



**WILLIAMSON COUNTY**  
**2021 BUDGET MEETING**  
**MAY 28, 2020**

# AGENDA

## 1. Williamson County: State of the Union

## 2. UHC Plan Performance

## 3. Financial Modeling & Assumptions

- ❖ Current State
- ❖ Lookback Rolling 12
  - ❖ Pharmacy Change Impact
- ❖ COVID-19 Projected Impact
- ❖ Projected 2021 Budget

## 4. Network Considerations

## 5. Considerations

### Decisions:

- Assumptions
- Contributions
- Plan Design Options



# Williamson County: State of the Union



# United Healthcare Plan Performance Review



# Break

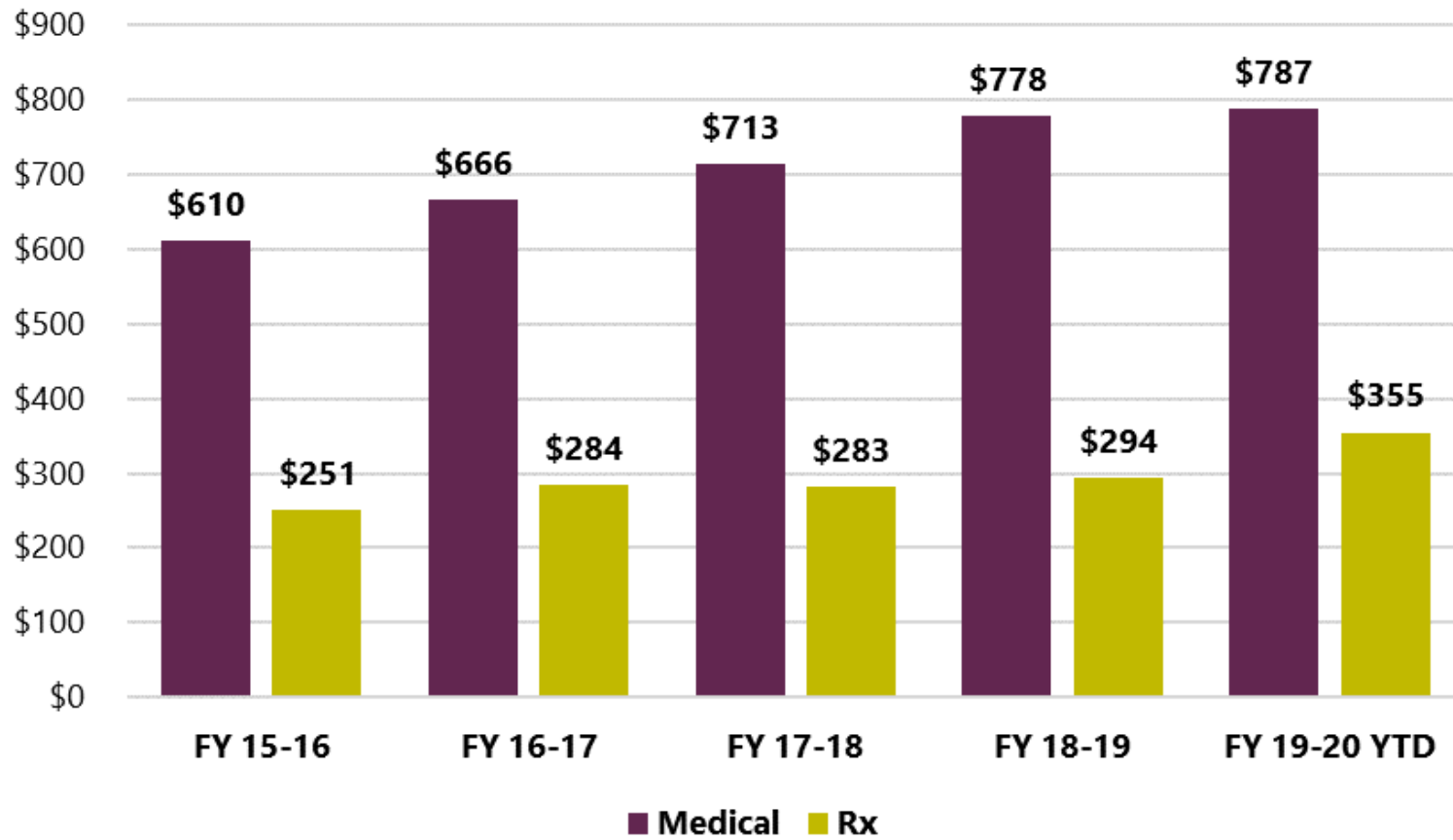


# Financial Modeling & Assumptions



# CURRENT STATE

## Per Employee Per Month Gross Claims

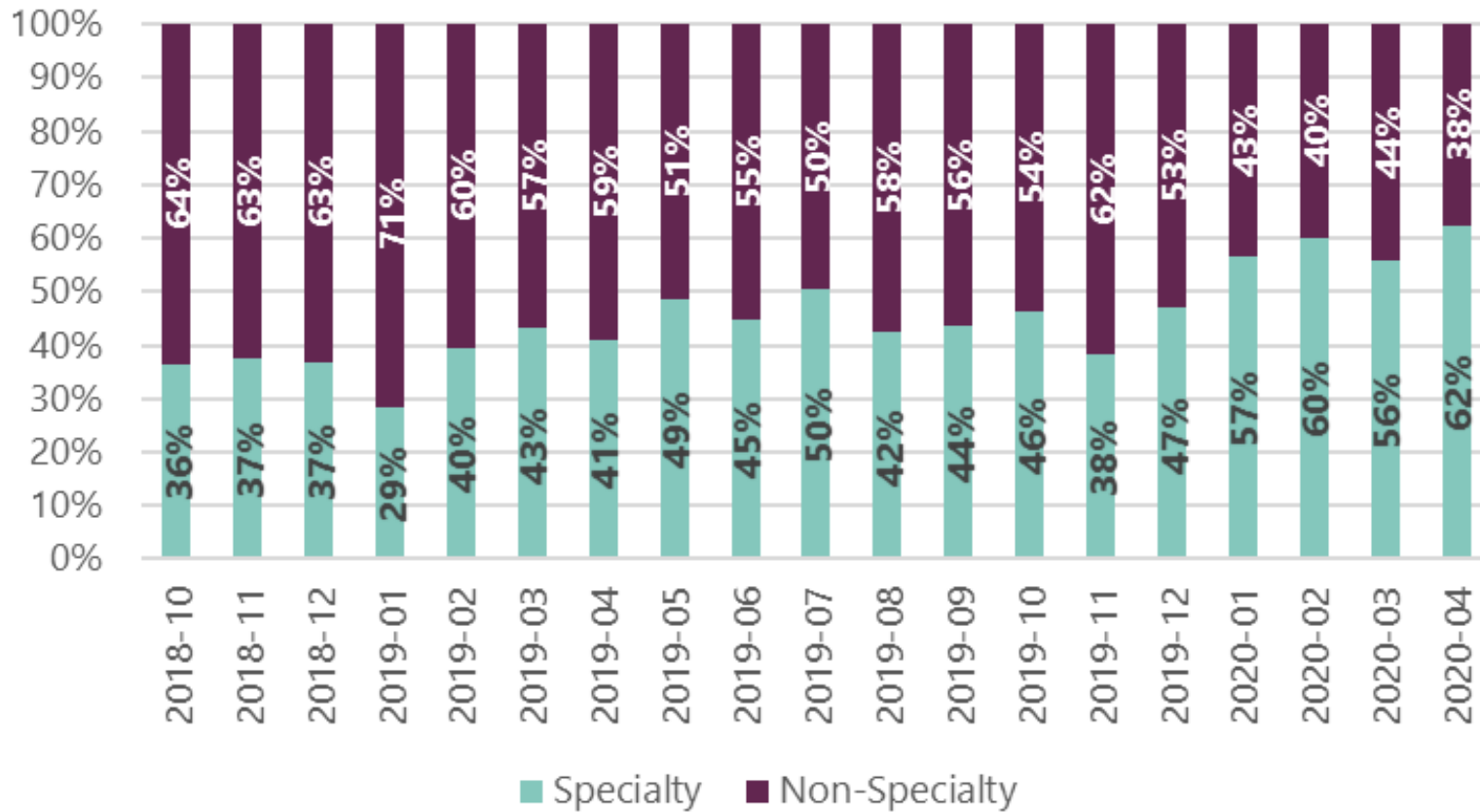


