

# Employee Benefits Program

**Budget Workshop Presentation**

**October 27, 2017**

# Excerpt from Employee Benefits Summary Booklet

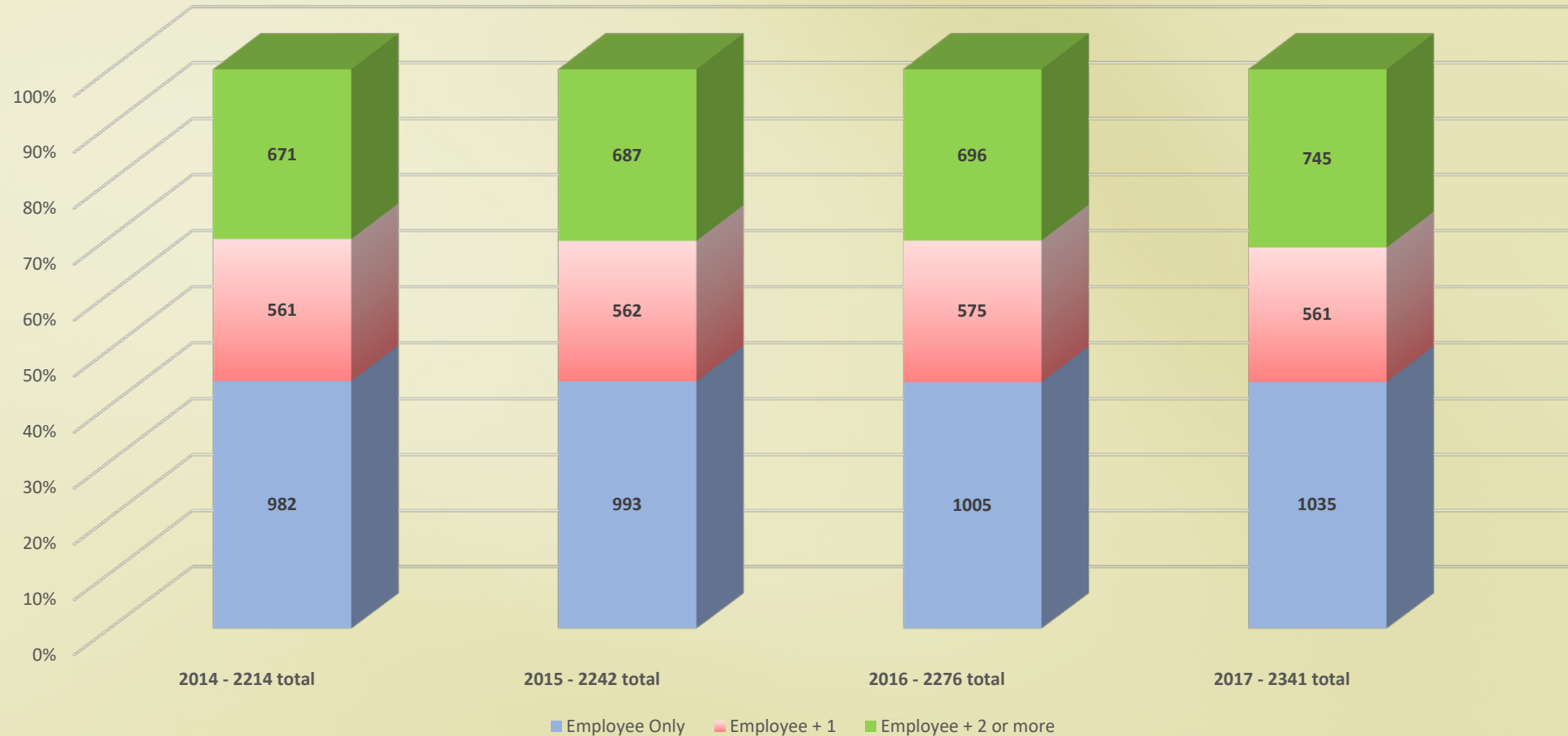
To: All Augusta, Georgia Active Employees  
From: Human Resources Department  
Subject: Employee Benefits Summary

