



LAKE COUNTY  
Investing in People  
and Our Communities

Lake County Health Insurance  
August 1, 2018

# Purpose

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## TODAY

- PPO/CDHP – Change in Coinsurance
- Part Time Subsidy
- Increased number of dependent tiers
- Elimination of PPO
- Balance of EE cost share to program cost

# PPO/CDHP Change in Coinsurance

# PROJECTED COST SAVINGS

Changing the coinsurance (currently 80%/20% cost share split) while keeping the Out Of Pocket Maximum (OOM) the same has an estimated savings of:

- **\$183,000** for a 75%/25% cost share split lowers increase from 5.7% (\$2.2M) to 5.2% (\$2M)
- **\$354,900** for a 70%/30% cost share split lowers increase from 5.7% (\$2.2M) to 4.8% (\$1.8M)

Increasing Out Of Pocket Maximum (OOM) and changing the coinsurance has an estimated savings of:

- **\$592,200** for a 75%/25% cost share split & increasing OOM by \$300 sgl, \$600 family lowers increase from 5.7% (\$2.2M) to 4.2% (\$1.6M)
- **\$1,151,600** for a 70%/30% cost share split & increasing OOM by \$600 sgl, \$1,200 family lowers increase from 5.7% (\$2.2M) to 2.7% (\$1.1M)

*90% of Segal's clients' have a co-insurance split of 80%/20% or higher*

# OPTIONS FOR A COINSURANCE CHANGE

| Non-HMO Plans                | Current                    | Option 1                   | Option 2                   | Option 3                   | Option 4                   |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>CDHP</b>                  |                            |                            |                            |                            |                            |
| INN Coinsurance              | 80%                        | 75%                        | 70%                        | 75%                        | 70%                        |
| OON Coinsurance              | 60%                        | 55%                        | 50%                        | 55%                        | 50%                        |
| INN OOP Maximum <sup>1</sup> | \$2,850 Ind / \$5,700 Fam  | \$2,850 Ind / \$5,700 Fam  | \$2,850 Ind / \$5,700 Fam  | \$3,150 Ind / \$6,300 Fam  | \$3,450 Ind / \$6,900 Fam  |
| OON OOP Maximum <sup>1</sup> | \$5,100 Ind / \$10,200 Fam | \$5,100 Ind / \$10,200 Fam | \$5,100 Ind / \$10,200 Fam | \$5,400 Ind / \$10,800 Fam | \$5,700 Ind / \$11,400 Fam |
| <b>PPO</b>                   |                            |                            |                            |                            |                            |
| INN Coinsurance              | 80%                        | 75%                        | 70%                        | 75%                        | 70%                        |
| OON Coinsurance              | 60%                        | 55%                        | 50%                        | 55%                        | 50%                        |
| INN OOP Maximum <sup>1</sup> | \$2,550 Ind / \$5,100 Fam  | \$2,550 Ind / \$5,100 Fam  | \$2,550 Ind / \$5,100 Fam  | \$2,850 Ind / \$5,700 Fam  | \$3,150 Ind / \$6,300 Fam  |
| OON OOP Maximum <sup>1</sup> | \$5,200 Ind / \$10,400 Fam | \$5,200 Ind / \$10,400 Fam | \$5,200 Ind / \$10,400 Fam | \$5,500 Ind / \$11,000 Fam | \$5,800 Ind / \$11,600 Fam |

|                  |            |            |            |            |            |
|------------------|------------|------------|------------|------------|------------|
| Cost             | 41,114,300 | 40,930,600 | 40,759,400 | 40,522,100 | 39,962,700 |
| Incr 2018        | 2,219,600  | 2,035,900  | 1,864,700  | 1,627,400  | 1,068,000  |
| % Incr from 2018 | 5.7%       | 5.2%       | 4.8%       | 4.2%       | 2.7%       |

|                                   |          |          |          |            |
|-----------------------------------|----------|----------|----------|------------|
| Savings Compared to 2019 Baseline | -183,700 | -354,900 | -592,200 | -1,151,600 |
|-----------------------------------|----------|----------|----------|------------|

|                                     |       |       |       |       |
|-------------------------------------|-------|-------|-------|-------|
| % Savings Compared to 2019 Baseline | -0.4% | -0.9% | -1.4% | -2.8% |
|-------------------------------------|-------|-------|-------|-------|

# Part Time Subsidy

## ASSUMPTIONS MADE FOR PART-TIME SUBSIDY 50%

- We assumed a 50% subsidized monthly part-time premium.
- We assumed 68 additional eligible part-timers would choose to enroll; currently there are 3 part-time employee who pay the unsubsidized premium.
- This scenario results in aggregate increases to gross cost of \$573,200

Increased number of  
dependent tiers/  
5 Tier System



# Changing to a 5 tier system in 2019

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- Added 2 additional premium tiers: Current Single, Single+1 and Family; Added Single+2 (replaced Family), Single+3 and Single+4.
- The additional tiers do not change the County's net cost.
- Employees with Single and Single + 1 monthly premiums will decrease slightly due to the new tiers compared to the Rec'd 2019 premiums.
- Employee with Single+2 coverage will pay 2.8% or \$12.14 (PPO) to 21% or \$48.36 (HMO) less in monthly premiums compared to 2018 premiums.
- Employees with 4 or more dependents will pay 12.8% or \$29.39 (HMO) to 33.2% or \$144.98 (PPO) more in monthly premiums compared to baseline 2018 premiums (doubles the previous method of setting rates).

