

DEPARTMENT OF ADMINISTRATION

OFFICE OF GROUP INSURANCE (OGI)

CEC COMMITTEE ~ JANUARY 18, 2023

-
- Keith Reynolds, Director
 - Steve Bailey, Deputy Director
 - Faith Cox, Insurance & Internal Services Division Administrator
 - Justin Seaman, Group Insurance Benefit Analyst

ENABLING STATUTES

- I.C. 67-5760 – 67-5772
 - Powers and duties
 - Objectives and considerations
 - Provide insurance to school districts
 - Retiree medical eligibility and subsidy
 - Perpetual appropriation
 - Group Insurance Advisory Committee (GIAC)
 - Website: <https://ogi.idaho.gov/group-insurance-advisory-committee/>

OFFICE OF
GROUP
INSURANCE

5 full-time employees

Administrator	Group Insurance Benefit Analyst	Group Insurance Specialist	Employee Benefits Specialist	Employee Benefits Technician	One new FTE requested
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Annual personnel and operating budget for FY2023 \$889,700

BENEFITS PACKAGE

■ **Active employee medical, pharmacy & dental**

- PPO, Traditional, HDHP plan options
- Vision benefit
- Prescription drug coverage
- Employee assistance program (EAP)
- Wondr weight management
- Livongo diabetes management
- Case Management & Care Management
- Cost Advisor/Transparency Tools
- 24/7 Nurse Advice Line
- Identity theft protection
- Telemedicine

■ **Basic life insurance & disability**

- Short and long-term disability
- Employee term Life and dependent life
- Accidental death and dismemberment
- Voluntary term life (VTL)

■ **Retiree medical & pharmacy**

- Limited eligibility

■ **Flexible spending accounts (FSA)**

- Health care flexible spending accounts
- Daycare flexible spending accounts

FY2022/2023 PLAN/ADMINISTRATION CHANGES & PROJECTS

- Implemented an Exclusive Specialty Pharmacy
- ER Copays Increase to \$100
- Implemented a Smart Shopper program to incentivize members to shop around for lower cost services
- Waived the one-year dental waiting period
- Increased the dental deductible to \$50
- Narrowed the dental network to PPO only providers
- Premium strategies to incentivize consumerism
- Continuing to work with SCO on the build and launch of LUMA
- Division of Purchasing is conducting an Invitation to Negotiate (ITN) for the medical, Rx, EAP and vision plan

