

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact

Fiscal Years	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	<u>2,235,905</u>	<u>761,968</u>	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
Net Fiscal Impact	<u><u>2,235,905</u></u>	<u><u>761,968</u></u>	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Is Item Included in Current Budget? Yes X No _____
 Does this Item include the use of federal funds? Yes _____ No X

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 Fees (\$38.74 per employee per month)	\$464.88
Estimated Participants	<u>4,396</u>
Total ASO Fees (Unit 7312)	\$2,043,612
Stop-Loss Premium (\$17.90 per employee per month)	\$214.18
Estimated Participants	<u>4,396</u>
Total Stop-Loss Premium (Unit 7312)	\$944,261
Wellness Program Incentive	\$50.00
Estimated Participants	<u>1,200</u>
Estimated Total Fees (Unit 7313)	\$60,000
Estimated Total Cost for Plan Year 2024	<u>\$3,047,873</u>

C. Departmental Fiscal Review:

[Signature]

DC=org, DC=psbcgov, OU=Enterprise, OU=RISK, OU=Users, CN=Brian Palacios, E=BPalacios@psbcgov.org
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III. REVIEW COMMENTS

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

Lisa Monte 9/10/2023
 OFMB B 9/18

Eric J. [Signature] 9/18/23
 Contract Dev. and Control
 9/13/23

B. Legal Sufficiency:

Dilene Colip 9-18-23
 Assistant County Attorney

C. Other Department Review:

 Department Director

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

Page 3 – Background and Justification (continued)

The County has self-insured its health insurance plans since 2003. Annual claims experience is difficult to predict, but in general is more favorable than the conservative numbers projected by the plan's actuary.

For plan year 2023, the County (through a competitive RFP process) made a carrier change to United Healthcare (UHC) that provided additional opportunities for savings and network improvements. These changes have served to slow, but not eliminate cost increases to our self-insured plan. In order to maintain the financial stability of our plan in accordance with state guidelines, a 10% increase to the County rate is being suggested and has been included in the 2024 budget. This is the first increase since 2018 and will not affect the employee portion of the rates with the exception of a small increase of between 5.8% and 9.5% for overage dependents based on the plan selected. Because retirees pay unsubsidized rates, their increase for 2024 will match the sum of the employee and revised County rates combined.

Participation in biometric screenings and electronic health risk assessments (HRA) markedly increased when an incentive was offered to employees for completion. Staff is recommending to continue the current cash incentive of employees being able to earn \$25 for voluntary completion of a biometric screening and another \$25 for voluntary completion of the HRA in plan year 2024.



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September 6, 2023

Mr. Scott Marting
Director, Risk Management
Palm Beach County
100 Australian Ave., Ste. 200
West Palm Beach, FL 33406

Re: Calendar Year 2024 Health Plan Projections

Dear Scott:

We have reviewed the County's claim experience under your health plan through June 2023. We projected the total 2024 calendar year expense based on enrollment of 4,396 employees (enrollment at the time of these calculations). Below is a description of the methodology and assumptions used in the projections.

Recap - Changes Resulting from Changing Plan Administrators

Effective January 1, 2023, the administration of the medical and vision plans moved from Cigna to United Healthcare (UHC). Changes to the plan management are outlined below.

- There were a few minor plan design changes for ease of administration. None had material financial impact.
- Members enrolled in the plans accessing the NHP network (HMO and POS plans) have access to UHC's national network even if residing within the NHP service area.
- The vision plan coverage was enhanced where the reimbursement of products and services is increased. The 2022 vision spend was \$150,000. Vision claims through June of 2023 were \$55,000 so an increase in cost due to the enhanced benefits is not projected. The administrative fee remained at \$0.52 per employee per month for the enhanced vision plan.
- There are no capitated services in the UHC contract. Claim projections reflect County savings due to the replacement of the capitation fees with much lower fee-for-service expenses.

Contribution Changes

For 2024, the County contributions will increase 10% while the employee contributions will remain at the 2023 level. This is projected to increase the County total health care contributions to \$67 million from \$61 million. The employee contributions are projected to remain level at \$10 million.

Stop-Loss Coverage

The 2024 stop-loss premium quote from United Healthcare increased from the current \$13.27 pepm to \$17.90 pepm or 34.9% (\$244,000 for the year) with no change to the deductible of \$625,000. This quote will not be finalized until September claim data is available. For purposes of the 2024 projections, it was



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assumed the stop-loss premium will be \$17.90 and the deductible will remain at \$625,000.

