

TEXAS ASSOCIATION *of* COUNTIES

**2015 – 2016  
Clay County  
Plan Review**



Presented by:  
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**TAC HEBP  
Health Plan Review**

- Plan Year 2016 Changes
  - Align benefits year with plan year, effective 12/1/16
  - Prorate benefits effective 1-1-16 – 11-30-16
- Affordable Care Act (ACA) Fees – HEBP Board voted to pay ACA fees for the upcoming plan year on behalf of groups in the Pool, at a cost of over \$800K. This is the third year consecutive year we have paid these fees, for a total cost of over \$3.8 million.

## Health Plan Review

- Determine Overall Needed Amount
  - Project Trend, Book Reserves and IBNR
    - Trend 7.6
    - TAC HEBP Overall 5.25%
- Individually Underwrite for each County
  - Claims experience, Factors, Credibility Formula, Special Circumstances
- Clay County Experience
  - MLR: 105% 36 Mo.
  - Factors:
    - Large Claimants:
      - 8 members \$10,000 - \$20,000
      - 5 members \$20,001 - \$50,000
      - 2 members \$100,000+

## Grandfathered Health Plan

Grandfathered health plans do not have to comply with several ACA requirements, including those listed below:

- Provide coverage for preventive care at 100%
- External review of appeals: a member who contests the denial of a service recommended by his/her medical provider can request an appeal by a federally appointed external review board; the cost of this appeal is charged to the plan
- Coverage for out-of-network emergency services at no additional cost over in-network cost
- Coverage of routine costs associated with clinical trials

## 2016 Plan Year Changes

### Example for 12/1 Anniversary Date

Beginning on January 1, 2016, we will begin the process of aligning your medical benefits period with your group's anniversary date. Benefits for all Grandfathered pooled groups will transition from a calendar year to your plan year/anniversary date.

- The calendar year deductible and coinsurance maximums for 2016 will be accumulated on a shortened year through the group's anniversary date.

**Example:** For a group with an Dec. 1 anniversary date, deductibles and out-of-pocket accumulations will accrue from January 1, 2016 through Nov. 30, 2016. The 4<sup>th</sup> quarter carryover from 2015 will still apply.

- To offset the shortened year, TAC HEBP is going to prorate the deductible and coinsurance maximum.

**Example:** A group with an Dec. 1 anniversary date, a \$250 Deductible and a \$2,000 Coinsurance Maximum will be prorated to a \$229 Deductible and \$1,833 Coinsurance Maximum starting on 1/1/16.

On the group's anniversary date, 12/1/16, deductibles and coinsurance maximums will be accumulated on a plan year basis.

## Health Plan Considerations

- Maintain quality benefits for as long as possible.
- Fewer/lower claims in pool = lower premiums = less cost to county and less cost transferred to employee.
- Continue to promote Healthy County wellness program
- Avoid "Cadillac" or excise tax in 2018. If the county medical plan's total cost for employee or family exceeds a certain cost threshold as determined by the government the county will be charged a 40% excise tax on amounts over the designated thresholds.
  - 2018 Cost Threshold:
    - Employee Only - \$10,200 (\$850/month)
    - Family - \$27,500 (\$2,291/month)

*The thresholds will be updated for 2018 when final regulations are issued and thereafter indexed for inflation in future years.*

## Health Plan Considerations Anniversary Date (AD)

### Pros

- 12/1 Anniversary Date *current*
- Renewal issued before July
- Allows time for group to consider plan changes
- Majority of counties have a 10/1 AD for their plan renewal
- 203 county entities - less than 10 counties in the Pool have a 1/1 renewal (fiscal year)

### Cons

- 1/1 Anniversary Date
- Renewal issued in mid-August
- Difficult to properly analyze renewal and consider plan changes
- Budget constraints

## Thank You

TAC Health and Employee Benefits Pool

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