



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson Way
Viera, FL 32940

Legislation Text

File #: 6840, Version: 1

Subject:

Approval of Group Health Plan Design Changes

Fiscal Impact:

Implementation of the changes to the County’s group health plan as recommended by the Employee Insurance Benefits Advisory Committee (EBIAC) is estimated to have a financial impact of approximately \$4,030,400 to the County’s self-insured group health plan.

Dept/Office:

Human Resources

Requested Action:

It is requested that the Board of County Commissioners approve plan design changes for calendar year 2025 as recommended by the Employee Benefits Insurance Advisory Committee (EBIAC).

Summary Explanation and Background:

The actuarial projections for the 2025 plan year pursuant to F.S. 112.08 estimate the following plan performance assuming an 8% increase in employer premium contributions and no plan design changes:

2025 Projections

Revenue	\$67,377,400
Expenses	\$72,006,000
Estimated Gain/(Loss)	(\$4,628,600)

This information was provided to the County’s Employee Benefits Insurance Advisory Committee (EBIAC) by the Office of Human Resources for their consideration along with the County’s benefits consultant’s analysis of the current medical trends and financial position of the self-insured group health plan. As discussed at the Budget Workshop on 2/29/2024, the overall goals as it pertains to the County’s self-insured group health plan are to ensure continued financial sustainability of the plan and promote simplicity for employees utilizing the plan.

The EBIAC was tasked to evaluate several plan design options that would help increase revenue and reduce costs for the group health plan. Attached is the 2025 Plan Strategy presented to the EBIAC by the County’s consultants and the corresponding recommendations made after careful consideration and discussion.

In summary, the proposed changes include:

- o **Sunset the current HRA program.** The current HRA program consists of employer contributions of either \$500 or \$1000 claim credit for eligible employees. These funds can be used for the limited purpose of covered medical and pharmacy charges (co-pays, deductible, co-insurance costs). Unlike a Flexible Spending Account (FSA), the unused credit rolls over year to year. This has resulted in a significant potential claim liability for the plan. As of April, 2024, the total liability was approximately \$6,164,113. The HRA program has been a source of frustration for employees who also fund an FSA. The two accounts are administered through different vendors and have different rules on what is a covered expense. To reduce the potential liability for the plan and simplify access to these credits, EBIAC considered various options. The final recommendation is to sunset the current HRA program and begin a new Health Improvement Account program.

The recommendation includes two main components:

- 1) Wind down the current HRA program. This will be accomplished by making no further employer contributions to the current HRA. However, employees that have balances will be allowed to use their available credits for covered medical and pharmacy expenses through 12/31/2027.
- 2) Create a new Health Improvement Account (HIA) Program. The current employer contributions of \$500 (employee only plan) or \$1000 (dependent plan) credit will go into a new HIA for eligible employees. The HIA credits can be used for all 213(d) expenses incurred in the calendar year. Balances will not roll over. It will eliminate confusion for employees who are also funding an FSA as they will no longer need to manage two different health savings accounts with different cards and different rules regarding what expenses are covered.

Fiscal Impact: This will reduce the future liability of claims expenses once the current HRA is phased out. The current potential claim liability for the HRA is approximately \$6,164,113.

- o **Medical Deductibles, Out of Pocket Maximums and Pharmacy Co-Payments.**

An increase to the medical deductibles were considered and recommended by the EBIAC. Below is a summary of the proposed changes:

Plan	Annual Deductible (single/family)	
	Current	Proposed
EPO	IN: \$1,000 / \$2,000	\$1,500 / \$3,000
PPO	IN: \$1,000 / \$2,000 OUT: \$2,000 / \$4,000	\$1,500 / \$3,000 \$3,000 / \$6,000
PPO Preferred*	IN: \$1,000 / \$2,000 OUT: \$2,000 / \$4,000	\$1,500 / \$3,000 \$3,000 / \$6,000

An increase to the out-of-pocket maximums was considered and recommended by EBIAAC. Below is a summary of the proposed changes:

Plan	Out of Pocket Maximum (single/family)	
	Current	Proposed
EPO	IN: \$4,000 /\$8,000	\$5,000/\$10,000
PPO	IN: \$4,000 /\$8,000 OUT: \$8,000/\$16,000	\$5,000/\$10,000 \$10,000/\$20,000
PPO Preferred	IN: \$3,000 /\$6,000 OUT: \$8,000 /\$12,000	\$4,000/\$8,000 \$8,000/\$16,000
Pharmacy	\$3,600/\$7,200	\$4,100/\$8,200

Changes to the pharmacy co-pay schedule were considered and recommended by EBIAAC. Below is a summary of the proposed changes:

Prescription Drugs	Current			Proposed			Average Paid/Rx
	Retail	Retail 90	Mail	Retail	Retail 90	Mail	
Generic	\$10	\$20	\$20	\$12	\$24	\$24	\$42.79
Preferred Brand (copay + 10% to max)	\$30-\$60	\$75	\$75	\$60	\$120	\$120	\$879.51
Non-Preferred (copay + 10% to max)	\$50-\$100	\$125	\$125	\$100	\$250	\$250	\$592.88
Specialty	10% up to \$150	N/A	N/A	\$150	N/A	N/A	\$6,926.44

Fiscal Impact. The proposed change in medical deductibles, out of pocket maximums and pharmacy co-pays is estimated to save the group health plan an estimated \$3,200,000.

- o **Increase Employee Contributions to Group Health Premium.** In comparison to neighboring counties and other governmental agencies, Brevard County’s employee contribution for medical coverage is very low. After discussion and careful consideration, the EBIAAC recommended a modest increase in the employee contribution for the medical premium cost. Below is a chart showing the monthly increase proposed.

	EPO			PPO			PPO Preferred		
	Current	Proposed	Increase	Current	Proposed	Increase	Current	Proposed	Increase
EE Only	\$37.80	\$40.82	\$3.02	\$49.68	\$53.65	\$3.97	\$91.80	\$99.14	\$7.34
EE/Sp	\$116.64	\$125.97	\$9.33	\$151.20	\$163.30	\$12.10	\$360.72	\$389.58	\$28.86
EE/Ch	\$91.80	\$99.14	\$7.34	\$120.96	\$130.64	\$9.68	\$286.20	\$309.10	\$22.90
Family	\$193.32	\$208.79	\$15.47	\$251.64	\$271.77	\$20.13	\$415.80	\$449.06	\$33.26

Fiscal Impact: The proposed changes would generate approximately \$438,000 of revenue for the group health plan annually.

o **Increase the working spouse and over age dependent surcharges.**

Currently, if an employee’s spouse has access to medical coverage through his/her own employer but chooses to be covered as a dependent under the County’s medical plan, there is a surcharge of \$100/month.

In addition, pursuant to Florida law, we offer coverage to eligible dependents who are 27-30 years old. For those “over age dependents”, the County currently requires a surcharge of \$100/month.

After careful consideration and discussion, the EBAC recommended increasing the monthly surcharge for both working spouses (who have access to coverage from his/her own employer) and eligible over age dependents (age 27-30) to \$200/month.

Fiscal Impact: Based on the current enrollment numbers, there are approximately 286 working spouses and 41 over age dependents which are paying the surcharge. The increase in the surcharge would generate approximately \$392,400 annually.

Clerk to the Board Instructions:

Please provide a copy of the Clerk’s Memo to Human Resources.