

# 2024 Employee Benefits Procurement Process

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June 6, 2023

# Team Introduction

## **Contract procurement & administration**

- HR Benefits Manager, Kristen Schultz
- HR Benefits Supervisor, Amber Kempe

## **Bargaining**

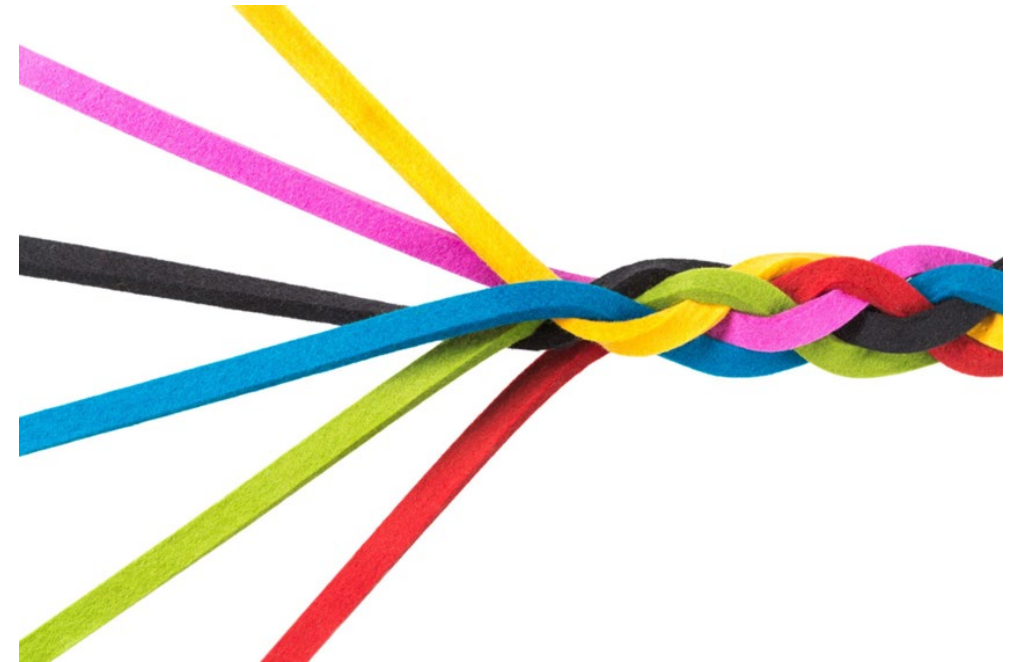
- HR Labor Relations Manager, Allison Kelly
- HR Labor Relations Specialist, Cassy Fogale

## **Budget & funding methodology**

- Chief Financial Officer, Alex Kotze

## **Consultant partners**

- Deloitte, Patricia Ryan, Senior Manager
- Deloitte, Dan Plante, Actuary





# Workshop Objectives

- To provide an overview of the 2024 process to procure employee benefit contracts
  - To review the reasons for potential changes to employee medical plan benefits and funding approaches
  - To review Procurement process alignment with County strategic objectives for racial and health equity
  - To prepare for a closed session on June 27<sup>th</sup> regarding bargaining authority.
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# Section 1

## Procurement Process Overview

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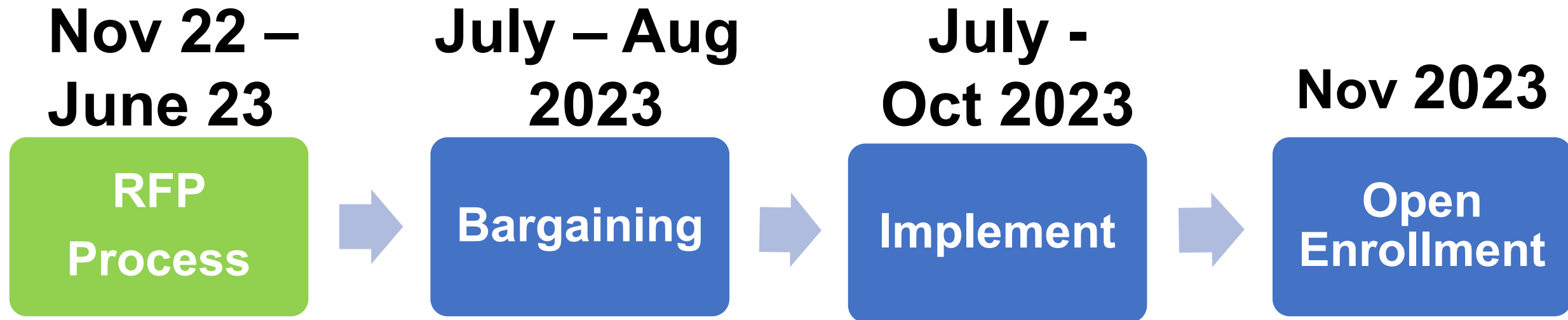
# Employee Benefits