% YOY	FY 16-17	FY 17-18	FY 18-19	FY 19-20 YTD
Medical	9.2%	7.0%	9.1%	1.2%
Rx	12.8%	-0.3%	3.9%	20.8%
<b>Total</b>	<b>10.2%</b>	<b>4.8%</b>	<b>7.6%</b>	<b>6.6%</b>



# CURRENT STATE

## Specialty vs Non-Specialty Paid Claims

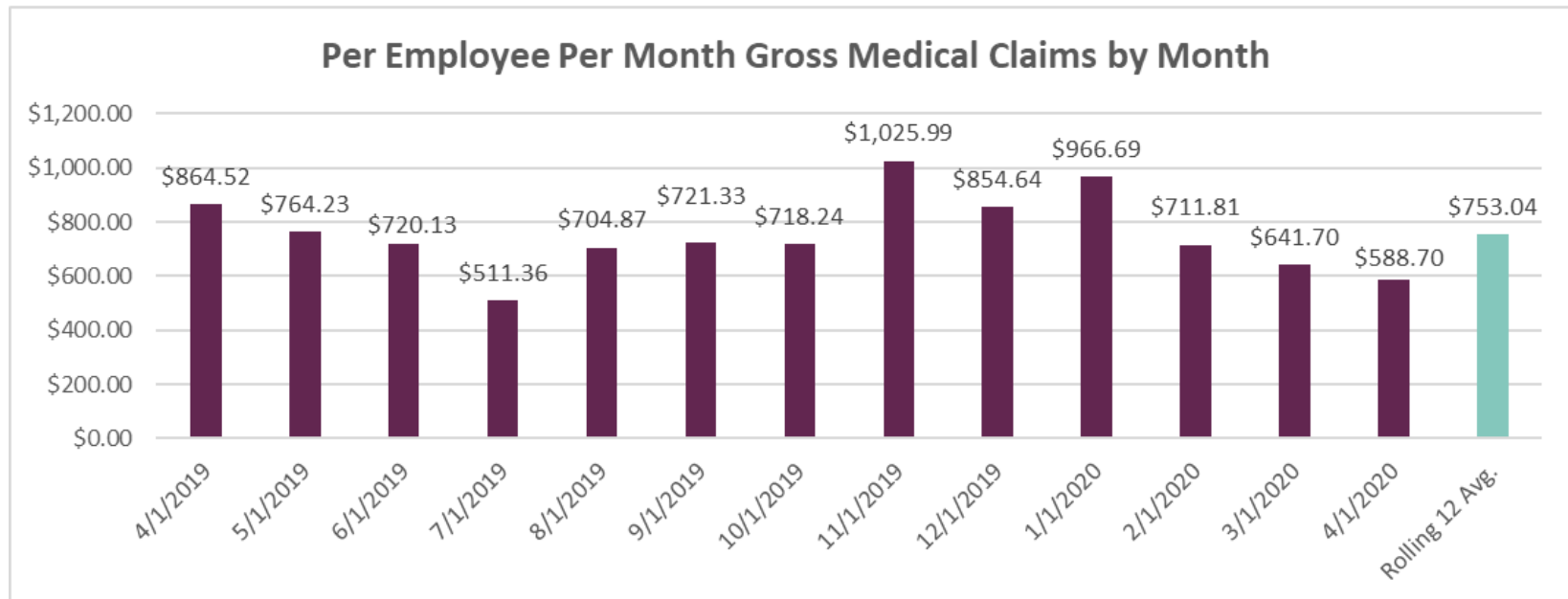
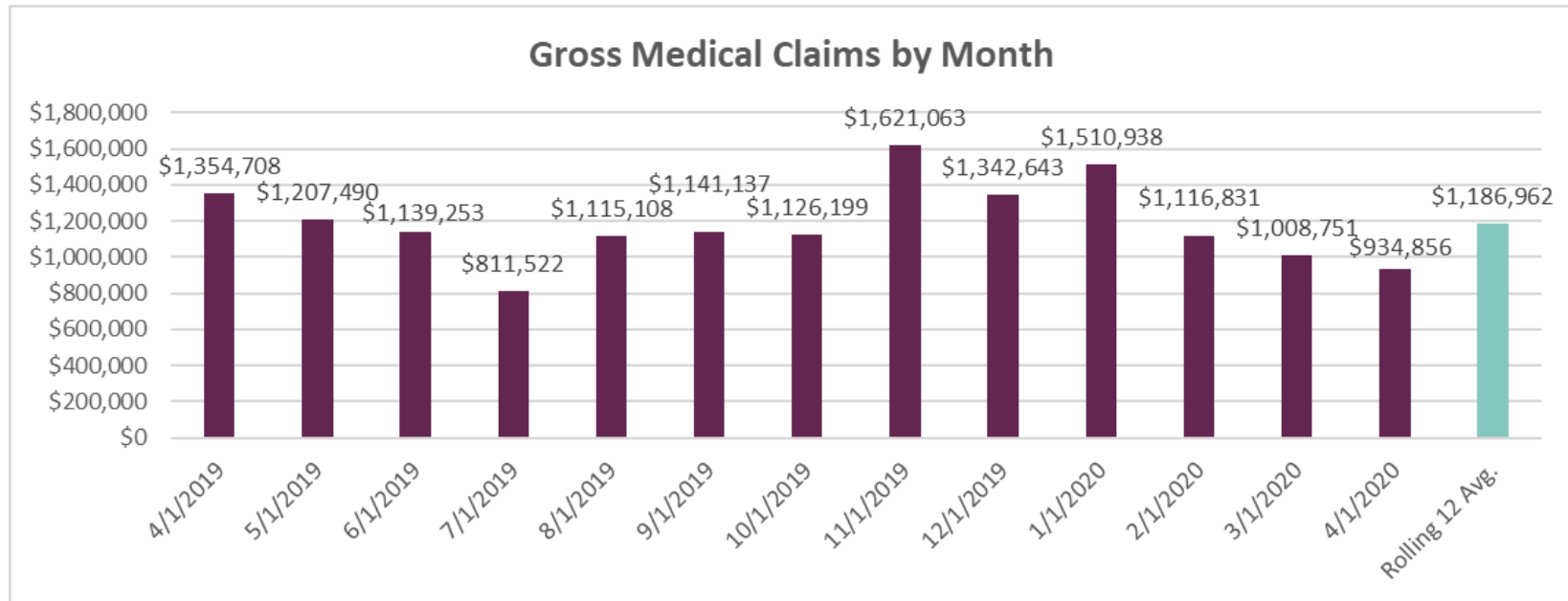


