

ATTACHMENT

#1

We've just completed two lengthy workshops devoted to analyzing our County health insurance. Each member of the court has a much more thorough understanding of the components.

I'd like to recognize Commissioner Boggs for beginning this process in the summer of last year, at which time the county hired Brinson Benefits to evaluate our plan. Brinson pointed out some significant cost saving opportunities. We considered hiring Brinson to be our Health Insurance consultant, but in the end decided to keep our current provider and continue without a consultant. Health First, our provider at the time, produced some significant cost savings for us. Competition worked to our advantage.

In September of this year, the court sought proposals for a Health Insurance consultant. After meeting with four different companies to evaluate their proposal, we decided to hire Capps Insurance, a local firm to handle the job of consultant. It would be Capps' job to make recommendations for our Third Party Administrator, Stop Loss Insurance coverage for large claims, and a plan design that addresses the specific employee benefits such as deductibles, co-pays and prescription drugs.

Titus County currently has a partially self funded health insurance plan, meaning claims are paid with county funds rather than paying more traditional monthly premiums to a large insurance company such as Blue Cross. As a result, when claims are numerous or large, our payouts exceed expectations, and we have to draw additional money from our fund balance. When claims are small or few, we do better than expected, and produce a surplus that can be carried over. Each year is an estimate.

Unfortunately, the 2011-12 budget year was not a good one for our self funded plan. Several large claims have caused us to far exceed our expected claims. Hiring Capps as our consultant has afforded us better bargaining power, more options and numerous cost saving suggestions to partially offset these additional claims.

As everyone knows, rising medical costs have caused many individuals, companies and governmental entities to look for ways to save money on health insurance. Most have experienced higher deductibles, higher co-pays, and higher drug costs to be able to offset rising premiums.

Titus County has continued to provide very rich health insurance benefits. A \$600 deductible, a 90%/10% co-payment, underpriced employee contributions for coverage for a spouse and/or children, and a liberal policy that allows a spouse to buy our cheap insurance even when that spouse is eligible for coverage by their own employer.

In order to control the cost of our employee health insurance, the Court must evaluate and adjust our rich benefits now and in the future. I hope that our employees will understand and continue to appreciate this excellent benefit when those adjustments are made.

Thanks to Steve Capps and Toni Melton and their staff for providing us with excellent guidance and competitive coverage that we couldn't achieve on our own.

I would like to skip item 3 and move to item 4 first as I think this will perhaps lead to an easier decision for item 3.

**Titus County
2012 Medical Benefits Coverage**

Dependent Coverage

One Dependent
Two Dependents
Three Dependents
Four Dependents
Five or More Dependents

Employee Responsibility

\$ 265.00
\$ 325.00
\$ 385.00
\$ 450.00
\$ 560.00

Kids up to 26 yrs old

Deductible and Out of Pocket

Annual Deductible (In- Network)
Annual Deductible (Out of Network)
Out of Pocket (In-Network)
Out of Pocket (Out of network)

Employee Responsibility

\$ 600.00 -
\$ 1,200.00
\$ 2,000.00 -
\$ 4,000.00

Cobra

One Member
Family

Employee Responsibility

\$ 1,000.00
\$ 1,200.00

Prescription

Rx - Generic
Rx - Brand Name
Rx - Brand Name If Generic is not available

Co-pay Amount

\$25.00 - 30 day supply
\$45.00 - 30 day supply
\$25.00 - 30 day supply

Other Benefits

Wellness Benefit

Covers 1 Diagnostic Colonoscopy per participant every 5 years

Coverage

100% up to \$750, then deductible and coinsurance

Changes to your 2012 Calendar year Plan:

1. Your prescription coverage has changed to a PBM and will have it's own ID card that must be presented to the pharmacy. Your co-pay amount will remain the same. However; there will only be a maximum limit of 30 days supply.
2. Your Annual Deductible for Out of Network providers has increased from \$1,000 to \$1,200.
3. Wellness Benefits covers 1 Diagnostic Colonoscopy per participant every 5 years.