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- PERA Pension – vested after 5yrs
- Generous vacation & sick leave
- 11 Holidays + 1 floating Holiday
- Tuition reimbursement - \$4,000/yr
- Paid Parental Leave
- **Optional Insurance – employee elected**
  - **Medical**
  - **Dental**
  - **Life**
  - **Short & Long-Term Disability**



# **2024 Employee Benefits Contracts Procured Every 5 Years Requests for Proposal (RFP)**



**Effective January 1, 2024**

## Deloitte Consultant Partnership



**RFP  
Process**

Role expanded in 2023

- RFP development
  - Analyze proposal responses and summarize key information
  - Scoring team member
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## 6 RFP's – 3 Groups

### Group 1

- 1. Vision - NEW
- 2. Life
- 3. Disability



### Group 2

- 4. Dental
- 5. Flex Spending



### Group 3

- 6. Medical & Rx  
Actives & Retiree



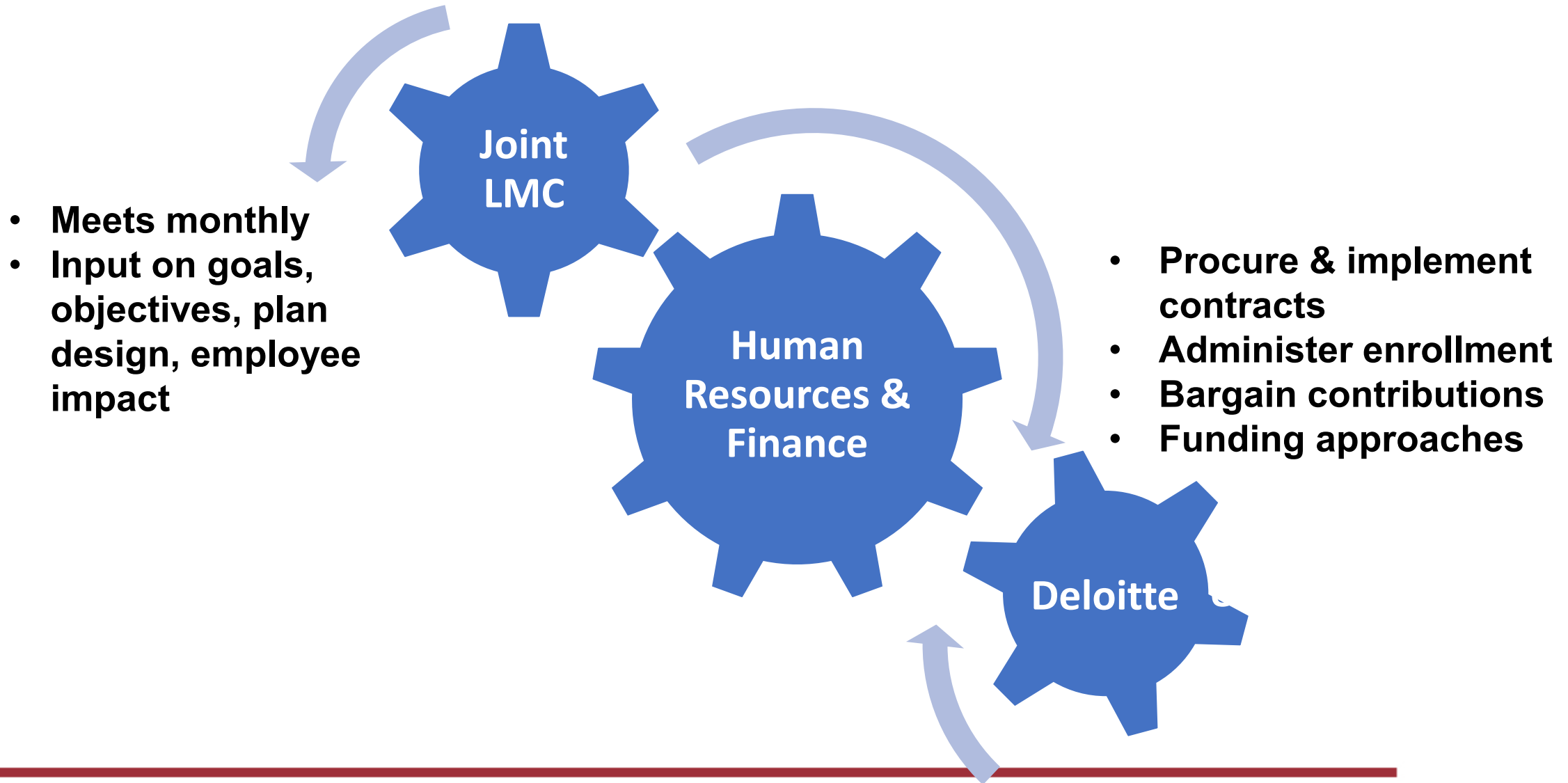
2024 Employee Benefits RFP’s Timeline				
Phase 1 – RFP Preparation				
1	Labor Management Committee (LMC) input	Jan – Oct 2022		
2	Management prepares 6 RFP’s	Nov – Dec 2022		
Phase 2 – Evaluation & Selection		Group 1	Group 2	Group 3
		Life & Disability Vision	Dental FSA	Med & Rx
3	Newspaper publication	12/14/22	1/11/23	3/8/23
4	Proposals due	1/20/23	2/14/23	3/30/23
5	Scoring & Presentations (LMC attends)	February	March	April
6	Labor Management Committee (LMC) input	3/1/23	4/20/23	6/26/23
7	Best & Final Offers Due	3/3/23	4/7/23	5/9/2023
8	Final scoring	3/13/23	5/3/23	6/2/2023
9	Notice of intent to award	Vision: VSP Life: Securian Disability - pending	FSA: WEX Dental - pending	By 6/30/2023
10	Contract Approval by County Board	June	July	July
Phase 3 – Bargaining & Implementation				
11	Union negotiation/Bargaining	July - August		
12	Summit system Implementation	July – Sept		
13	2024 open enrollment	Oct - Nov		