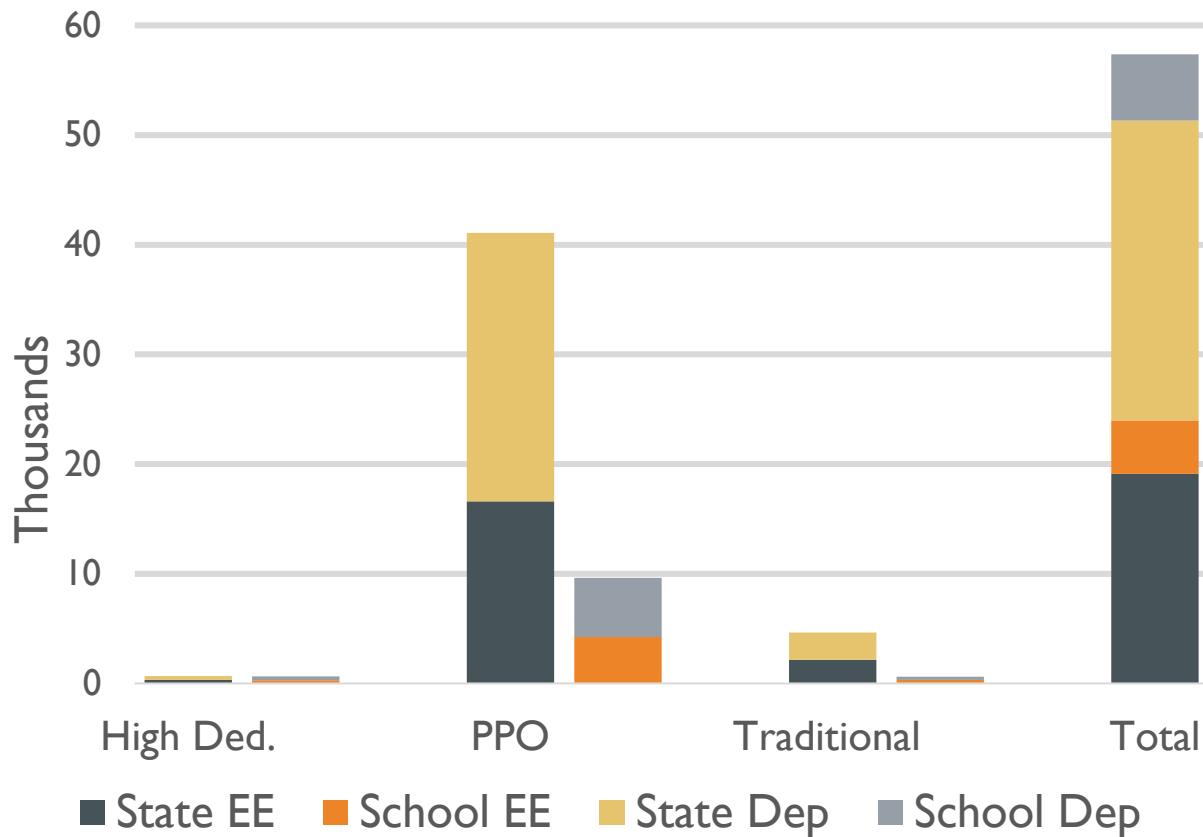
SCHOOL DISTRICT PROJECT

- 26 school districts joined the medical/dental plan September 1; 5 districts also joined the FSA program
- Received \$16 M in reserve buy-in (\$13.3 M of that from the School District Participation Fund at Department of Education)
- Very similar demographic to the State's population

Participating Districts

American Falls SD	iSucceed Virtual High School	Pocatello/Chubbuck SD
American Heritage Charter	Kendrick Joint SD	Rockland SD
Bear Lake County SD	Legacy Charter School	Salmon River Joint SD
Blackfoot SD	Liberty Charter School	Snake River SD
Cottonwood Joint SD	Marsh Valley SD	Soda Springs SD
Gooding Joint SD	Nampa SD	Victory Charter School
Hagerman SD	Nezperce SD	Vision Charter School
Homedale Joint SD	Oneida SD	West Side SD
Idaho Falls SD	Pleasant Valley SD	

ACTIVE EMPLOYEE MEDICAL PLAN MEMBERSHIP OVERVIEW



Employees = 24,002
 Dependents = 33,348
 Total Lives = 57,350

	State EE	School EE	State Dep	School Dep
High Ded	318	308	372	351
PPO	16,618	4,254	24,468	5,373
Traditional	2,180	324	2,474	310
Total	19,116	4,886	27,314	6,034

CARES & ARPA FUNDING RECAP

- FY21, \$10 M to the Office of Group Insurance for direct reimbursement for COVID-19 costs for state employees and their dependents; claims incurred after March 1, 2020
- FY21, additional approx. \$3 M in additional CARES funding was reimbursed in June 2021
- FY23, \$25 M in funds for unreimbursed claims. As of 12/31, \$16.4 M have been accounted for and anticipated to be fully expended by June 30, 2023
- FY24, \$25 M recommended by the Governor for additional ARPA funds