**The Augusta, Georgia Board of Commissioners is dedicated to providing its employees with a salary and benefits package that allows us to attract and retain the best-qualified employees available. You are a most valued member to our team, and we will continue to strive to improve your benefits and working conditions so we may all provide our citizens with the best customer service in the state.**

# Health Insurance

- \$27 million in claims in 2016, trending same or slightly lower in 2017
- Policy types
  - 1035 employee only
  - 561 employee plus 1
  - 745 employee plus 2 or more dependents
  - Total of 2341 policies
- 5013 lives covered August 2017
- 1447 policy holders taking advantage of wellness discount = 61.8%
- 246 policies paying tobacco surcharge = 10.5%
- Current “premium” split is 23/77 split employee/employer. Any overages from claims are paid by Augusta
- 2012 was last premium increase (except for 2016 tobacco surcharge, 10% in 2017 if employee did not participate in Health Risk Assessment)

# Type of Coverage Elections



# Total Health Care Program Costs



# Health Care Program Funding

<b>Funding</b>	<b>2017</b>	<b>2018</b>	<b>Variance</b>
Employee Portion	6,560,150	6,904,710	344,560
Employer Portion	25,243,480	24,807,440	(436,040)
Other			
Pharmacy Rebate	-	700,000	700,000
	<u>31,803,630</u>	<u>32,412,150</u>	<u>608,520</u>

# Health Care Program Costs

<b>Costs</b>	<b>2017</b>	<b>2018</b>	<b>Variance</b>
Health Care Administration	569,640	575,000	5,360
Health Care Claims	30,350,000	30,502,430	152,430
Wellness Clinic	863,150	982,150	119,000
Additions in 2018			
- Wellness Coordinator	-	150,000	150,000
- 2nd Nurse Practitioner	-	125,000	125,000
- PSA Screening	-	15,000	15,000
- After hours Nurse Line	-	35,000	35,000
Cost Allocation	20,840	27,570	6,730
<b>Total Costs</b>	<b>31,803,630</b>	<b>32,412,150</b>	<b>608,520</b>

# Current Cost Drivers for Augusta

- High number of ER visits
- Low preventive care use
- Low participation in chronic care programs
- Low use of mail-order program for maintenance drugs
- Opportunity to obtain free medications from Wellness Clinic