# Joint Labor Management Committee (LMC)



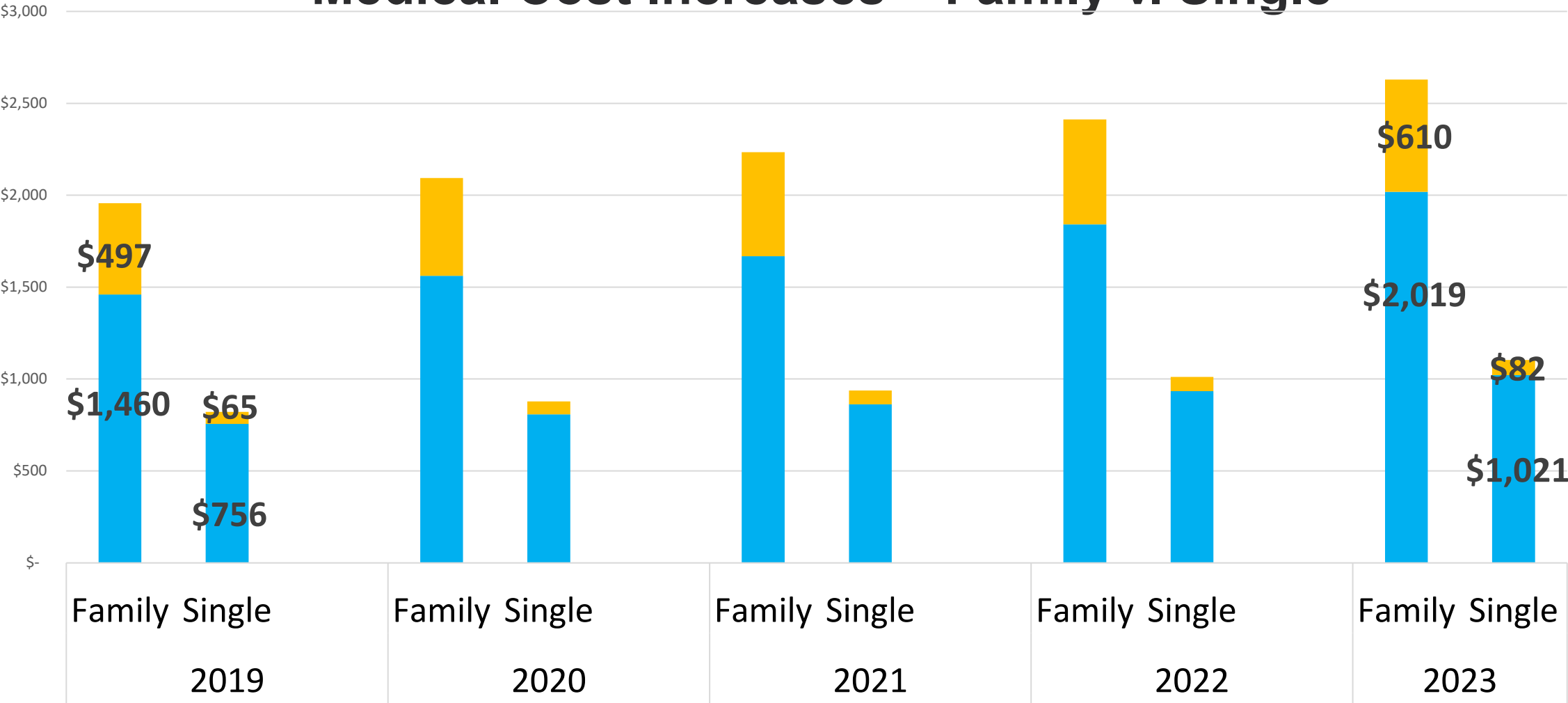
- **Established 1990**
  - **Advisory to the county board providing input into county employee insurance benefits**
  - **Goal is to promote quality, cost-effective insurance which is affordable and viable for the long term**
  - **15 official members - 8 Labor, 7 Management**
  - **Each member has additional alternates**
  - **Monthly meetings**
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# Roles and Relationships



# LMC Discussion Focus

## Medical Cost Increases – Family v. Single



# Medical Changes Reasons

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- Only 1 plan option - doesn't align with market
- Monthly premium for family medical is more expensive than other gov't entities
- 50% of gov't entities offer a high deductible plan
- Personalize choice and health management
- Recruitment tool



## LMC Recommendations

### 2024 Medical Plan Changes

- Provide more than 1 plan option to employees.
    - Additional options should provide **meaningful choice** to employees at different stages in life who utilize medical insurance differently
    - Provide a **High deductible HSA** plan option
  - Provide additional enrollment tiers in addition to single or family
    - Single + spouse
    - Single + child(ren)
  - Seriously consider the impact of transitioning from a fully insured to a **self-insured funding model**
  - Redesign wellness program that more broadly engages employees
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# **Current Wellness Program Incentive**

- **Earn lower copays**
    - **Complete health risk assessment**
    - **Complete wellness activities**
  - **Incentivizes only those that go to the doctor**
  - **Many new incentive options exist now**
  - **No changes in incentive for very long time**
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## 2024 Benefits Procurement Goals

- Talent attraction and retention – market competitive
- Diversity and inclusion
- Health equity
- Better incentivize health outcomes/wellness
- Data driven decisions
- Meaningful choice in plan design – flexible options
- Cost management
- Employee responsibility to manage health



**Benefit  
choice  
through  
life's  
stages**

**New  
Wellness  
incentive**





# Medical Proposal Scoring

	Category	Points	%
1	Background	20	16.7%
2	Plan Admin	20	16.7%
3	Implementation	20	16.7%
4	Diversity Equity Inclusion	10	8.3%
5	Cost	30	25%
6	Presentations	20	16.7%
	TOTAL	120	100%



## Scoring Team

1. Chief Financial Officer
2. HR Benefits Manager
3. HR Labor Relations Manager
4. HR Benefits Supervisor
5. HR Capability representative
6. Racial & Health Equity Administrator
7. Deloitte team