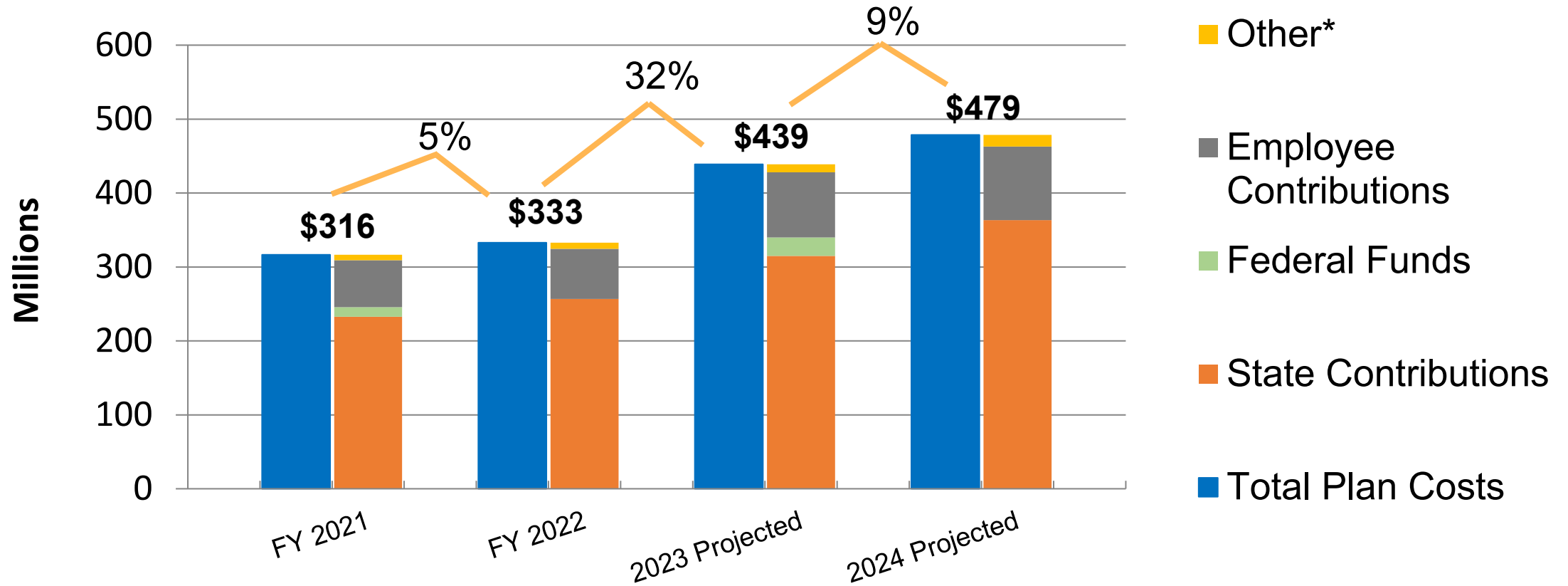
FY24 PLAN DESIGNS RECOMMENDATIONS

- I.C. 67-5761B outlines HSA contributions
- Fund Health Savings Accounts (HSA) for those eligible members enrolled in the High Deductible Health Plan (HDHP)
 - ❖ What is a Health Savings Account (HSA)?
 - ❖ How does an HSA work?
 - ❖ Who can participate in the HSA?
 - ❖ Who can contribute to the HSA?

PLAN DESIGN CHANGE RECOMMENDATIONS, CONT.

Fund Health Savings Accounts (HSA)	Assuming a 5% enrollment migration to the HDHP HSA, in addition to the 610 members currently enrolled, by funding of the HSA. Future years may see increased participation as members become more familiar with the HDHP plan. The HSA contribution will be collected as a portion of the appropriation/employer share of premiums and sent to the carrier each pay period.
Increase PPO Coinsurance	Increase PPO coinsurance from, 15%/30%, to 20% in-network and 40% out-of-network, in line with industry standards for this type of plan. This change effects only those employees using the plan, whereas premium increases effect everyone whether they have claims or not.
Increase Traditional Coinsurance	Increase the current Traditional coinsurance from 20% to 30% in line with industry standards for this type of plan. This change effects only those employees using the plan, whereas premium increases effect everyone whether they have claims or not.
Increase HDHP or Trad Deductible	Evaluate the deductibles on the HDHP and Traditional plans to align them with industry standards and to further promote the consumerism of the most cost-effective plans.
Active Employee Premium Strategies	Reduce or maintain HDHP premiums to incentivize enrollment along with the funded HSA. Keep PPO premiums flat for employee-only coverage and minimal increases for family tiers. Increase Traditional premiums at a higher percentage as this is the most expensive plan.

