

BEFORE THE BOARD OF COUNTY COMMISSIONERS

MULTNOMAH COUNTY, OREGON

In the matter of)
Modifying the Exempt)
Employee Medical, Vision,)
and Dental Benefits for)
Multnomah County.)

RESOLUTION
91-130

WHEREAS, Multnomah County is committed to providing medical, vision, and dental benefits that will contribute to the recruitment, retention, and protection of a competent Exempt Employee workforce; and

WHEREAS, Multnomah County is committed to the principles of cost containment and efficient use of health care services in the design and administration of the medical, vision, and dental benefits for Exempt Employees; and

WHEREAS, Multnomah County supports the concepts of health promotion and disease prevention in the design of medical, vision, and dental benefits for the Exempt Employee workforce; and

WHEREAS, the Benefits Advisory Group has produced a report recommending modifications to the Exempt Employee Medical, Vision, and Dental Plans, as well as a cost impact statement; and

WHEREAS, the Board of County Commissioners concurs with the recommended design changes in the report;

NOW THEREFORE the Board directs the Benefits Section of the Employee Services Division to:

- implement the plan design changes as described in the attached report, Recommended Modifications to the Exempt Employee Medical, Dental, and Vision Plans dated August 20, 1991; and
- develop and carry out a competitive RFP process for service providers for the Flexible Spending Account (FSA), the Preferred Provider Network (PPO), and the Utilization Review (UR).

ADOPTED this 5th day of September, 1991.

By Gladys McCoy
Gladys McCoy, Chair
Board of County Commissioners
MULTNOMAH COUNTY, OREGON

for Laurence Kressel, County Counsel
of Multnomah County, Oregon

**Cost Impact Estimate
for Changes to Exempt Employees
Medical/Dental Plans**

Self-Insured Medical/Dental Plans

The estimated cost impact is based on actual claims experience from July 1, 1990 to May 31, 1991 (annualized). If the proposed plan changes had been in place during FY 1990-91, the estimated savings would have been:

ODS Medical	18.8% savings (\$119,235)
ODS Dental	16.9% savings (\$ 26,605)
ODS Vision	150.5% increase (\$14,954)

Kaiser Permanente

Medical (increase office visit co-payment from \$1 to \$5)	1.39% savings (\$6,878)
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Flexible Spending Account (FSA)

Annual cost of \$2,000 to \$5,000 for administration plus \$4.00 to \$5.50 per employee per month. Participation ranges from 12% to 30% of employee sample.

Total cost offset by savings on FICA taxes (County pays no FICA on salary reduction dollars) - 7.65% of total dollars reduced.

Example: 100 employees reduce salary by \$500 annually each - total = \$50,000.
FICA savings = \$3,825.

Add "wellness incentive" of \$45 per participant for Plan Year 1992. Using 12% to 30% (57 to 141 employees) participation estimate, cost could range from \$2,565 to \$6,345. Unused incentive amounts go back to County.

Utilization Review (ODS only - 278 employees)

Cost: estimated at \$1.75 per employee per month = \$5,838.

PPO (ODS only - 278 employees)

Cost: estimated at \$2.00 per employee per month = \$6,672.

Note: The proposed cost containment features of the plans are designed to provide long-term savings by slowing down the level at which health care costs are increasing. A projection of short-term savings is difficult without knowing what the claims experience will be.

902H/MZ/1b (revised 8/22/91)

**Summary of Recommended Modifications
to the Exempt Medical, Vision, and Dental Plans***

MEDICAL

Current Plan	Recommended Design Change	Rationale for Change	Relates to Goals
ODS - no utilization review.	Add utilization review (pre-certification, concurrent review, discharge planning, patient advocacy).	Cost containment: efficient use of health care services.	2, 7
ODS - no PPO. Normal plan benefits of 80% of 1st \$2,500; 100% thereafter. Out-of-pocket cap \$500 per individual plus deductible.	Add PPO - preferred provided network with discounted rates. Services from PPO providers reimbursed at 90%; non PPO providers at 70% (Out-of-area, remains at 80%). Out-of-pocket cap per individual \$1,000 plus deductible. Add family maximum of \$3,000.	Cost containment: control of provider charges. Encourages use of efficient providers. Cost sharing. Maintains catastrophic protection.	1, 2, 7
\$100 individual deductible/\$300 family max.	\$200 individual deductible/\$600 family max.	Cost-sharing.	2, 4, 7
\$1 co-payment on Kaiser visit.	Increase Kaiser co-payment to \$5.	Cost-sharing.	2, 7
No pre-existing condition limitation under Kaiser or ODS for new hires.	No change to Kaiser. Under ODS add 6/12 provision with maximum payment. (6/12 = if individual treated for condition during six months prior to hire - max. of \$10,000 paid on that condition for 1st year).	Cost containment (devote resources to current employees, not new hires).	1, 5
Emergency room deductible - none.	Add \$50 deductible to ODS; waive if admitted.	Cost containment: appropriate use of medical services.	2, 4
Skilled nursing facility daily services; no limited on # of days for ODS; 100 day limit for Kaiser.	Add 100 day limit to ODS on skilled nursing facility.	Cost containment: appropriate use of medical services.	2, 7

* This summary addresses only those features of the plans which are subject to change by this proposal. Comprehensive plan descriptions are available from Employee Benefits.

