

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: October 21, 2008

() Consent (X) Regular
() Ordinance () Public Hearing

Submitted By: Risk Management

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends a motion to approve: an additional tier of coverage within the County's self-insured health plan for certain dependent children from age 26 until the end of the calendar year in which the child reaches age 30, and to charge employees who opt to insure dependents within this tier, the full actuarial rate associated with this new class of dependents effective for plan years beginning after October 1, 2008.

Summary: Due to a recent revision of Florida Statute §627.6562, the County must begin offering its employees the option to insure certain children until the end of the calendar year in which the child reaches age 30. To be eligible for this optional coverage, the child must be unmarried without a dependent of his or her own; and be a resident of Florida or a full-time or part-time student; and not have coverage as a named subscriber, insured, enrollee or covered person under any other group, blanket, or franchise health insurance policy or individual health benefits plan, or be entitled to benefits under Medicare. In providing this optional coverage, the County can charge an appropriate premium for the optional coverage; deny coverage for costs incurred by the optionally-enrolled child prior to January 1, 2009; medically underwrite the children (per the Statute, although potential HIPAA concerns eliminate a staff recommendation for this option); or absorb the cost of allowing the dependents into the plan as with any other eligible dependent. Depending on the number of actual enrollees, the cost exposure to the County could range anywhere from \$79,534 to \$281,989 annually. Staff recommends that the full actuarial premium be charged for the addition of these newly eligible dependents. The recommended monthly premiums are \$385.61 for the HMO, \$421.86 for the POS and \$1,053.30 for the PPO per dependent child in the 26 - 30 age range. Countywide (TKF)

Background and Justification: Florida Statute §627.6562 has historically required health plans to allow dependent coverage through the calendar end of the year in which an eligible dependent child turned 25. The revised Statute continues this requirement; however it also has been expanded to allow for optional coverage of dependents aged 26 to the calendar year end of the year in which they turn 30. Beginning January 1, 2009, an estimated 75 aged out dependents will be eligible to return to coverage in the County's self-insured health plans (if they are enrolled by April 1, 2009), with an average of 15 - 20 dependents "aging out" of the plan each year.

The cost to the County will depend on what rate is charged to the employees. If the County contributes toward the cost of this new demographic as it currently does for other eligible dependents, it is estimated that a high number of employees will opt for the coverage, leaving the County exposed to an estimated \$281,989 annual cost. If the Board accepts staff recommendation and charges employees for the full cost of coverage for the 26 to 30 year old dependents, the cost to the County would be minimal unless one or more of the dependents had a serious health issue. (Continued on page 3)

Attachments:

- 1. None

Recommended by: Nancy L Bolton 10/2/08
Department Director Date
Approved by: [Signature] 10/7/08
Assistant County Administrator Date

Background and Justification (continued from page 1) To estimate the cost for this new dependent demographic, the plan actuary multiplied the recommended 2009 single-funding rates by 0.7. Because the average age in the plan is 46, the 26 – 30 year old dependents are presumed to cost 30% less to insure than the average aged enrollee. By plan, the rates and assumed annual enrollment are as follows:

Plan	Single Rate	Cost Factor	Dependent	Assumed Annual Enrollment		
			Rate	High	Medium	Low
HMO	\$549.44	0.70	\$385.61	50	25	15
POS	\$601.09	0.70	\$421.86	10	5	2
PPO	\$1,500	0.70	\$1,053.30	-	-	-
Total Annualized Cost				\$281,989	\$140,995	\$79,534

The cost to the County will depend entirely on the rate charged to employees. Staff recommends charging the Dependent Rate as illustrated above.