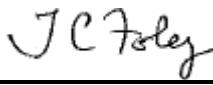


COUNTY OF ALBEMARLE

EXECUTIVE SUMMARY

AGENDA TITLE: Medical and Dental Insurance Programs	AGENDA DATE: March 6, 2013
SUBJECT/PROPOSAL/REQUEST: Request approval of the proposed 2013-2014 health and dental contracts, coverage and proposed rate structure.	ACTION: X INFORMATION:
STAFF CONTACT(S): Messrs. Foley, Letteri and Davis, and Ms. Gerome	CONSENT AGENDA: ACTION: INFORMATION:
PRESENTER (S): Lorna Gerome	ATTACHMENTS: Yes
LEGAL REVIEW: Yes	REVIEWED BY: 

BACKGROUND:

In November 2000, the Board of Supervisors and School Board (Boards) approved a Total Compensation Strategy to target employee salaries at 100% of an adopted market median and benefits slightly above market levels. Medical insurance and the Virginia Retirement System are the largest components of that benefit strategy. The information provided in the attached Memorandum from the Health Care Executive Committee (HCEC) to the County Executive and Superintendent (Attachment A) details the analysis of the medical and dental programs and prior actions taken to remain consistent with the benefits strategy. In order to comprehensively evaluate the medical insurance plan, staff worked with Keiter, Slabaugh, Penny & Holme, LLC (KSPH) to conduct reviews based on a scoring model which includes plan design features, premium costs to employees, and Board contribution amounts.

STRATEGIC PLAN:

Goal 7. Promote a valued and responsive County workforce that ensures excellent customer service

DISCUSSION:

The attached Memorandum outlines the current year's process and the HCEC's recommendations for Medical and Dental Insurance. The HCEC develops recommendations for the County's medical and dental plans based on the following objectives:

- offer affordable options that meet varying needs of employees and their families;
- maintain reserves at approximately 25% of claims;
- ensure plans are in compliance with Health Care Reform regulations; and
- maintain our competitive position for benefits (slightly above market).

The report includes information regarding the HCEC's benefits review process, the insurance plans' reserves, claims and market competitiveness, and the HCEC's recommendations for the 2013-2014 medical and dental programs to become effective on October 1, 2014. Attachment B provides a five-year history of the County's Compensation and Benefits actions.

BUDGET IMPACT:

A 7% average medical and dental premium increase projection was included in the County Executive's proposed FY 14 budget. The medical premium projection of 7% remains the recommendation. The dental premium that was initially projected to increase has been reevaluated. Based on claims and reserves, the HCEC is not recommending a dental premium increase. This change would result in a savings of \$33,463 for the School Division and \$10,260 for Local Government from the proposed budgeted amounts.

RECOMMENDATION:

The HCEC recommendations:

Medical Plan:

1. Continue to offer the Basic and Plus plans through Coventry.
 - a. Both plans are Point-Of-Service Plans with the same benefit coverage.
 - b. There are differences in cost sharing (co-pays, co-insurance, out-of-pocket maximums, deductibles) and employee premium requirements.
 - c. The benefit summary is shown in Attachment C.

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2. Increase the Board contribution by 7% for the new plan-year starting October 1, 2013.
3. Set full-time employee premiums (7% increase) at the rates shown in Attachment D.
4. Retain a self-insured medical plan with Specific-Claim-Stop-Loss insurance to limit the County's liability against any single large claim.

Dental Plan:

1. Continue the contract with United Concordia.
2. Continue to offer the Basic and High Options with no change in benefit design.
3. Retain the current rates for the new plan year starting October 1, 2013.
4. Approve the employee premiums as shown Attachment D.
5. Implement a dental rate holiday from March 2013 through September 2013 for all dental enrollees for this period, regardless of hire date.

ATTACHMENTS:

[A – HCEC Memorandum to County Executive and Superintendent](#)

[B – Five Year History of Compensation and Benefits Actions](#)

[C – Health Insurance Benefits Summary](#)

[D – Employee Health and Dental Insurance Premium Recommendations](#)