

## Health Insurance for Employees for 2019-2020

### Summary:

Local Choice was the lowest cost health insurance plan of bids received. Local Choice did not increase their premiums for 2019-2020. 0% increase.

Staff recommends that for 2019-2020 we allow employees two options:

1. Key Advantage 500 with rates unchanged from current year
2. High Deductible Health Plan with CVPDC placing the premium difference into the employee's health savings account

### Background:

The CVPDC has 37 employees who utilize health insurance through the CVPDC.

- Key Advantage 500 Comprehensive Dental – 22
- Key Advantage 1000 Comprehensive Dental – 12
- Key Advantage 500 Preventive Dental – 1
- Key Advantage 1000 Preventive Dental – 2

Mr. Sam Irby of Innovative Insurance Group was retained to procure health insurance bids. Bids came in from the following providers:

- Local Choice - \$37,296
- Optima Health Vantage HMO - \$46,413
- Anthem Healthkeepers HMO - \$47,718
- Anthem Keycare PPO - \$51,894
- Optima Health Plus - \$57,198

There was no increase, 0%, for 2019-2020 Local Choice in comparison to current rates. It is recommended that we stay with Local Choice since they provided the lowest overall bid.

### Staff recommends a change in the plans offered:

Local Choice allows us to offer two of their five plans and over the years we have used Key Advantage 500 and Key Advantage 1000 (each has two dental versions). In order to give our employees a more affordable family coverage option, we recommend that we drop the Key Advantage 1000 and replace it with a High Deductible Health Plan.

### What employees should pay:

Key Advantage 500: We suggest that we make no change in the rates employees pay for the Key Advantage 500 plan. There was no increase from Local Choice, therefore we recommend no change in the company or the employee's contribution.

High Deductible Health Plan (HDHP): This option will have lower premium costs for employees who wish to lower their premium contributions. It does come with the requirement that the employee establish a Health Savings Account and places a greater responsibility for the employee to put money aside for larger health insurance costs and to shop for the most affordable health services.

For employees who elect the High Deductible Health Plan, Staff recommends that we pay the difference between the CVPDC's share of the Key Advantage 500 plan and the HDHP into that employee's Health Services Account at the beginning of the fiscal year 2019-2020.

**Advantages:**

- HDHP lowers monthly cost to employee
- Utilization rates are typically lower with a high deductible plan as people are more cost conscious
- Impact of future percentage increases are less since the percentage increases are calculated on lower cost health insurance options

**Disadvantages:**

- Employees would be responsible for Health Savings Account fees.
- If an employee left our employment, the money placed in the Health Savings Account goes with them.

**Option 1: Key Advantage 500 Rates, proposed to be unchanged for 2019-2020**

| <b>Key Advantage 500<br/>Comprehensive<br/>Dental</b> | Total Cost  | CVPDC       | Employee  | Monthly<br>Contribution to<br>Health Savings<br>Accounts |
|---|-------------|-------------|-----------|--|
| Employee Only   | \$ 656.00   | \$ 608.11   | \$ 47.89  | N/A  |
| Employee +1   | \$ 1,214.00 | \$ 976.91   | \$ 237.09 | N/A  |
| Family  | \$ 1,771.00 | \$ 1,090.58 | \$ 680.42 | N/A  |

| <b>Key Advantage 500<br/>Preventive Dental</b> | Total Cost  | CVPD        | Employee  | Monthly<br>Contribution to<br>Health Savings<br>Accounts |
|--|-------------|-------------|-----------|--|
| Employee Only                                  | \$ 640.00   | \$ 608.11   | \$ 31.89  | N/A  |
| Employee +1                                    | \$ 1,184.00 | \$ 976.91   | \$ 207.09 | N/A  |
| Family   | \$ 1,728.00 | \$ 1,090.58 | \$ 637.42 | N/A  |

### Option 2 High Deductible Health Program

| <b>High Deductible<br/>Health Plan<br/>(HDHP)<br/>Comprehensive<br/>Dental</b> | <b>Total<br/>Premium</b> | <b>CVPDC<br/>Share</b> | <b>Employee Share</b> | <b>Annual<br/>Contribution to<br/>Health Savings<br/>Accounts</b> |
|--|--------------------------|------------------------|-----------------------|---|
| Employee Only  | \$ 515.00                | \$485.00               | \$ 30.00              | \$ 1,477.00   |
| Employee +1  | \$ 953.00                | \$823.00               | \$ 130.00             | \$ 1,847.00   |
| Family   | \$ 1,391.00              | \$916.00               | \$ 475.00             | \$ 2,095.00   |

| <b>High<br/>Deductible<br/>Health Plan<br/>Preventive<br/>Dental</b> | <b>Total<br/>Premium</b> | <b>CVPDC<br/>Share</b> | <b>Employee Share</b> | <b>Annual<br/>Contribution to<br/>Health Savings<br/>Accounts</b> |
|--|--------------------------|------------------------|-----------------------|---|
| Employee Only  | \$ 499.00                | \$ 475.11              | \$ 24.00              | \$ 1,596.00   |
| Employee +1  | \$ 923.00                | \$ 819.91              | \$ 104.00             | \$ 1,884.00   |
| Family   | \$ 1,347.00              | \$ 902.58              | \$ 445.00             | \$ 2,256.00   |

#### Recommended Action:

- 1) Authorize staff to contract with Local Choice for 2019-2020 with the Key Advantage 500 and the High Deductible Health Plans with Health Savings Accounts.
- 2) Implement a policy that requires a working spouse to utilize their employee's health insurance if it is available.