# Changing to a 5 tier system

|                 | Empl Monthly Premiums |             |            |               | Prem Incr/Decrease(-) from 2018 |             |            |               |
|-----------------|-----------------------|-------------|------------|---------------|---------------------------------|-------------|------------|---------------|
|                 | <u>PPO</u>            | <u>CDHP</u> | <u>HMO</u> | <u>HMO-BA</u> | <u>PPO</u>                      | <u>CDHP</u> | <u>HMO</u> | <u>HMO-BA</u> |
| 2018 Prem       |                       |             |            |               |                                 |             |            |               |
| Single          | 132.20                | 83.39       | 58.43      | 41.21         |                                 |             |            |               |
| Single+1        | 277.66                | 186.38      | 127.04     | 93.48         |                                 |             |            |               |
| Family          | 436.60                | 307.24      | 229.92     | 173.93        |                                 |             |            |               |
| 2019 Rec'd Prem |                       |             |            |               |                                 |             |            |               |
| Single          | 156.94                | 88.15       | 61.76      | 43.56         | 24.74                           | 4.76        | 3.33       | 2.35          |
| Single+1        | 325.67                | 197.02      | 134.29     | 98.81         | 48.01                           | 10.64       | 7.25       | 5.33          |
| Family          | 507.10                | 324.77      | 243.04     | 183.86        | 70.50                           | 17.53       | 13.12      | 9.93          |
| 2019 Prem       |                       |             |            |               |                                 |             |            |               |
| Single          | 150.04                | 94.64       | 54.34      | 38.51         | 17.84                           | 11.25       | -4.09      | -2.70         |
| Single+1        | 315.13                | 211.53      | 118.16     | 87.36         | 37.47                           | 25.15       | -8.88      | -6.12         |
| Single+2        | 424.46                | 298.70      | 181.56     | 138.00        | -12.14                          | -8.54       | -48.36     | -35.93        |
| Single+3        | 491.77                | 346.07      | 213.84     | 162.54        | 55.17                           | 38.83       | -16.08     | -11.39        |
| Single+4>       | 581.58                | 409.27      | 259.31     | 197.10        | 144.98                          | 102.03      | 29.39      | 23.17         |

*228 employee will be eligible for Single+4 coverage*

# Elimination of PPO

# OPTIONS FOR ELIMINATING PPO

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|  | County Cost | Increase/Decrease (-) |
|--|-------------|-----------------------|
| No change in plans                         | 32,843,500  |                       |
| OPTION 1:                                  |             |                       |
| Eliminate PPO for current employees        |             |                       |
| Keep PPO for retirees                      | 31,941,900  | -901,600              |
| Prem based on actual cost to retirees      |             |                       |
| OPTION 2:                                  |             |                       |
| Eliminate PPO for current employees        |             |                       |
| Keep PPO for retirees                      | 33,102,800  | 259,300               |
| Prem based on both CDHP and retirees costs |             |                       |

# COST SHIFT PROPOSALS FOR RETIREES

- While we can eliminate the PPO for current employees, we cannot eliminate the PPO for retirees
- The County would need to make a decision whether retirees would fund their entire cost (*bringing premiums up 70.5%*) or
- The county (including current CDHP participants) would fund the PPO (increasing CDHP premiums for current employees 13.1% and retirees 13.1%)

| 2018 Budget Rates | Monthly Retiree Rates |      |            |            | Percent Change from 2018 Rates |      |        |        |
|-------------------|-----------------------|------|------------|------------|--------------------------------|------|--------|--------|
|                   | PPO                   | CDHP | HMO IL     | HMO BA     | PPO                            | CDHP | HMO IL | HMO BA |
| Single            | \$813.56              | N/A  | \$708.25   | \$610.51   | N/A                            | N/A  | N/A    | N/A    |
| Single + 1        | \$1,521.44            | N/A  | \$1,239.43 | \$1,068.39 | N/A                            | N/A  | N/A    | N/A    |
| Family            | \$2,156.04            | N/A  | \$1,876.87 | \$1,617.88 | N/A                            | N/A  | N/A    | N/A    |

| Eliminate PPO<br>(Separated PPO/CDHP) | Monthly Retiree Rates |      |            |            | Percent Change from 2018 Rates |      |        |        |
|---------------------------------------|-----------------------|------|------------|------------|--------------------------------|------|--------|--------|
|                                       | PPO                   | CDHP | HMO IL     | HMO BA     | PPO                            | CDHP | HMO IL | HMO BA |
| Single                                | \$1,387.08            | N/A  | \$658.72   | \$567.82   | 70.5%                          | N/A  | -7.0%  | -7.0%  |
| Single + 1                            | \$2,593.98            | N/A  | \$1,152.75 | \$993.67   | 70.5%                          | N/A  | -7.0%  | -7.0%  |
| Family                                | \$3,675.94            | N/A  | \$1,745.61 | \$1,504.74 | 70.5%                          | N/A  | -7.0%  | -7.0%  |

| Eliminate PPO<br>(Grouped PPO/CDHP) | Monthly Retiree Rates |      |            |            | Percent Change from 2018 Rates |      |        |        |
|-------------------------------------|-----------------------|------|------------|------------|--------------------------------|------|--------|--------|
|                                     | PPO                   | CDHP | HMO IL     | HMO BA     | PPO                            | CDHP | HMO IL | HMO BA |
| Single                              | \$920.40              | N/A  | \$658.72   | \$567.82   | 13.1%                          | N/A  | -7.0%  | -7.0%  |
| Single + 1                          | \$1,721.24            | N/A  | \$1,152.75 | \$993.67   | 13.1%                          | N/A  | -7.0%  | -7.0%  |
| Family                              | \$2,439.18            | N/A  | \$1,745.61 | \$1,504.74 | 13.1%                          | N/A  | -7.0%  | -7.0%  |

# DIRECTION FOR FY19

## ADD SUGGESTED CHANGES





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