
Sponsor: Human Resources

Meeting Date: 8/23/2022

Title: Renewal of Active Employee and Early Retiree Medical Insurance Contract with HealthPartners for 2023

File Number: 2022-453

Background and Rationale:

Ramsey County is currently in the fourth year of a five-year contract for medical insurance with HealthPartners. This contract was awarded through a Request for Proposals process in 2018 and is renewable for one additional one-year period through 2023. The contract approved by the Ramsey County Board in 2018 included a 5% premium decrease for 2019 and rate cap guarantees not to exceed 7% in 2020, 8% in 2021 and 2022, and 9% in 2023. The county would be subject to penalties specified in the contract should Ramsey County not continue with HealthPartners during the five-year term of this contract. The premium amounts for the employee and the county for each of the five years under this contract have been as follows:

	2019		2020		2021		2022		2023		
	Total premium	Employee cost	Total premium	Employee cost	Total premium	Employee cost	Total premium	Employee cost	Total premium	Employee cost	% change from prior year
Single	\$820.85	\$65	\$878.31	\$70	\$937.19	\$75	\$1,012.17	\$77.97	\$1,103.27	\$82.26	5% decrease
Family	\$1,956.26	\$496.58	\$2,093.20	\$530.80	\$2,233.53	\$565.88	\$2,412.21	\$571.04	\$2,629.31	\$610.33	7% increase
2020											
Single	\$820.85	\$65	\$878.31	\$70	\$937.19	\$75	\$1,012.17	\$77.97	\$1,103.27	\$82.26	6.7% increase
Family	\$1,956.26	\$496.58	\$2,093.20	\$530.80	\$2,233.53	\$565.88	\$2,412.21	\$571.04	\$2,629.31	\$610.33	8% increase
2021											
Single	\$820.85	\$65	\$878.31	\$70	\$937.19	\$75	\$1,012.17	\$77.97	\$1,103.27	\$82.26	9% increase
Family	\$1,956.26	\$496.58	\$2,093.20	\$530.80	\$2,233.53	\$565.88	\$2,412.21	\$571.04	\$2,629.31	\$610.33	
2022											
Single	\$820.85	\$65	\$878.31	\$70	\$937.19	\$75	\$1,012.17	\$77.97	\$1,103.27	\$82.26	
Family	\$1,956.26	\$496.58	\$2,093.20	\$530.80	\$2,233.53	\$565.88	\$2,412.21	\$571.04	\$2,629.31	\$610.33	
2023											
Single	\$820.85	\$65	\$878.31	\$70	\$937.19	\$75	\$1,012.17	\$77.97	\$1,103.27	\$82.26	
Family	\$1,956.26	\$496.58	\$2,093.20	\$530.80	\$2,233.53	\$565.88	\$2,412.21	\$571.04	\$2,629.31	\$610.33	

After offering a 5% decrease in premium in the first year of the agreement, the premiums have increased in each subsequent year based on claims experience and adjusted trend factors to incorporate the impact of COVID on health care utilization.

HealthPartners provided a renewal report for the 2023 plan year relying on Ramsey County medical claims data from the period February 1, 2020, through January 31, 2022. Using their standard renewal formula, HealthPartners identified a needed premium increase of 14.27% in 2023. The rate caps agreed to in 2018 contract would however limit the maximum premium increase to 9% in 2023.

Deloitte Consulting reviewed the assumptions used by HealthPartners and suggested a lower trend factor and limiting the claims experience to the most recent 12 months of activity.

Several conversations took place with HealthPartners and Deloitte staff in an effort to reach a compromise on the premium increase necessary for 2023. HealthPartners maintained that medical

care is returning to pre-pandemic levels with members now seeking care that was previously delayed due to COVID.

The Ramsey County Labor Management Committee on Insurance (LMC) was actively involved in renewal discussions regarding the county's medical insurance plan for 2023. The LMC considered alternative plan and funding options for medical insurance coverage including a review by Deloitte on whether a favorable market exists for the county to transition to a self-funded medical insurance plan at this time. Their analysis found that the county may find a smaller premium rate increase going self-insured but cautioned to be ready for possible increased risk and additional administrative functions when opting for a self-funded program. Self-insurance will be a focal point for the county as it prepares for a return to the market in early 2023 for the next contract period.

The LMC considered the potential for adding a second medical plan with a lower premium cost. To accomplish this second plan option, HealthPartners identified certain parameters around which this plan should be fashioned using the same provider network but with higher annual deductible and out of pocket costs. The LMC discussed possible premium allocation alternatives including county funding of the annual deductible through a Healthcare Savings Account (HSA). Given the numerous items that remained outstanding to offer a second plan, the LMC identified a greater focus on the upcoming request for proposal process and the potential of greater plan offerings through that process.

The LMC also considered plan design changes to the current Distinctions plan. Possible changes included an increase to the first dollar deductible, increased co-pay amounts for pharmacy, emergency services, diagnostics and increases in out-of-pocket maximums. Some LMC members voiced concerns over being able to explain to their members the premium savings an insurance plan participant would obtain when out-of-pocket costs are proposed to increase through plan design changes with only a minor reduction in the overall premium. The negotiated county subsidy contributions to the health insurance premium have helped to mitigate the impact of the 9% increase for employees. The LMC's discussions on medical insurance concluded on July 20, 2022, with no consensus reached in support of a second, high deductible plan or for any plan design changes to the current Distinctions plan in 2023.

Human Resources recognizes the value of the consensus-based model utilized in the LMC process. Human Resources also believes that cost sharing, not only on the premium contribution but also on the cost of treatment itself needs to be a focus of the plan design. Adjusting out-of-pocket costs for the various medical services available is a reasonable means of connecting those who need the service with the cost incurred in obtaining that service. In anticipation of the upcoming insurance Request for Proposals process, the LMC has identified a greater desire to focus on preparing for more significant plan changes as a part of the selection of a provider and plan options for the 2024 plan year.

Recommendation:

The Ramsey County Board of Commissioners resolved to:

1. Approve renewal of the contract with HealthPartners Inc., 8100 34th Avenue South, Minneapolis, MN 55440, to continue the HealthPartners Distinctions plan for Active Employees and Early Retirees for Plan Year 2023 at a 9% premium increase without any plan design changes, resulting in a total premium of \$1,103 for single coverage and \$2,629 for family coverage.
2. Authorize the County Manager to execute the 2023 contract renewal with HealthPartners.

A motion to approve was made by Commissioner Carter, seconded by Commissioner Reinhardt.

Motion passed.

Aye: - 7: Carter, Frethem, MatasCastillo, McDonough, McGuire, Ortega, and Reinhardt

By: 

Mee Cheng, Chief Clerk - County Board