treats conditions like:

Sinus Problems	Cold or Flu
Urinary Tract Infections	Allergies
Bronchitis	Poison Ivy
Respiratory Conditions	Pink Eye
Ear Infections	Strains & Sprains

 **92%**
of members report that the Teladoc physician resolved their medical issue.

95%
of members who use Teladoc said they'd use it again.
Teladoc member survey

Disclaimers

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