PROJECTED MEDICAL PLAN COSTS



* Other includes retiree and COBRA contributions, interest income and adjustments

- State Contributions include the appropriation for enrolled members and sweep collection for non-enrolled members

- Total Plan Costs include Claims, BCI Admin Fees, Program Fees, Taxes, and OGI Admin Fees

MILLIMAN NOVEMBER PROJECTIONS – APPROPRIATION OPTIONS

FY2023 Medical & Dental Appropriation = \$12,500

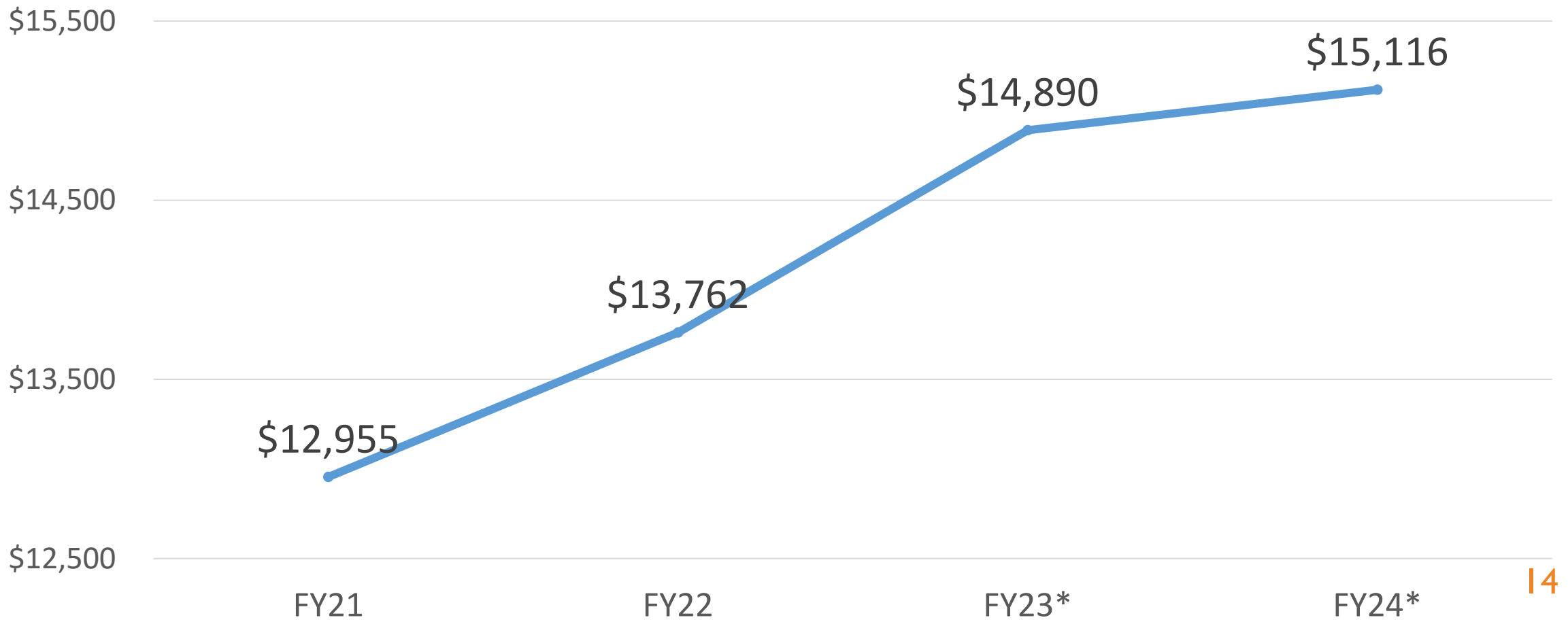
FY2024 Options with Plan Changes

➤ 10% Drawdown Appropriation w/ plan changes (\$48 M Resulting Reserve Balance)	\$13,750
➤ 90 th Actuarial Percentile (\$78 M Resulting Reserve Balance)	\$15,020

