

12/8/15  
Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact

Fiscal Years	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital Expenditures					
Operating Costs		862,212	431,106		
External Revenues					
Program Income (County)					
In-Kind Match (County)					
Net Fiscal Impact		862,212	431,106		
# ADDITIONAL FTE POSITIONS (Cumulative)	0	0	0	0	0

Is Item Included In Future Budget?	Yes	X	No						
Budget Account	Exp No.:	Fund	5012	Dept	700	Unit	Various	Obj	Various
	Rev No.:	Fund		Dept		Unit		Obj	

### B. Recommended Sources of Funds/Summary of Fiscal Impact:

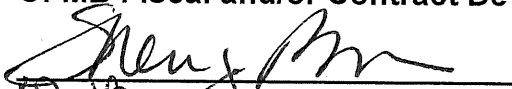
Employee Health Insurance Fund  
Budget Line 5012-700-Various Units

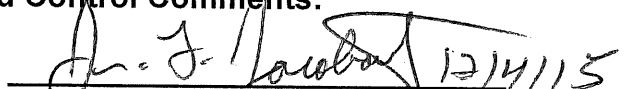
ASO Admin & Excess Insurance Fees (\$33.94 per month, for 9 months only)	\$305.46
Estimated Participants	4,234
Estimated Total Fees	\$1,293,318

### C. Departmental Fiscal Review:


## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Dev. and Control Comments:

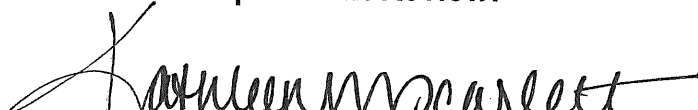
  
OFMB  
12/2 12/2

  
Contract Dev. and Control  
12/4/15

### B. Legal Sufficiency:

  
Assistant County Attorney

### C. Other Department Review:

  
Department Director

REVISED 9/03

ADM FORM 01

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)

**Background and/or Policy Issues: (continued from page 1):**

President Obama signed the Affordable Care Act (ACA) into law on March 23, 2010. The passing of the ACA brought sweeping changes to the health insurance industry and a multi-year series of compliance items for individuals and employers. Among the compliance items for employers is the 2018 excise tax, which is often referred to as the Cadillac Tax. Under the Cadillac Tax, plans that exceed certain annual cost thresholds are deemed by the ACA to be high cost, and are taxed at a rate of 40% for every dollar exceeding the threshold. For plan year 2018, these thresholds are \$10,200 for individual coverage, and \$27,500 for full family coverage. Currently, the County's HMO plan is \$8,983 and \$25,656 respectively. It is expected that the County's plans will exceed the ACA Cadillac Plan thresholds at some point in the next five years. In order to avoid the high cost of paying the tax, it is necessary to continually review and potentially revise the funding and design of the County's health plans.

With the coming elections in 2016 and the aggressive lobbying efforts seeking to revise or repeal the Cadillac Tax, the proposed year's postponement of the County's RFP for health plan administrative services provides an opportunity for the County to be better informed as to the overall ramifications of the Cadillac Tax. As such, staff would be in a better position to draft a more timely and appropriate health plan administration RFP for the 2018 plan year, along with four (4) subsequent option years.

Dina D'Angelo  
Senior Client Manager



November 24, 2015

Nancy Bolton  
Director, Risk Management  
Palm Beach County Board of County Commissioners  
100 Australian Avenue, Suite 200  
West Palm Beach, FL 33406

1571 Sawgrass Corporate Parkway  
Suite 300  
Sunrise, FL 33323  
Telephone 954-790-8152  
Dina.Dangelo@cigna.com

Dear Nancy:

Cigna is pleased to offer a renewal extension for the period January 1, 2017 through December 31, 2017. ASO fees for this period would be held at the current fees listed below:

**Administrative Fees**

Network	\$16.12 per employee per month
Network POS	\$16.12 per employee per month

**Access Fee**

Network	\$5.65 per employee per month
Network POS	\$5.65 per employee per month

**Utilization Fee**

Network	\$6.50 per employee per month
Network POS	\$6.50 per employee per month

**Disease Management Fee**

Network	\$5.67 per employee per month
Network POS	\$5.67 per employee per month

In addition, Cigna is offering the County a three month fee holiday for the ASO fees which equates to a savings of a \$431,106. The fee holidays may be taken for payments due in either the 2016 or 2017 plan year.

Sincerely,  
***Dina D'Angelo***  
Dina D'Angelo  
Sr. Client Manager

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