



Employee Benefits Presentation

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Wells Fargo Insurance Services USA, Inc.

- Provides consulting and brokering services for employee benefit plans for employers and employees
- Local office in downtown Eugene
- Expertise with public sector employers
- Participate with the County's Joint Labor Management Benefit Review Committee
- Partnered with the County since the early 1990s

Overview of medical plan

- Plan includes Lane County, Housing and Community Services Agency employees and dependents
- Enrollment for the current plan year
 - 1,346 Active Employees
 - 346 “Early” Retirees
 - 2,338 dependents
- Lane County’s annual premium for the current plan year- 8/1/09-7/1/10 is expected to be over \$24M

Coverage

- County's plans are very rich in benefit coverage
 - Plan coverage is on the high end compared to other public employers
 - Plan coverage is significantly richer than almost all local private employers
- AFSCME changed to the "Standard" plans effective 1/1/10
- Most bargaining groups are now on the Standard plans
- Plan coverage is lacking in some areas such as preventive services, alternative care, for example
- County's employer contribution
 - The contribution for most employees and dependents is 100% paid by the County- very rare today
 - Concern that spouses of County employees are dropping their employer coverage in favor of the County's plan
 - The County contributes 100% of the premium for "early" retirees who qualify
 - The County also provides a subsidy for Medicare supplement coverage for retirees age 65+ who qualify

Rate History

- Medical plan increases for the past five years
 - 2005 +8.5%
 - 2006 +6.9%
 - 2007 +8.5%
 - 2008 +16.0%
 - 2009 +5.5%
- Average “trend” in Oregon is about 10-12.5%
- Average dental plan increases have been under 5%

Plan Results

- Claim experience results have stabilized over the past 18 months
- Reduction in large claims and retiree claims activity
- Paid claim loss ratio (paid claims to paid premiums)
 - **93.75%** (8/1/07-7/31/08)
 - **80.1%** (8/1/08-9/7/09)
 - **81.4%** (9/1/09-12/31/09)

Why do premium rates go up?

- Medical annual “trend” is about 10-12.5%, trend includes:
 - Inflation
 - Premium Tax- 1% add on 10/1/09
 - New technology/new medications/new treatments
 - Changes in utilization- intensity of care
 - Capital improvements (building boom)
 - Offset of low reimbursements of Medicare/Medicaid
 - Aging population
 - The leveraging effect of fixed dollar copays and deductibles
 - Legislative mandated benefit changes

What can/should the County do to hold the line on costs?

- Review plan design- ongoing consideration
 - What level of benefits should the County offer?
 - Evaluate transitioning from reimbursement based plans to value based and consumer driven plan designs
- Review premium contribution level
 - Percentage of premiums or a capped amount?
- Audit enrollment/eligibility of plan participants
- Evaluate the feasibility of an onsite clinic
- Implement wellness/ disease management programs
 - Participation in pilot disease management programs
- Promote better education and consumerism of health care
- Utilize the County's healthcare resources