Medical	
Technical Evaluation Criteria	Weight
<b>1. Background</b>	17%
General Business Information (Length of business)	
Experience	
Financial Stability	
Qualification	
<b>2a. Medical and Prescription Drug Administration</b>	4.2%
Confirmations	
Account Management	
Member Services	
Availability of Account Team	
Reporting	
<b>2b. Medical Administration</b>	4.2%
Network	
Clinical Management	
Claims Management	
Wellness / Health Promotion Program	
<b>2c. Wellness / Health Promotion Program</b>	4.2%
Program Administration	
Compatibility with Ramsey County Initiatives	
<b>2d. Prescription Drug Administration</b>	4.2%
Confirmations	
Network	
Formulary Management	
Clinical Management	
Claims Administration	
<b>3. Implementation &amp; Operations</b>	17%
Data Management & Security	
Provided Needed Information for Security Check	
Ease of Technology Implementation	
Compatibility of Systems with Ramsey (as applicable)	
Ability / Experience to Implement Seamlessly	
<b>4. Racial Equity, Diversity, and Inclusiveness</b>	8%
Member services	
Care Delivery	
Community Involvement	
<b>5. Financials</b>	25%
Overall Cost	
Network Discounts	
Fees	
Specialty Drug Pricing	
Ability to Mirror Requested Designs	
Performance Guarantees	
<b>1. Total Technical Score</b>	<b>83%</b>
<b>2. Presentations</b>	<b>17%</b>
<b>Total Medical</b>	<b>100%</b>



## **RFP Respondents Answered 9 DE&I Questions**

1. How is your organization investing in health equity to reduce disparities?  
Please discuss what you are doing to support clients more broadly in communities where you operate.
  2. Does your provider directory designate culturally specific providers? How do you determine a provider can provide culturally specific services?
  3. Explain how your organization ensures networks have a diverse set of providers?
  4. What mental and behavioral services do you offer to address historical, racial and generational trauma?
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## RFP Next steps

1. Negotiate selected vendor contracts
2. Request for Board Approval all 6 contracts - July
3. Bargaining
4. System configuration & implementation
5. Employee education
6. Open enrollment

## **Section 2**

# **Medical RFP Alternative Plan Designs**

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## Medical RFP Alternative Plan Designs

- Align with stated goals including market competitiveness
- Alternative plans are designed to:
  - Provide flexibility and choice by offering distinct design and premium differences
  - Add enrollment tiers: Single, Single + spouse, Single + child(ren), Family.
  - Improve wellness through redesigned incentive program

## RFP Alternative Plan Designs

### High Plan

Eliminates deductible in exchange for a narrow network

Increases out-of-pocket max closer to market standard

### Mid Plan

Increases deductibles closer to the average for gov't plans

Out-of-pocket max set to sit between the max of the High and HDHP plan

### High-Deductible Plan

Deductibles set are minimum required for HAS plans

Out-of-pocket max maintains relationship to other plans

# RFP Alternative Plan Designs

Illustrative/subject to change

Only In-Network is Shown Description of Services	Distinctions (Current)		High Plan	Mid Plan	High-Deductible Plan
	In-Network		In-Network	In-Network	In-Network
<b>Network</b>	Broad National Network		<b>Narrow Network</b>	Broad National Network	Broad National Network
<b>Annual Deductible</b>					
Single	\$25		\$0	\$600	\$1,500
Family	\$75		\$0	\$1,200	\$3,000
<b>Out-of-Pocket Maximum</b>					
Single	\$1,200		\$3,000	\$4,500	\$6,000
Family	\$2,400		\$6,000	\$9,000	\$12,000
<b>Rx Out-of-Pocket Maximum</b>					
Single	\$1,200		Combined with Medical	Combined with Medical	Combined with Medical
Family	\$2,400				
<b>Savings Account</b>					
Health Savings Account	None		None	None	HSA Eligible (County contribution - TBD)
<b>Professional Services</b>					
Preventive Care	100% coverage		100% coverage (no deductible)	100% coverage (no deductible)	100% coverage (no deductible)
	<b>Healthy Benefits</b>	<b>No Healthy Benefits</b>			
Primary Care Office Visit	Level 1: \$25 after ded Level 2: \$40 after ded	Level 1: \$45 after ded Level 2: \$60 after ded	\$25 copay (no deductible)	\$30 Copay (no deductible)	20% after deductible
Specialist Office Visit	Level 1: \$25 after ded Level 2: \$40 after ded	Level 1: \$45 after ded Level 2: \$60 after ded	\$40 copay (no deductible)	\$50 Copay (no deductible)	20% after deductible
Urgent Care	\$40 after ded	\$60 after ded	\$40 copay (no deductible)	\$50 Copay (no deductible)	20% after deductible
Convenience Clinics	\$10 after ded	\$20 after ded	\$10 copay (no deductible)	\$10 Copay (no deductible)	20% after deductible
<b>Hospital Services</b>					
Inpatient Hospital Visit	Level 1: \$125 after ded Level 2: \$275 after ded		\$275 copay (no deductible)	20% after deductible	20% after deductible
Outpatient Visit	Level 1: \$125 after ded Level 2: \$275 after ded		\$125 copay (no deductible)	20% after deductible	20% after deductible
Emergency Room	\$100 after deductible		\$150 copay (no deductible)	\$150 copay (no deductible)	20% after deductible
<b>Prescription Drugs</b>					Deductible then
Generic/ Brand/ Non-Brand (Non-Formulary)/ Specialty	\$12/ \$35/ \$35/ 20% (\$200 max)		\$10/ \$25/ \$35/ 20% (\$200 max) (no deductible)	\$10/ \$25/ \$35/ 20% (\$200 max) (no deductible)	\$10/ \$25/ \$35/ 20% (\$200 max)