### Avg. % Specialty

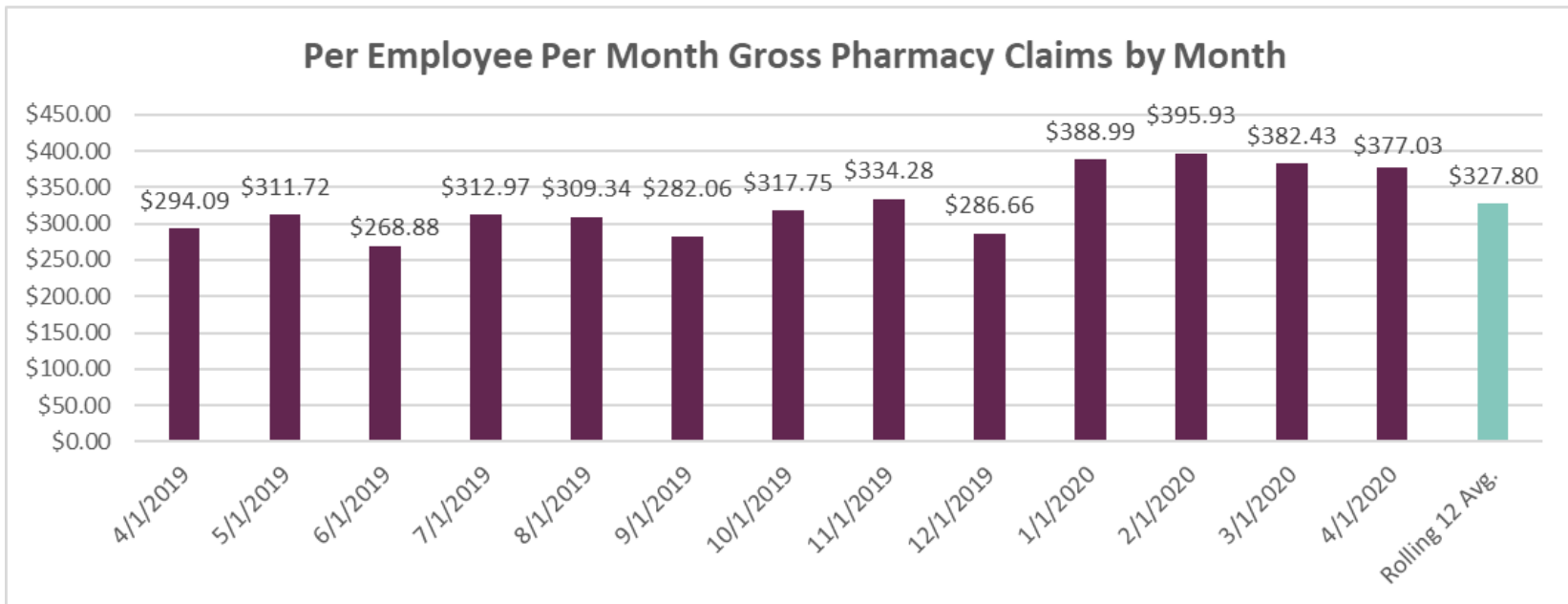
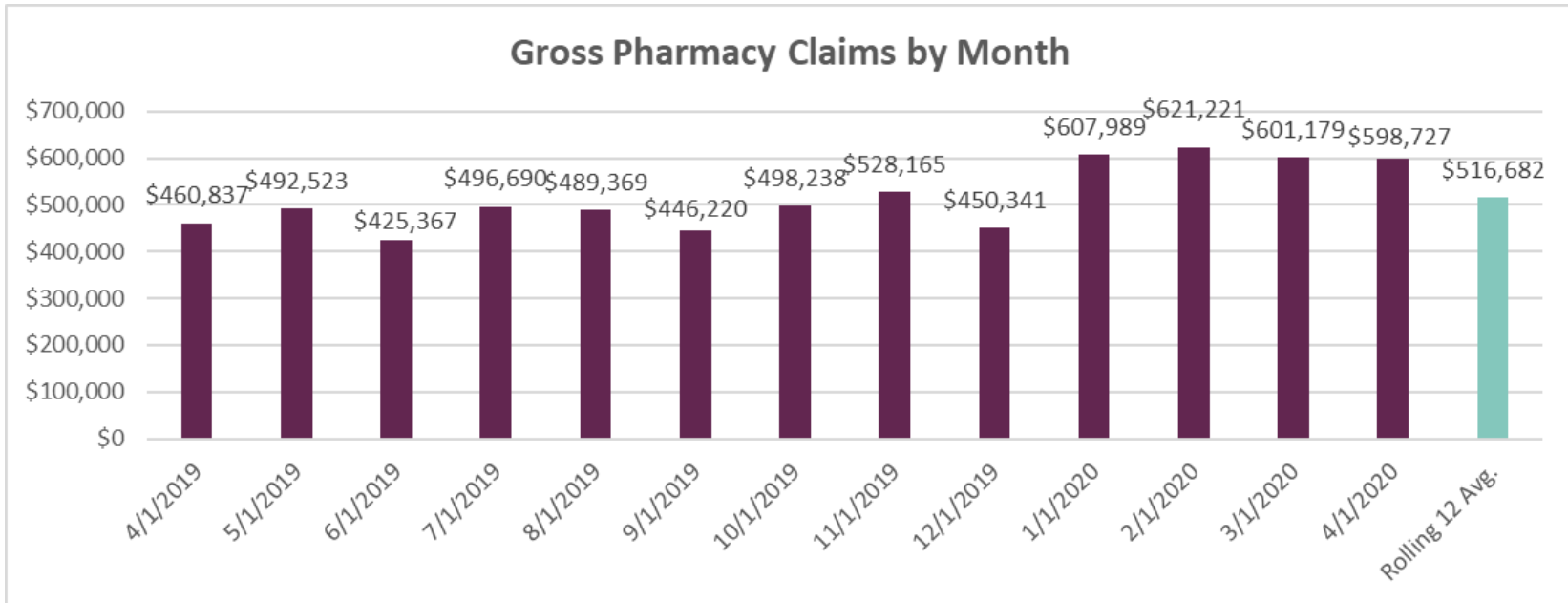
FY 18-19	37.3%
FY 19-20 YTD	52.4%