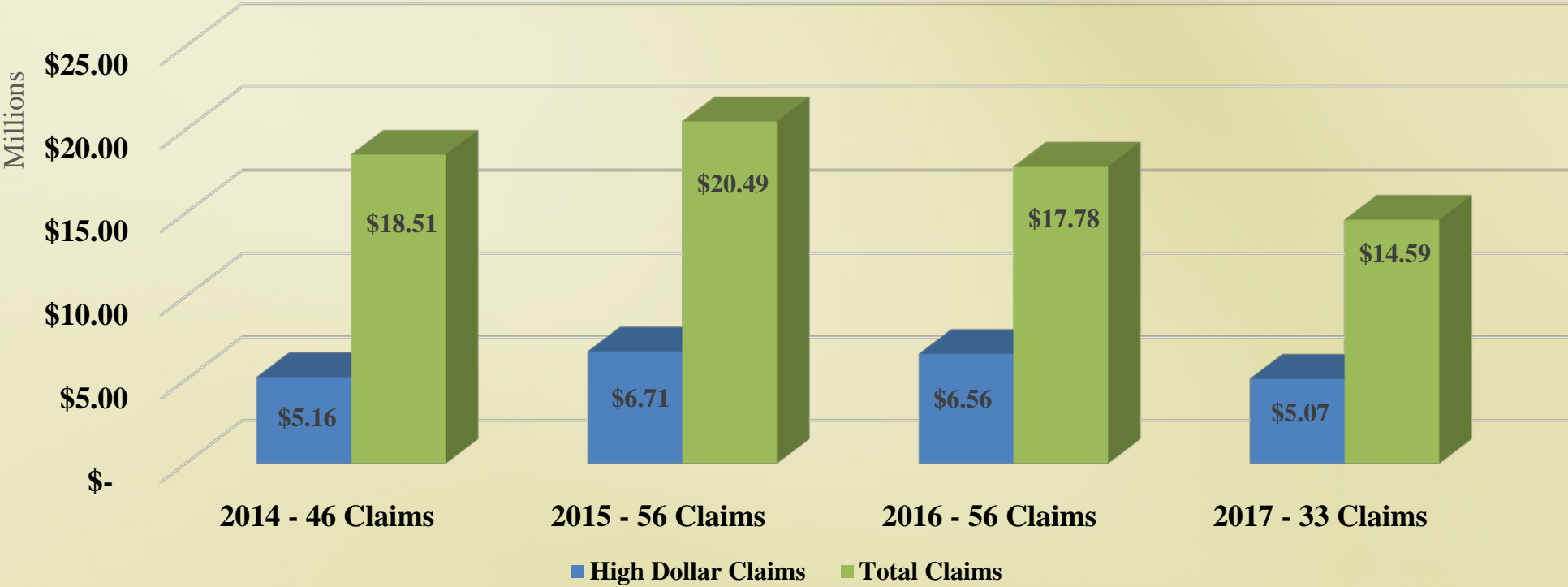


# Emergency Room Usage

Year	Cost of Claims	Number of Claims	Inc%
2014	\$626,721.00	611	
2015	\$777,021.00	764	24.5%
2016	\$946,196.00	837	10%
2017	\$378,479.00	334	9 months

# High Cost Claims Comparison

Above 50K



# Comparison Costs Related to Different Medical Providers

Impact on Augusta, Ga.  
Based on 2017 rates

Year	Options	Wellness Center	PCP	Urgent Care	ER
2017	Employee cost per visit	No Cost	\$30 co-pay	\$60 co-pay	\$300 co-pay
2018	Employee cost per visit	No Cost	\$40 co-pay	\$60 co-pay	\$400 co-pay
	Augusta, Ga. cost per visit	No cost*	\$110	\$350 avg.	\$1400

\*No additional cost, wellness center is budgeted

# Clinic Cost Avoidance to Augusta

	2014	2015	2016	2017
Cost of Clinic	\$ 681,161	\$ 740,817	\$ 905,805	\$ 1,150,867
<b>Cost Avoidance to Augusta</b>				
Estimated Office Visit Avoidance	350,535	398,179	489,406	574,540
Disease Management Savings	1,168,481	1,942,454	1,828,676	1,870,784
Productivity Savings	236,780	236,780	236,780	236,780
Total Cost Avoidance	<u>1,755,796</u>	<u>2,577,413</u>	<u>2,554,862</u>	<u>2,682,104</u>
Net	<u>\$ 1,074,635</u>	<u>\$ 1,836,596</u>	<u>\$ 1,649,057</u>	<u>\$ 1,531,238</u>
ROI	158%	248%	182%	133%

Note: Productivity Savings based on average 1.5 hour visit at clinic vs 4 hour visit at PCP using a salary of \$35,000

# Clinic Cost Avoidance to Employees

<u>Cost Avoidance to Employees</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Office copay avoidance	\$ 67,410	\$ 76,560	\$ 94,020	\$ 110,490
Sick Leave avoidance	166,278	188,848	232,138	272,542
Pharmacy at no cost	449,400	510,400	627,400	736,600
Total	<u>\$ 683,088</u>	<u>\$ 775,808</u>	<u>\$ 953,558</u>	<u>\$ 1,119,632</u>

## Note:

Sick Leave Avoidance based on 4 hours used for PCP vs 0 hours used for wellness clinic using a salary of \$35,000

Pharmacy at no cost based on 4 maintained medications per visit at an estimated cost of \$50

# Long-term Wellness Strategy

- Expand clinic to include more wellness and disease management programs
- Add practitioner(s)
- Incorporate occupational health

