




APPROVED  
BY ORANGE COUNTY BOARD  
OF COUNTY COMMISSIONERS

JUL 17 2014 KHL/BS

## Memorandum

June 17, 2014

TO: Teresa Jacobs, County Mayor  
-AND-  
Board of County Commissioners

FROM:   
Ricardo Daye, Director  
Human Resources Division

SUBJECT: **BCC Consent Agenda – July 17, 2014**  
**2015 Benefit Plans Design and Wellness Initiative**

As you will recall, the County moved to a Consumer Directed Health Plan (CDHP) model in the 2011 plan year, which entailed a single high deductible plan option with a health savings account. Subsequently, in an effort to give employees additional coverage options, the County added a low deductible health insurance plan in the 2012 plan year. The move to a CDHP model along with the low deductible plan has significantly reduced medical and pharmacy costs for the County's health insurance program.

The Medical Oversight Committee (MOC) has conducted their annual review of the County's health insurance plan and recommends no changes to the employee or employer premium structure for the 2015 plan year. In addition, the Internal Revenue Service recently released the required inflation-adjusted minimum deductible levels for high deductible health plans raising the minimum deductible for single coverage from \$1,250 to \$1,300 and from \$2,500 to \$2,600 for family coverage. The MOC is recommending no changes to the plan design for the 2015 plan year with the exception of the IRS required minimum deductible levels for the high-deductible plan and a corresponding increase in the maximum out of pocket amounts, and the same adjustments to the low-deductible plan to ensure consistency between the two plan options. The proposed premium structure and plan design for the 2015 plan year are attached for reference.

### Prevention and Wellness

While the County's health plan has performed well since the transition to the new CDHP model, there has been an uptick in our claims experience, especially for large, catastrophic claims. An important part of our health plan is the prevention and wellness component. If we can prevent or promote early detection of a potential future claim before it becomes catastrophic, the savings to the health plan can be significant and the benefits to the employees and their families can be immeasurable. For this upcoming year, the budget includes a proposed \$200 additional contribution to either health savings accounts or flexible savings accounts for employees that have an annual physical or a biometric screening between January 1, and December 31, 2014.

**Action Requested: Approval of the attached 2015 medical plan design, premium structure and \$200 annual physical or biometric screening incentive.**

Note to clerk: Please return one approved copy of the staff report memo to the Human Resources Division.

cc: Ajit Lalchandani, County Administrator  
Eric Gassman, Chief Accountability Officer  
Dr. George Ralls, Acting Deputy County Administrator  
Chris Testerman, Assistant County Administrator  
Jim Harrison, Assistant County Administrator  
Jeffrey Newton, County Attorney  
Patrick Peters, HR Administrator



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# 2015 Medical Plan Comparison Chart

Benefit	High Deductible Health Plan (HDHP)		Low Deductible Health Plan (LDHP)	
	In-Network	Out-of-Network	In-Network	Out-of-Network
<b>DEDUCTIBLE</b> Individual/Family	<u>\$1,300 / \$2,600</u>	\$3,000 / \$6,000	<u>\$550 / \$1,100</u>	\$1,000 / \$2,000
<b>EMPLOYER CONTRIBUTION</b> Individual/Family	If elected during Open Enrollment: \$750 / \$1,250		No employer contribution for this plan	
<b>OUT-OF-POCKET MAX</b> Individual/Family	<u>\$2,450 / \$4,900</u>	\$6,000 / \$12,000	<u>\$1,550 / \$3,100</u>	\$6,000 / \$12,000
<b>COINSURANCE</b>				
<b>Preventive Care</b>	\$0	*40% with NO Deductible	\$0	*40% with NO Deductible
<b>Primary Care</b>	20% after Deductible	*40% after Deductible	**\$20 copay	*40% after Deductible
<b>Specialist</b>	20% after Deductible	*40% after Deductible	**\$35 copay	*40% after Deductible
<b>Inpatient Hospital Admission</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>Outpatient Surgery</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>X-Rays, Lab, Diagnostics, CT, MRI, PET, Nuclear</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>Urgent Care</b>	20% after Deductible	*40% after Deductible	**\$40 copay	*40% after Deductible
<b>Emergency Room</b>	20% after Deductible	*20% after Deductible	20% after Deductible	*20% after Deductible
<b>Ambulance</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>Home Healthcare</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>Durable Medical Equipment</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>Short-Term Rehabilitation/Therapy</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>MENTAL HEALTH / SUBSTANCE ABUSE</b>				
<b>Inpatient</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
<b>Outpatient</b>	20% after Deductible	*40% after Deductible	**\$35 copay	**\$35 copay

There is no change to the 2015 Prescription Drug Benefit.



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	In-Network	Out-of-Network	In-Network	Out-of-Network
<b>DEDUCTIBLE</b> Individual/Family	\$1,250 / \$2,500	\$3,000 / \$6,000	\$500 / \$1,000	\$1,000 / \$2,000
<b>EMPLOYER CONTRIBUTION</b> Individual/Family	If elected during Open Enrollment: \$750 / \$1,250		No employer contribution for this plan	
<b>OUT-OF-POCKET MAX</b> Individual/Family	\$2,400 / \$4,800	\$6,000 / \$12,000	\$1,500 / \$3,000	\$6,000 / \$12,000
<b>COINSURANCE</b>				
Preventive Care	\$0	*40% with NO Deductible	\$0	*40% with NO Deductible
Primary Care	20% after Deductible	*40% after Deductible	**\$20 copay	*40% after Deductible
Specialist	20% after Deductible	*40% after Deductible	**\$35 copay	*40% after Deductible
<b>Inpatient Hospital Admission</b>	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
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<b>Urgent Care</b>	20% after Deductible	*40% after Deductible	**\$40 copay	*40% after Deductible
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Inpatient	20% after Deductible	*40% after Deductible	20% after Deductible	*40% after Deductible
Outpatient	20% after Deductible	*40% after Deductible	**\$35 copay	**\$35 copay