# MEDICAL CLAIMS BY MONTH

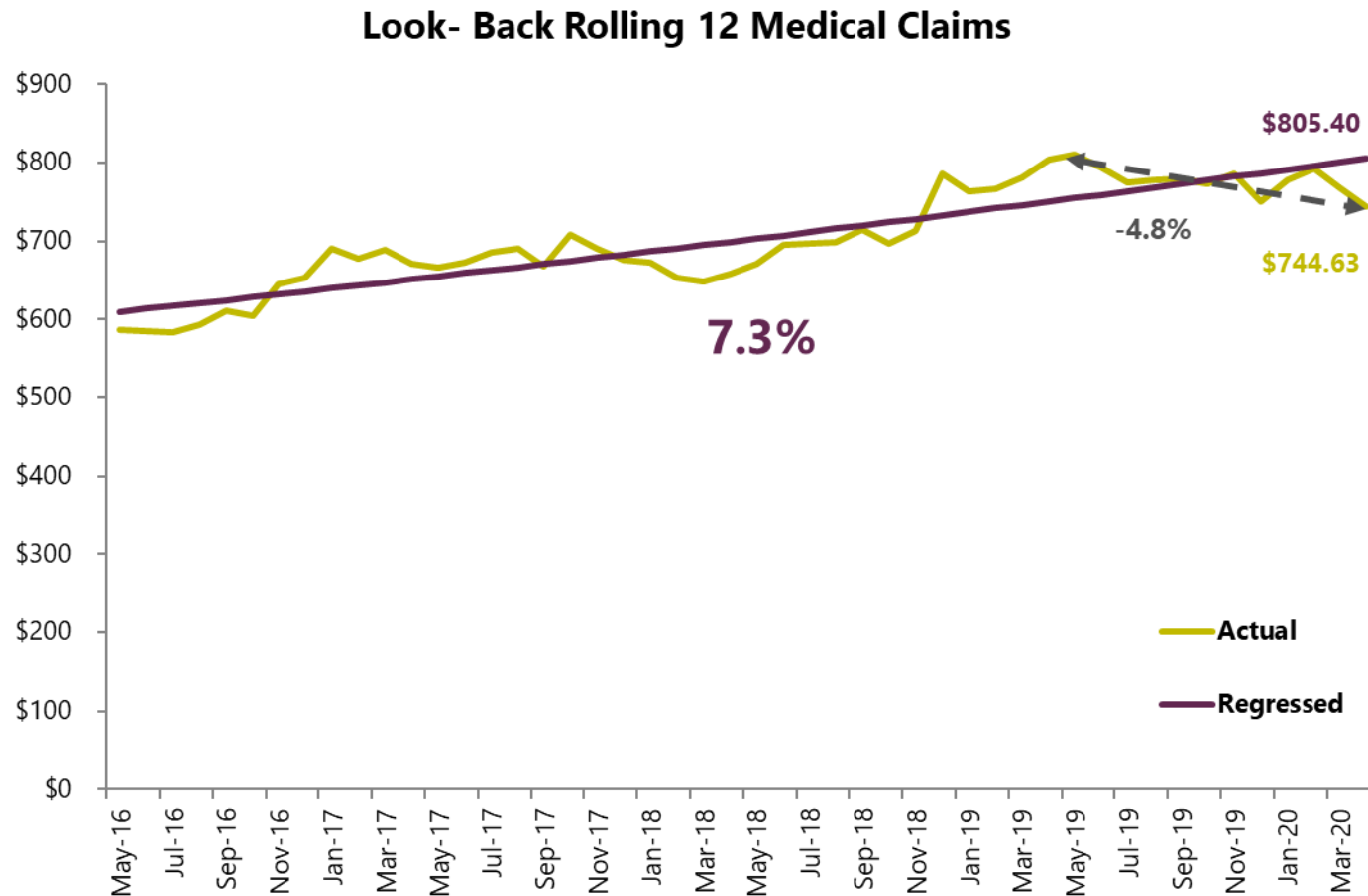


# PHARMACY CLAIMS BY MONTH



# MEDICAL CLAIM TREND

## ROLLING 12, PER EMPLOYEE PER MONTH BASIS

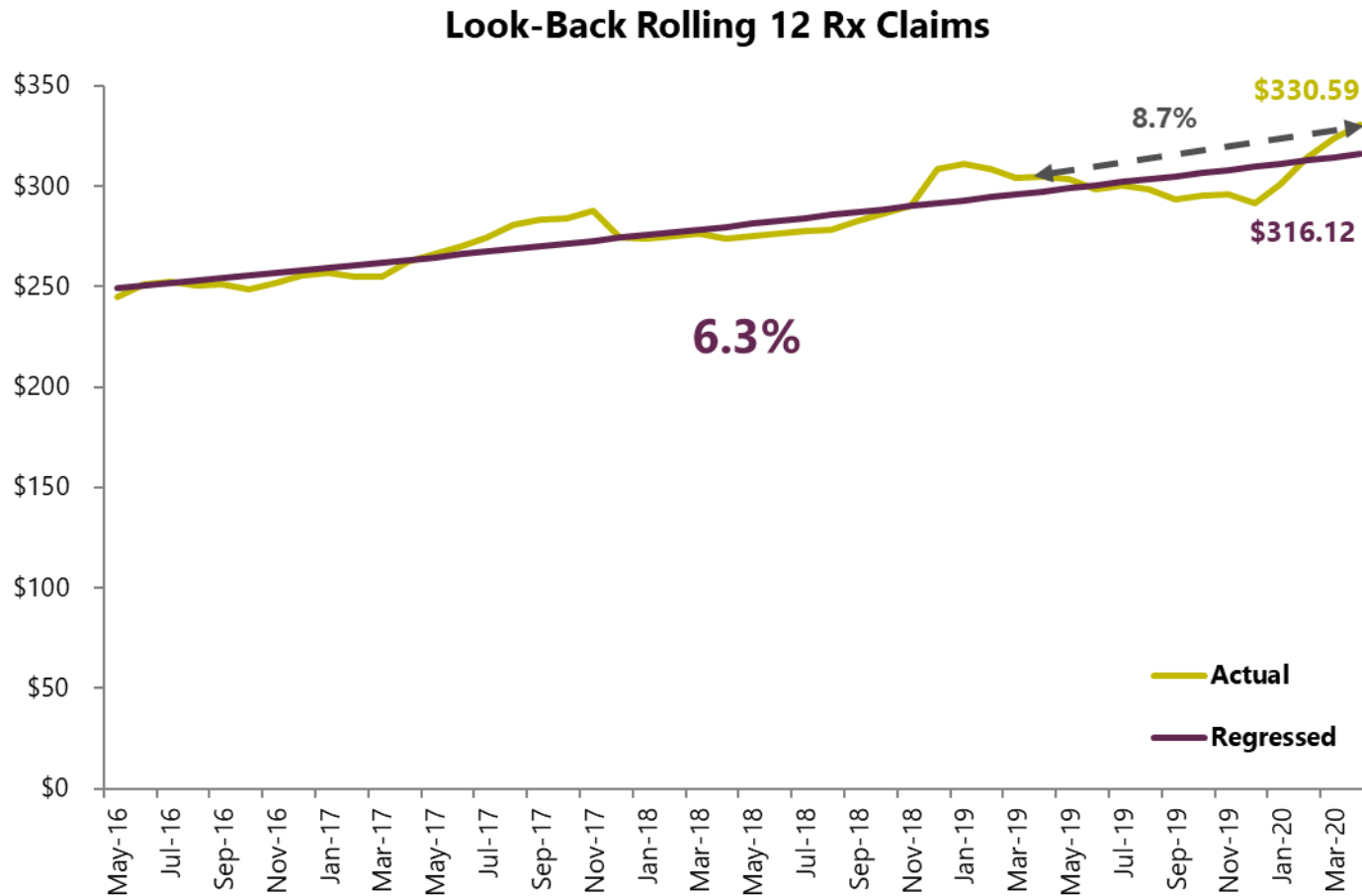


- Williamson County's historical regressed medical claim trend is 7.3%; national projected for 2020 is 6.8%
- However, over the latest 12 months, the trend has been at -4.8%