MEDICAL (Continued)

Current Plan	Recommended Design Change	Rationale for Change (Cont'd)	Relates to Goals
Minimum mandated benefit on Diabetes Self Management for Kaiser and ODS.	Increase ODS benefit to \$200 (mandate is \$120).	Adjust to reflect increased cost for services.	1, 4
Rx benefit under Kaiser is 50% up to out-of-pocket max. of \$25. ODS reimburses at 80%, subject to deductible and out-of-pocket maximums.	Retain ODS and Kaiser Rx benefit. Add generic and mail-order option to ODS.	Cost containment: lowers Rx costs by taking advantage of volume discounts and lowered dispensing fees. Benefits County and employee.	4, 7
Routine physicals - no deductible; \$100 max. benefit annually over sixty; every two years; under sixty.	Increase plan maximum on physical to \$160.	Promote good health and enhance early detection and treatment of disease. Long term cost containment.	1, 3, 5
Well-baby care.	Waive deductible.	Promote preventive care.	1, 3, 5
State mandates for chemical dependency and mental health, except inpatient and residential treatment benefit is higher than state mandates.	Comply with state mandated levels. Add PPO.	Cost containment. Cost sharing.	2, 7
No Flexible Spending Arrangement (FSA).	Add Flexible Spending Account option for all employees.	Ease negative impact of cost-sharing. Tax advantage for employees: potential out-of-pocket savings. Allows employees to set aside pre-tax dollars from wages to use for non-reimbursable health care expenses.	4, 5, 6, 7
Lack of "wellness incentives" related to health benefits.	Provide FSA contribution of up to \$45 - per non-smoking Exempt employee for Plan Year 1992.	Reinforcement of healthy behavior that positively impacts health care costs. Incentive to use FSA.	1, 3, 5
Waiver of benefits - no options.	Cash "in-lieu of benefits" if covered under another plan (modeled after ONA Section 125 Plan).	Flexibility in options for employee. Potential premium/claims saving for employers.	2, 5, 6, 7

VISION

Current Plan	Recommended Design Change	Rationale for Change	Relates to Goals
No PPO, exam covered at \$25.	Add PPO, cover at 80%. Non PPO providers, 70%.	Cost containment: control of provider charges. Encourages use of efficient providers.	2, 5, 7
Schedule for lenses and frames:	Increase schedule for lenses and frames:	Bring benefit in line with current costs of services.	
max. benefit per lens	max. benefit per lens		
single \$10	single \$40		
bifocal \$16.25	bifocal \$60		
trifocal \$22.50	trifocal \$80		
lenticular \$50.00	lenticular \$125		
frames \$18.75	frames \$45		

DENTAL

Current Plan	Recommended Design Change	Rationale for Change	Relates to Goals
3 options - Kaiser, Dentacare, and ODS.	Drop Dentacare.	Cost containment - efficiency of administration.	7
ODS schedule of benefits on routine services:	Add deductible of \$25 individual/\$75 family max. Pay 100% on preventive care; 80% on restorative, 50% on major services. Increase maximum benefit to \$1,500 per year per individual.	Employee complaints and inadequate customer service.	
1st yr: 70%		Cost containment.	2, 3, 5, 7
2nd yr: 80%		Bring coverage in line with cost of services.	
3rd yr: 90%		Initial support for preventive care.	
4th yr: 100%			
Major services: 50% maximum benefit of \$1,000 per year.			

886H/MZ/js

August 1991

Mission Statement - Employee Benefits

Multnomah County's goal is to participate in providing employees health and welfare benefits which:

1. promote individual and organizational health and productivity;
2. promote efficient use of health care services;
3. emphasize the preventive aspect of health care;
4. emphasize self responsibility in health behavior and decision making;
5. contribute to the recruitment and retention of a competent workforce;
6. are sufficiently flexible to meet the needs and interests of a diverse workforce while preserving simplicity and efficiency of administration;
7. are consistent with the principles of cost containment and overall financial obligations and responsibilities of the County.

Members, the Exempt Benefit Advisory Group

Randy Amundson, MCSO	255-3600
Kelly Bacon, DA	248-3162
Jeanne Goodrich, Library	248-5492
Suzanne Kahn, DHS	248-3056
Maureen Leonard, BCC	248-5076
Gerry Odisio, DHS	248-3782
Maria Rojo de Steffey, DES	248-5001
Wayne Salvo, DCC	248-3810
Steve Tillinghast, MCSO	255-3600
Merrie Ziady, Employee Benefits	248-3477

Consultants, William M. Mercer, Inc.

Pat Hogan
Jerry Jones