\$1000 Deductible Plan Design

8/60

| | Current Carrier American Fidelity | UMR / Sun Life | Healthfirst / Optum |
|--|--------------------------------------|------------------------------------|---------------------|
| Specific Stop Loss | | | |
| Specific Deductible | 50,000 | \$ 50,000 | \$ 50,000 |
| Contract Type | 24/12 | 24/12 | 24/12 |
| Benefits Covered | Medical, RX | Medical, RX, Advance Reimbursement | Medical, RX |
| Aggregating Specific Ded | \$120,000 | \$60,000 | \$60,000 |
| Quoted Rate per month | | | |
| Single - 80 | \$78.28 | \$108.44 | \$115.59 |
| Family - 41 | \$191.17 | \$255.20 | \$281.42 |
| Estimated Annual Premium | \$169,204.00 | \$229,660.80 | \$249,425.04 |
| Max Annual Reimbursement | \$1,250,000.00 | Unlimited | \$2,000,000.00 |
| Max Lifetime Reimbursement | Unlimited | Unlimited | Unlimited |
| Aggregate Stop Loss | | | |
| Contract Type | 24/12 | 24/12 | 24/12 |
| Aggregate Attachment Factors | | | |
| Single - 80 | \$598.79 | \$798.36 | \$594.12 |
| Family - 41 | \$1,431.86 | | \$1,420.69 |
| Estimated Attachment Point | \$1,279,314.00 | 1,159,219 | \$1,269,338.00 |
| Composite Rate per month - 121 | \$10.14 | \$7.80 | \$6.24 |
| Estimated Annual Premium - 121 | \$14,723.00 | \$11,325.60 | \$9,060.48 |
| Commission | \$0 | \$0 | \$0 |
| Run-In Dollar Limit | \$0 | \$0 | \$0 |
| Max Annual Reimbursement | \$1,250,000 | \$1,000,000 | \$1,000,000 |
| Aggregate Corridor | 125% | 125% | 125% |
| Terminal Liability PEPM | | \$1.00 | \$2.50 |
| Overall Cost Summary | | | |
| Terminal Liability Premium | | \$1,452.00 | \$3,500.00 |
| Total Specific Premium | \$169,204.00 | \$229,660.80 | \$249,425.04 |
| Total Aggregate Premium | \$14,723.00 | \$11,325.60 | \$9,060.48 |
| Total Fixed Costs | \$183,927.00 | \$242,438.40 | \$261,985.52 |
| Variable Costs | \$1,279,314.00 | \$1,159,219 | \$1,269,338.00 |
| Aggregating Specific/Self-funded Liability | \$120,000.00 | \$60,000.00 | \$60,000.00 |
| Additional Lasar Specific Deductibles | | 225,000.00 | |
| Maximum Total Liability | \$1,583,241.00 | \$1,686,657.40 | \$1,591,323.52 |
| Estimated Total Administration | \$60,721 | \$64,571 | \$65,440 |
| Annual Life Insurance | \$25,000 | \$25,000 | \$25,000 |
| Annual Dental Claims (\$3,000 mo.) | \$26,000 | \$36,000 | \$36,000 |
| Total Cost | \$1,704,962 | \$1,812,228 | \$1,717,763 |
| Total Increase | | \$107,266 | \$12,801 |
| % Increase | | 6% | 1% |

\$750 Deductible Plan Design

4/10/60

| Carrier | Current Carrier American Fidelity | UMR / Sun Life | Healthfirst / Optum |
|--|--|------------------------------------|----------------------------|
| Specific Stop Loss | | | |
| Specific Deductible | 50,000 | \$ 50,000 | \$ 50,000 |
| Contract Type | 24/12 | 24/12 | 24/12 |
| Benefits Covered | Medical, RX | Medical, RX, Advance Reimbursement | Medical, RX |
| Aggregating Specific Ded | \$120,000 | \$60,000 | \$60,000 |
| Quoted Rate per month | | | |
| Single - 80 | \$78.28 | \$108.44 | \$115.59 |
| Family - 41 | \$191.17 | \$255.20 | \$281.42 |
| Estimated Annual Premium | \$169,204.00 | \$229,660.80 | \$249,425.04 |
| Max Annual Reimbursement | \$1,250,000.00 | Unlimited | \$2,000,000.00 |
| Max Lifetime Reimbursement | Unlimited | Unlimited | Unlimited |
| Aggregate Stop Loss | | | |
| Contract Type | 24/12 | 24/12 | 24/12 |
| Aggregate Attachment Factors | | | |
| Single - 80 | \$598.79 | \$820.55 | \$707.15 |
| Family - 41 | \$1,431.86 | | \$1,690.97 |
| Estimated Attachment Point | \$1,279,314.00 | \$1,191,438.60 | \$1,510,822.00 |
| Composite Rate per month - 121 | \$10.14 | \$7.80 | \$6.24 |
| Estimated Annual Premium | \$14,723.00 | \$11,325.60 | \$9,060.48 |
| Commission | \$0 | \$0 | \$0 |
| Run-In Dollar Limit | \$0 | \$0 | \$0 |
| Max Annual Reimbursement | \$1,250,000 | \$1,000,000 | \$1,000,000 |
| Aggregate Corridor | 125% | 125% | 125% |
| Terminal Liability PEPM | | \$1.00 | \$2.50 |
| Overall Cost Summary | | | |
| | | \$1,452.00 | \$3,500.00 |
| Total Aggregate Premium | \$169,204.00 | \$229,660.80 | \$249,425.04 |
| Total Fixed Costs | \$14,723.00 | \$11,325.60 | \$9,060.48 |
| Total Fixed Costs | \$183,927.00 | \$242,438.40 | \$261,985.52 |
| Variable Costs | \$1,279,314.00 | \$1,191,438.60 | \$1,510,822.00 |
| Aggregating Specific/Self-funded Liability | \$120,000.00 | \$60,000.00 | \$60,000.00 |
| Additional Lasar Specific Deductibles | | \$225,000.00 | \$0.00 |
| Maximum Total Liability | \$1,583,241.00 | 1,718,877.00 | \$1,832,807.52 |
| Estimated Total Administration | \$60,721 | \$64,571 | \$65,400 |
| Annual Life Insurance | \$25,000 | \$25,000 | \$25,000 |
| Annual Dental Claims (\$3,000 mo.) | \$26,000 | \$36,000 | \$36,000 |
| Total Cost | \$1,704,962 | \$1,844,448 | \$1,959,247 |
| Total Increase | | \$139,486 | \$254,285 |
| % Increase | | 8.18% | 14.9% |