# PHARMACY CLAIM TREND

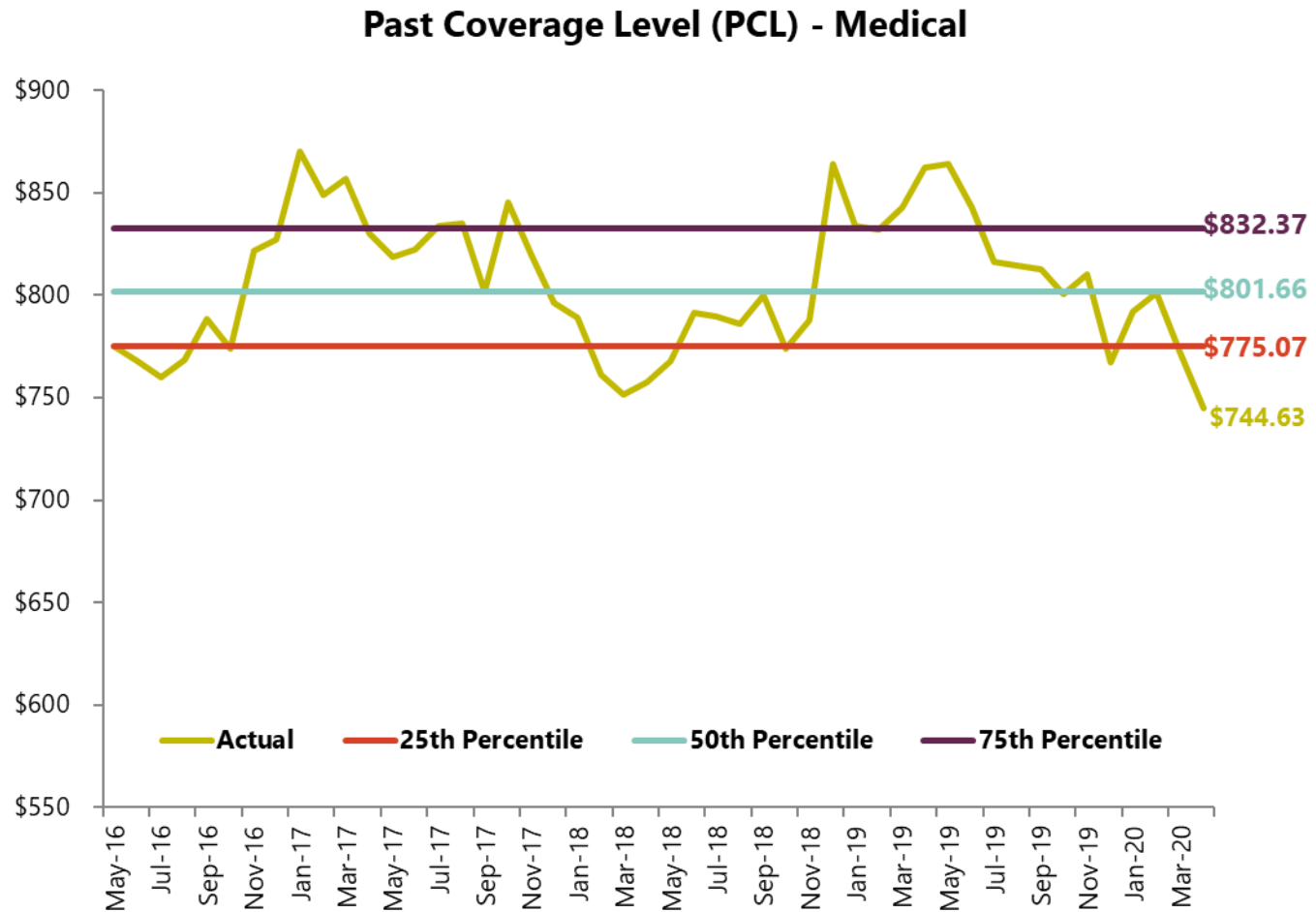
## ROLLING 12, PER EMPLOYEE PER MONTH BASIS



- Williamson County's historical regressed pharmacy claim trend is 6.3%; national projected for 2020 is 7.1%
- However, over the latest 12 months, the trend has been at 8.7%



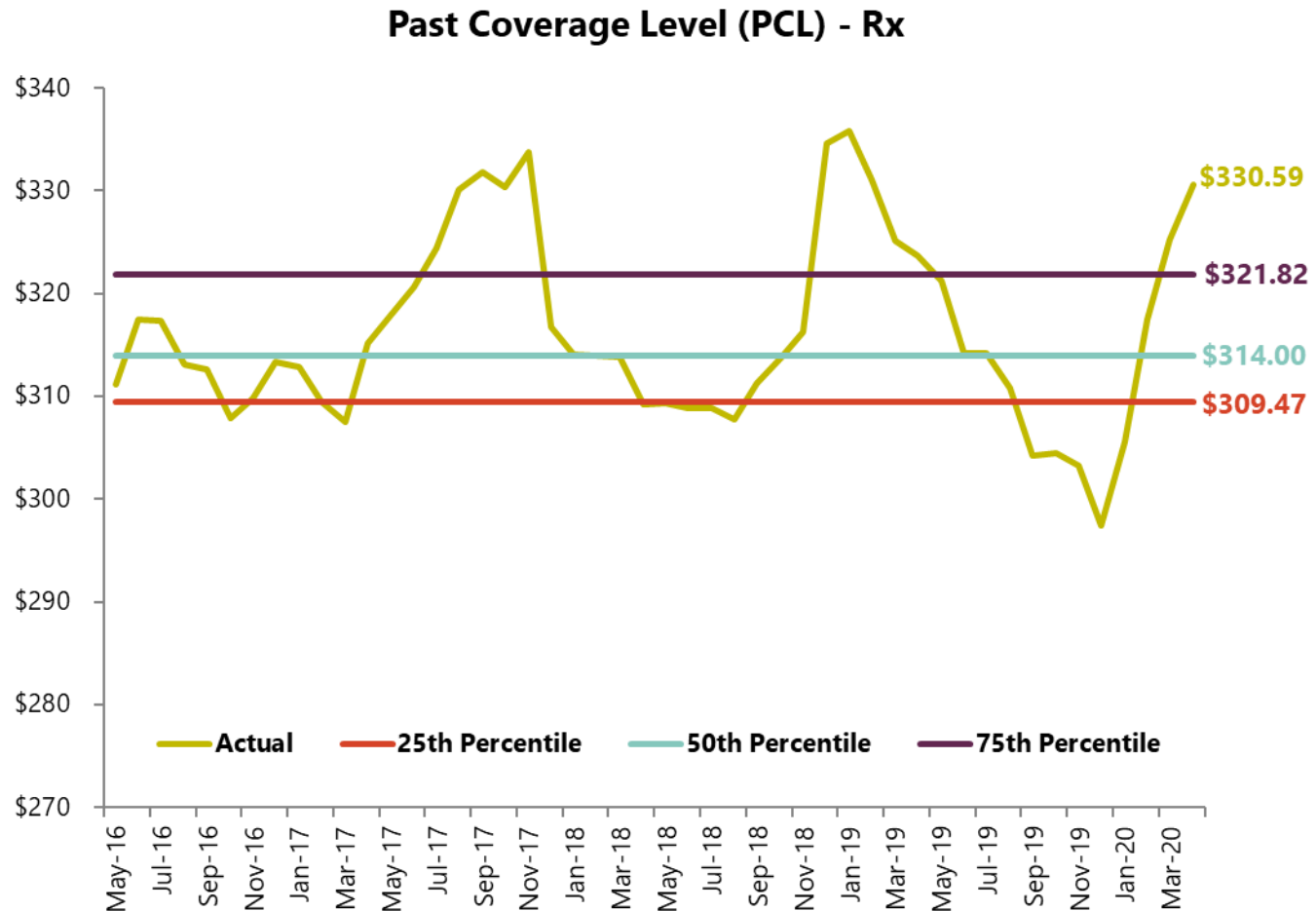
# HISTORICAL MEDICAL CLAIMS PAST COVERAGE LEVEL (PCL)