FY2024 Option No Changes

➤ 10% Drawdown Appropriation (\$48 M Resulting Reserve Balance)	\$16,230
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AVERAGE COST PER ACTIVE EMPLOYEE ENROLLED IN MEDICAL

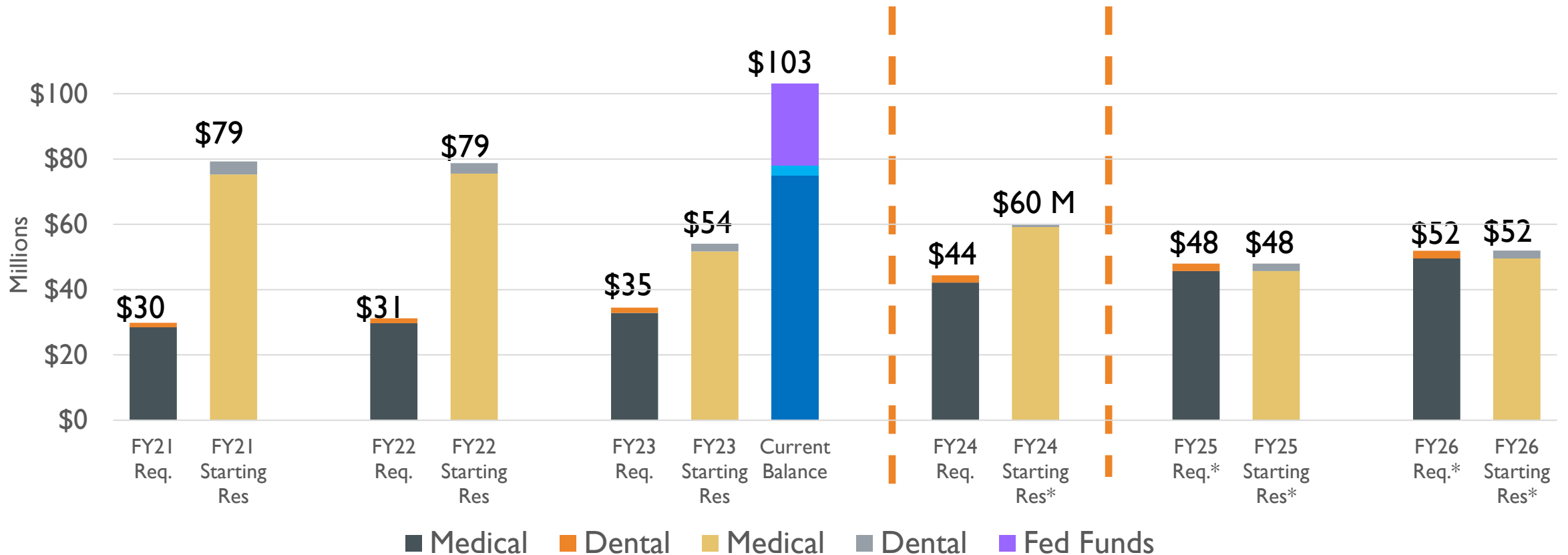


LBB APPROPRIATION COMPONENTS

Employer-Paid Health Insurance per Eligible Employee				
	FY 2022 Appropriation	FY 2023 Appropriation	FY 2024 10% Contractual Minimum	FY 2024 Governor Recommendation (May Actuarial Report)
Health Insurance (medical, dental)	\$13,754	\$15,220	\$15,485	\$15,310
Retiree Subsidy	\$98	\$97	\$65	\$65
State HSA Contribution	\$0	\$0	\$50	\$50
Administrative Costs	\$28	\$41	\$39	\$39
Proposed Use of "Sweep" Funding	(\$1,055)	(\$1,162)	(\$1,202)	(\$1,186)
Proposed Use of Reserve Funding	(\$1,174)	(\$1,696)	(\$535)	(\$524)
Annual Appropriation	\$11,650	\$12,500	\$13,900	\$13,750

MEDICAL AND DENTAL RESERVES

- 10% contingency reserve requirement puts a cap on the State's financial liability if claims and expenses exceed our projections
- Insufficient reserves could result in a risk charge from the carrier





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