Current \$600 Deductible Plan Design Spreadsheet

| | Current Carrier American Fidelity | UMR / Sun Life | Healthfirst / Optum |
|--|--------------------------------------|---------------------------------------|-----------------------|
| Specific Stop Loss | | | |
| Specific Deductible | 50,000 | \$ 50,000 | \$ 50,000 |
| Contract Type | 24/12 | 24/12 | 24/12 |
| Benefits Covered | Medical, RX | Medical, RX, Advance Reimbursement | Medical, RX |
| Aggregating Specific Ded | \$120,000 | \$60,000 | \$60,000 |
| Quoted Rate per month | | | |
| Single - 80 | \$78.28 | \$108.44 | \$115.59 |
| Family - 41 | \$191.17 | \$255.20 | \$281.42 |
| Estimated Annual Premium | \$169,204.00 | \$229,660.80 | \$249,425.04 |
| Max Annual Reimbursement | \$1,250,000.00 | Unlimited | \$2,000,000.00 |
| Max Lifetime Reimbursement | Unlimited | Unlimited | Unlimited |
| Aggregate Stop Loss | | | |
| Contract Type | 24/12 | 24/12 | 24/12 |
| Aggregate Attachment Factors | | | |
| Single - 80 | \$598.79 | | \$707.15 |
| Family - 41 | \$1,431.86 | \$825.93 | \$1,690.97 |
| Estimated Attachment Point | \$1,279,314.00 | \$1,199,250.36 | \$1,547,973.00 |
| Composite Rate per month - 121 | \$10.14 | \$7.80 | \$6.24 |
| Estimated Annual Premium - 121 | \$14,723.00 | \$11,325.60 | \$9,060.48 |
| Commission | \$0 | \$0 | \$0 |
| Run-In Dollar Limit | \$0 | \$0 | \$0 |
| Max Annual Reimbursement | \$1,250,000 | \$1,000,000 | \$1,000,000 |
| Aggregate Corridor | 125% | 125% | 125% |
| Terminal Liability PEPM | | \$1.00 | \$2.50 |
| Overall Cost Summary | | | |
| Terminal Liability Premium | | \$1,452.00 | \$3,500.00 |
| Total Specific Premium | \$169,204.00 | \$229,660.80 | \$249,425.04 |
| Total Aggregate Premium | \$14,723.00 | \$11,325.60 | \$9,060.48 |
| Total Fixed Costs | \$183,927.00 | \$242,438.40 | \$261,985.52 |
| Variable Costs | \$1,279,314.00 | \$1,199,250.36 | \$1,547,973.00 |
| Aggregating Specific/Self-funded Liability | \$120,000.00 | \$60,000.00 | \$60,000.00 |
| Additional Lasar Specific Deductibles | | \$225,000.00 | |
| Maximum Total Liability | \$1,583,241.00 | 1,726,688.76 | \$1,869,958.52 |
| Estimated Total Administration | \$60,721 | \$64,571 | \$65,440 |
| Annual Life Insurance | \$25,000 | \$25,000 | \$25,000 |
| Annual Dental Claims (\$3,000 mo.) | \$26,000 | \$36,000 | \$36,000 |
| Total Cost | \$1,704,962 | \$1,852,239 | \$1,996,398 |
| Total Increase | | \$147,277 | \$291,436 |
| % Increase | | 8.6% | 17.0% |