- The PCL methodology takes Williamson County’s historical claims (last 48 months) and trends them to today’s dollars, based on Williamson County’s actual historical trend rates.
- The PCL is utilized for budgeting purposes as a risk tolerance tool.
- Medical PEPM is currently running at \$744.63 (at the 0<sup>th</sup> PCL)



# HISTORICAL PHARMACY CLAIMS PAST COVERAGE LEVEL (PCL)



- The PCL methodology takes Williamson County’s historical claims (last 48 months) and trends them to today’s dollars, based on Williamson County’s actual historical trend rates.
- The PCL is utilized for budgeting purposes as a risk tolerance tool.
- Pharmacy PEPM is currently running at \$330.59 (at the 89<sup>th</sup> PCL)



# FY 2021 ASSUMPTIONS

- Based on claims through April 2020
- FTE Positions of 1,932
- Medical trend of 6.8% and pharmacy trend of 7.1%
- Medical PCL at 40% and Pharmacy PCL at 50%
- 8% projected stop loss renewal
- UHC admin fee increase 3% for 2021
  - Estimated Rx rebate credit increasing by \$3.71 PEPM
  - Additional admin of \$2.46 PEPM Naviguard (Reduces Shared Savings Expenses for OON claims)
- Wellness Surcharges not included in projections, any collections will be utilized to build reserves
- 14% Nicotine Surcharge at \$100
- PCORI fee of \$2.65
- Current Enrollment
  - Nexus Plan – 1,257 (79.9%)
  - Choice + Plan – 316 (20.1%)



# FIXED COST ASSUMPTIONS

2020 Plan Year		
Medical Admin	PEPM	Annual
Nexus Plan	\$53.65	\$809,257
Choice +	\$51.03	\$193,506
Other	\$0.00	\$0
Other	\$0.00	\$0
<b>Total</b>	<b>\$52.79</b>	<b>\$1,002,762</b>

Increase
3%
3%
N/A
N/A

2021 Plan Year		
Medical Admin	PEPM	Annual
Nexus Plan	\$55.26	\$729,226
Choice +	\$52.56	\$199,311
Choice+ OON	\$2.46	\$46,738
HSA Plan	\$61.22	\$115,568
<b>Total</b>	<b>\$57.42</b>	<b>\$1,090,844</b>

**Increase: \$88,081**

Stop-Loss Admin	PEPM	Annual
SL Family	\$65.81	\$1,250,127
Agg SL	\$4.90	\$93,080
<b>Total</b>	<b>\$70.71</b>	<b>\$1,343,207</b>

Increase
8%
0%

Stop-Loss Admin	PEPM	Annual
SL Family	\$71.07	\$1,350,137
Agg SL	\$4.90	\$93,080
<b>Total</b>	<b>\$75.97</b>	<b>\$1,443,217</b>

**Increase: \$100,010**

Other Costs	PEPM	Annual
Shared Savings (R12)	\$15.05	\$285,942
Legislative	\$0.44	\$8,292
<b>Total</b>	<b>\$15.49</b>	<b>\$294,233</b>

Increase
N/A
5%

Other Costs	PEPM	Annual
Shared Savings (R12)	\$15.05	\$285,942
Legislative	\$0.46	\$8,685
<b>Total</b>	<b>\$15.51</b>	<b>\$294,627</b>

**Increase: \$393**

Rebates	PEPM	Annual
Rx Rebates	-\$85.00	-\$1,614,660

Increase
4.3%

Rebates	PEPM	Annual
Rx Rebates	-\$88.69	-\$1,684,837

**Increase: -\$70,177**



# COVID-19 ESTIMATED COST

<b>Estimated Cost of Hospitalization</b>			
	<b>1.0%</b>	<b>5.0%</b>	<b>10.0%</b>
Symptomatic Infection Rate			
Number of Members	3,472	3,472	3,472
Members Infected	34.7	173.6	347.2
Members Requiring Hospitalization	1.3	6.4	12.7
Total Cost per Hospitalization	\$34,339	\$34,339	\$34,339
Members Requiring ICU	0.2	1.1	2.2
Total Cost per ICU Admission	\$86,995	\$86,995	\$86,995
Members with Mild Cases	33.23	166.13	332.27
Total Cost for Mild Cases	\$400	\$400	\$400
Geographic Modifier to Cost	1.05	1.05	1.05
<b>COVID-19 Total Cost</b>	<b>\$78,686</b>	<b>\$393,429</b>	<b>\$786,857</b>
<b>Member Cost Share</b>	<b>-\$11,023</b>	<b>-\$55,117</b>	<b>-\$110,233</b>
<b>COVID-19 Plan Paid</b>	<b>\$67,662</b>	<b>\$338,312</b>	<b>\$676,624</b>
<b>Per Employee Per Month</b>	<b>\$3.59</b>	<b>\$17.95</b>	<b>\$35.89</b>

<b>Deferral of Elective Procedures</b>		
<b>Fiscal Year Impact</b>	<b>2019-2020</b>	<b>2020-2021</b>
Projected PEPM Claims	\$948.97	\$1,046.00
Deferred Elective Factor	0.9470	1.0265
Adjusted PEPM Claims	\$898.72	\$1,073.69
<b>PEPM Impact</b>	<b>(\$50.25)</b>	<b>\$27.69</b>
<b>\$ Impact</b>	<b>(\$952,127)</b>	<b>\$524,738</b>

- Deferred services are estimated to save 25% for May and slowly ramping back to normal in October. Then it is estimated that 50% of the pent-up demand of services will return at the end of the year and into next year
- Testing is estimated at \$75 per participant
- Estimated a 20% increase in mental health claims



# 2021 PLAN CHANGES

- Introduce a new HSA plan
  - Assume 10% enrollment in the plan
  - \$500 HSA Deposit for Single/Family
- Increase deductible on both current plans to \$2,000
- Increase the emergency room copay to \$400
- Employee contribution changes
  - Employee/County Cost Share
- Deferred services future potential claims removed
  - Consider future claims paid out from reserve
- Choice+ out of network strategy
- **Discuss \$750 HSA Deposit**
- **Discuss limiting Retiree Enrollment (5 years to 10 years)**



# 2021 PROPOSED PLAN DESIGNS

## Medical Plan Design

Coinsurance  
 Annual Deductible (Individual)  
 Out of Pocket Max (Individual)