Administrative Fees

The administrative fees are guaranteed to remain flat for 5-years. This fee is \$38.74 pepm which includes the vision plan administration.

The COBRA administration fee is per event versus per employee per month and is billed quarterly. In the most recent quarter ending June 2023, the fee was \$2,400.

There is a \$13.00 per employee per month Naviguard fee. The Naviguard program negotiates discounts off billed charges from out-of-network (non-contracted) providers. We have very little experience from United Healthcare on actual activity under the Naviguard program in 2023. For now we assumed the \$13 pepm fee would remain in place but we plan to revisit this as data emerges to see if it would be less costly for the County to pay for this service on a % of savings basis rather than the flat pepm.

Pharmacy Rebates

Rebates are projected to increase 5% in 2024 to \$4.825 million from \$4.595 million.

Projected 2023 and 2024 Total Expense and Fund Balance

Below is a table showing the components of the 2023 and 2024 plan years projected using data through June and projected stop-loss premiums. For 2024 projections we have removed the 5% margin as claims are coming in lower than expected.

	2023	2024
Projected Enrollment	4,395	4,396
Expected Claims (stop-loss recoveries reflected)	\$70,272,186	\$78,760,473
Administration including Naviguard fees	\$2,728,561	\$2,729,388
Reinsurance Premiums	\$699,807	\$944,261
PCORI Fees	\$23,636	\$23,863
Internal expenses	\$1,512,573	\$1,550,425
Pharmacy Rebates	(\$4,594,937)	(\$4,824,683)
Total Projected Expense	\$70,641,826	\$79,183,726
Total Projected Revenue (10% County Increase)	\$70,825,463	\$76,995,622
Projected Gain/(Loss)	\$183,637	(\$2,188,104)
BOY Surplus	\$22,018,465	\$22,202,000
Transfers In/(Out)	\$0	\$0
BOY Surplus	\$22,202,000	\$20,013,896
OIR 60-Day Requirement	\$12,309,049	\$13,279,219

With the increase in funding in 2024, the FL OIR 50-day required minimum surplus would be exceeded. The projections at this time show the surplus would cover 75 days of claims.



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Please let me know if you have any questions about this or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glen R. Volk'.

Glen R. Volk FSA, MAAA
Consulting Actuary

CC: Barbara Crowe, Gallagher
Michelle Nathan, Gallagher



Palm Beach County Board of County Commissioners									
2023 and 2024 Funding									
Plan	Tier	2023 Actual Rates			2024 Illustrative Rates			Employer Increase	Employee Increase
		Total	County	Employee	Total	County	Employee		
HMO	EE	\$794.28	\$763.28	\$31.00	\$870.61	\$839.61	\$31.00	10.0%	0.0%
	EE + 1	\$1,653.14	\$1,452.14	\$201.00	\$1,798.35	\$1,597.35	\$201.00	10.0%	0.0%
	Family	\$2,268.30	\$1,928.30	\$340.00	\$2,461.13	\$2,121.13	\$340.00	10.0%	0.0%
	Overage Dep.	\$476.56	\$0.00	\$476.56	\$522.00	\$0.00	\$522.00	10.0%	9.5%
OAPIN	EE	\$830.02	\$781.02	\$49.00	\$908.12	\$859.12	\$49.00	10.0%	0.0%
	EE + 1	\$1,727.53	\$1,452.14	\$275.00	\$1,872.35	\$1,597.35	\$275.00	10.0%	0.0%
	Family	\$2,370.37	\$1,928.30	\$442.00	\$2,563.13	\$2,121.13	\$442.00	10.0%	0.0%
	Overage Dep.	\$498.00	\$0.00	\$498.00	\$545.00	\$0.00	\$545.00	10.0%	9.5%
POS	EE	\$880.96	\$813.96	\$67.00	\$962.36	\$895.36	\$67.00	10.0%	0.0%
	EE + 1	\$1,808.38	\$1,480.38	\$328.00	\$1,956.42	\$1,628.42	\$328.00	10.0%	0.0%
	Family	\$2,482.26	\$1,981.26	\$501.00	\$2,680.39	\$2,179.39	\$501.00	10.0%	0.0%
	Overage Dep.	\$545.60	\$0.00	\$545.60	\$577.00	\$0.00	\$577.00	10.0%	9.5%

Created : August, 25, 2023 (v2)

Updates: Rounded 2024 overage dependent rates to nearest dollar. Maintained 60% overage to single ratio