# Planned Expansion of Wellness Program

<b>Costs</b>	<b>2017</b>	<b>2018</b>	<b>Variance</b>
Wellness Clinic	863,150	982,150	119,000
Additions in 2018			
- Wellness Coordinator	-	150,000	150,000
- 2nd Nurse Practitioner	-	125,000	125,000
- PSA Screening	-	15,000	15,000
- After hours Nurse Line	-	35,000	35,000
<b>Total Costs</b>	<b>863,150</b>	<b>1,307,150</b>	<b>444,000</b>

# Benefits of Expanding Wellness Strategy

- Reduced healthcare costs
- Improved employee engagement
- Creation of healthier workforce
- Stability in employee costs and premiums



# Changes to Health Care Plan

- Increase premiums
  - 5% Wellness Participants
  - 15% Standard
- Add Deductibles \$300/\$600/\$900
- Increase Office Co-pay to \$40/\$60
- Increase ER Co-pay to \$400

# New Benefits to Employees and Dependents

## Added for 2018

- By modifying our plan we give up our grandfathered status under the Affordable Care Act (ACA)
- Under the ACA - provide “preventive care” at no cost to our employees
- This includes Medical Services such as:
  - Immunizations (Hepatitis A, Measles, Mumps, Tetanus, Influenza)
  - Screening tests (Mammograms, Cancer, Cholesterol, Diabetes)
  - Any services that would prevent disease, injury and premature death
- Preventive care is often more cost-effective than treating disease once symptoms appear

# Health Care Funding by Source



# Wellness vs Standard Rates

- 1447 Policy holders taking advantage of wellness discount – 61.8% participation
- Available to ALL employees

# Increases to Employees Contributions

## Chart comparing increase in benefit cost

### BCBS Major Medical Active Employees

	Wellness Rate	2017	2018
Employee	\$51.41 (Was \$48.98)	\$ 48.98	\$ 51.41
Employee & 1 Dep	\$102.83 (Was \$97.93)	\$ 97.93	\$ 102.83
Employee & 2+ Deps	\$154.25 (Was \$146.90)	\$ 146.90	\$ 154.25
	Standard Rate		
Employee	\$61.94 (Was \$53.86)	\$ 53.86	\$ 61.91
Employee & 1 Dep	\$123.89 (Was \$107.73)	\$ 107.73	\$ 123.89
Employee & 2+ Deps	\$185.83 (Was \$161.59)	\$ 161.59	\$ 185.83

# Impact of Premium Increases

	Wellness Rate			Standard Rate		
	25,000	35,000	45,000	25,000	35,000	45,000
Base Salary	25,000	35,000	45,000	25,000	35,000	45,000
2% adjustment	500	700	900	500	700	900
<b>Premium Increase</b>						
<i>Employee</i>	58.32	58.32	58.32	193.20	193.20	193.20
Net Salary increase	<b>441.68</b>	<b>641.68</b>	<b>841.68</b>	<b>306.80</b>	<b>506.80</b>	<b>706.80</b>
<i>Employee +1</i>	117.60	117.60	117.60	387.84	387.84	387.84
Net Salary Increase	<b>382.40</b>	<b>582.40</b>	<b>782.40</b>	<b>112.16</b>	<b>312.16</b>	<b>512.16</b>
<i>Employee +2</i>	176.40	176.40	176.40	581.76	581.76	581.76
Net Salary Increase	<b>323.60</b>	<b>523.60</b>	<b>723.60</b>	<b>(81.76)</b>	<b>118.24</b>	<b>318.24</b>

# Change to Gym Membership Benefits

- Administrative Changes
  - Only sign up at open enrollment
  - Can cancel anytime – re-enrollment only at open enrollment
  - 9 to 11 visits per month – 50% refund
  - 12 or more visits per month – 100% refund
- Alternative
  - Use Recreation Centers –
    - Show ID / no cost

# Eye Med Vision Coverage

- Voluntary enrollment
- Payroll Deduction
- Choice of High and Low benefit plans
- 100 % of cost is paid by employee, NO COST to employer



# Next Step

- Decision by Commission on October 31<sup>st</sup>

- Discussion