Physician Office Visit  
 Specialist Office Visit

Inpatient Hospital  
 Emergency Room  
 Urgent Care

## Pharmacy

Rx Deductible  
 Generic  
 Preferred Brand  
 Non-preferred Brand  
 Specialty Pharmacy

## HSA Deposit (Individual/Family)

Active Enrollment %

	Current (2020)	2021 Plan Year	
	In-Network Benefits		
	Nexus / Choice+ Plan	Nexus / Choice+ Plan	New HSA Plan
Coinsurance	80%	80%	<b>80%</b>
Annual Deductible (Individual)	\$1,750	<b>\$2,000</b>	<b>\$3,000</b>
Out of Pocket Max (Individual)	\$5,500	\$5,500	<b>\$5,500</b>
Physician Office Visit	\$30	\$30	<b>Deductible / Coinsurance</b>
Specialist Office Visit	\$55	\$55	<b>Deductible / Coinsurance</b>
Inpatient Hospital	80%	80%	<b>Deductible / Coinsurance</b>
Emergency Room	\$300	<b>\$400</b>	<b>Deductible / Coinsurance</b>
Urgent Care	\$45	\$45	<b>Deductible / Coinsurance</b>
	<u>Retail</u>	<u>Retail</u>	<u>Retail</u>
Rx Deductible	\$0	\$0	<b>Deductible / Coinsurance</b>
Generic	35% (\$10 Min/\$100 Max)	35% (\$10 Min/\$100 Max)	<b>Deductible / Coinsurance</b>
Preferred Brand	35% (\$40 Min/\$100 Max)	35% (\$40 Min/\$100 Max)	<b>Deductible / Coinsurance</b>
Non-preferred Brand	35% (\$75 Min/\$100 Max)	35% (\$75 Min/\$100 Max)	<b>Deductible / Coinsurance</b>
Specialty Pharmacy	\$125	\$125	<b>Deductible / Coinsurance</b>
<u>HSA Deposit (Individual/Family)</u>	N/A	N/A	<b>\$500/\$500</b>
Active Enrollment %	80% / 20%	<b>70%</b> / 20%	<b>10%</b>



# 2021 CONTRIBUTIONS CHANGES - EMPLOYEE

	2020 Monthly Contributions			
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$54.08	\$216.32	\$113.36	\$226.72
Choice +	\$211.12	\$350.48	\$269.36	\$404.56
	2021 Monthly Contributions			
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$59.49	\$237.95	\$124.70	\$276.60
Choice +	\$232.23	\$385.53	\$296.30	\$475.36
New HSA Plan	\$44.00	\$176.00	\$92.23	\$204.58
	Monthly \$ Increase			
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$5.41	\$21.63	\$11.34	\$49.88
Choice +	\$21.11	\$35.05	\$26.94	\$70.80
New HSA Plan	N/A	N/A	N/A	N/A
	\$ Per Paycheck Increase			
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$2.70	\$10.82	\$5.67	\$24.94
Choice +	\$10.56	\$17.52	\$13.47	\$35.40
New HSA Plan	N/A	N/A	N/A	N/A



# 2021 CONTRIBUTIONS CHANGES - RETIREE

## Retire Prior to 2/1/13

Nexus Plan

Choice +

### PY 2020 Monthly Contributions

<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
\$54.08	\$216.32	\$113.36	\$226.72
\$211.12	\$350.48	\$269.36	\$404.56

### PY 2021 Monthly Contributions

<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
\$59.49	\$237.95	\$124.70	\$276.60
\$232.23	\$385.53	\$296.30	\$475.36

### Monthly \$ Increase

<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
\$5.41	\$21.63	\$11.34	\$49.88
\$21.11	\$35.05	\$26.94	\$70.80

Nexus Plan

Choice +



# 2021 CONTRIBUTIONS CHANGES - RETIREE

8-15 yrs of service, Retire after 2/2013

		PY 2020 Monthly Contributions			
		<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
<b>Nexus Plan</b>		\$410.80	\$790.40	\$643.76	\$974.48
<b>Choice +</b>		\$580.32	\$1,024.40	\$833.04	\$1,217.84
		PY 2021 Monthly Contributions			
		<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
<b>Nexus Plan</b>		\$451.88	\$869.44	\$708.14	\$1,188.87
<b>Choice +</b>		\$638.35	\$1,126.84	\$916.34	\$1,430.97
		Monthly \$ Increase			
		<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
<b>Nexus Plan</b>		\$41.08	\$79.04	\$64.38	\$214.39
<b>Choice +</b>		\$58.03	\$102.44	\$83.30	\$213.13



# 2021 CONTRIBUTIONS CHANGES - RETIREE

16+ yrs of service after 2/2013

Nexus Plan  
Choice +

PY 2020 Monthly Premiums			
<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
\$225.68	\$455.52	\$353.60	\$535.60
\$377.52	\$755.04	\$512.72	\$755.04
PY 2021 Monthly Premiums			
<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
\$248.25	\$501.07	\$388.96	\$653.44
\$415.27	\$830.54	\$563.99	\$887.18
Monthly \$ Increase			
<u>EE</u>	<u>ES</u>	<u>EC</u>	<u>EF</u>
\$22.57	\$45.55	\$35.36	\$117.84
\$37.75	\$75.50	\$51.27	\$132.14

Nexus Plan  
Choice +

Nexus Plan  
Choice +



# 2021 BUDGET PROJECTION

## INCLUDING PLAN DESIGN & CONTRIBUTION CHANGES

	2020		2021	
	Budget	HMA Reforecast	No Changes	HMA Projection
Total Operating Expenses	\$24,626,094	\$21,832,857	\$24,768,681	\$24,473,670
Total Revenue Accounts	\$23,592,328	\$23,407,662	\$24,768,681	\$24,473,670
<b>(Surplus)/Deficit</b>	<b>\$1,033,766</b>	<b>-\$1,574,805</b>	<b>\$0</b>	<b>\$0</b>

	2020	2021	
	Budget	No Changes	HMA Projection
FTE Positions	<b>1,922</b>	<b>1,932</b>	<b>1,932</b>
FTE Funding	<b>\$799</b>	<b>\$849</b>	<b>\$825</b>

**FTE Funding Increase: 6.3% 3.2%**



# Break



# NEXT STEPS

## Confirm:

- Assumptions
- Contributions
- Plan Design Options





Thank You!