# Potential Retiree Plan Design Changes

- Vendor change – currently have 2 vendors
- Fewer plans – currently have 5 plans
- Lower premium/contribution amounts

\*Non- Medicare (Pre 65) retirees will remain in same plan as employees

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## **Section 3**

# **Funding Approaches - Medical**

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## Overview

Feature	Fully-Insured	Self-Insured
Who Takes On Claims Fluctuation Risk	Insurer *	Plan Sponsor *
Financing	Monthly Premium Payments	Actual Claims Experience + Monthly Fixed Fee(s); Variations Available
Plan Governance	State of Minnesota	As a local government plan, also by the State of Minnesota
Plan Design and Network Configurations	Limited	Mostly Open-Ended
Claims Administration & Managed Care Network Provided By	Health Insurer	Health Insurer or Third-Party Administrator

\* The degree of claims fluctuation risk may be mitigated in certain arrangements.

## Funding Approaches – Pros/Cons

	Fully-Insured	Self-Insured
Pros	<ul style="list-style-type: none"><li>• Unexpected claims volatility risk borne by insurer</li><li>• Monthly plan sponsor costs capped at premium level; premiums are predictable and budgetable</li><li>• Administration cost is included in monthly premium statement</li></ul>	<ul style="list-style-type: none"><li>• Flexibility in plan designs; designs not limited to filed plans</li><li>• Cash flow – Pay-as-you-go claims volume beneficial in favorable months and years</li><li>• Reserve – Retained by plan sponsor; when claims experience is lower than expected, excess reserve can be held for future adverse experience</li><li>• More control over underwriting assumptions</li><li>• Data reporting</li><li>• Potential for savings</li></ul>

## Funding Approaches – Pros/Cons

	Fully-Insured	Self-Insured
Cons	<ul style="list-style-type: none"> <li>• Higher fixed costs</li> <li>• Year-end surplus retained by insurer</li> <li>• Reserve held by insurer</li> <li>• Plan design(s) dictated by insurance carriers and state regulations</li> <li>• Claims experience reporting may be limited</li> <li>• Required to comply with both State and Federal requirements</li> <li>• Limited ability to negotiate year-over-year premiums</li> <li>• Little control over underwriting assumptions</li> </ul>	<ul style="list-style-type: none"> <li>• Unpredictability of claims costs – cash flow volatility</li> <li>• Need to establish own premium equivalent rates (or pay an advisor to do so)</li> <li>• Ownership over plan documents (SPDs, SBCs, plan provisions)</li> <li>• Fiduciary responsibility (can be ceded for a fee)</li> <li>• Accounting requirements</li> <li>• Increased financial management</li> </ul>

# Bargaining Authority

## Closed Session – June 27, 2023

### Bargaining

- All relevant insurance information has been made available to our labor partners throughout the process
- Given our collaborative efforts throughout the insurance vendor selections process, Labor Relations suggested all labor partners bargain together
- Negotiations begin mid-July



**QUESTIONS for the team**

