

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Study Session Worksheet

**Presentation Date:** 10/22/13 **Approximate Start Time:** 3:30 pm **Approximate Length:** 30 min.

**Presentation Title:** Benefits Renewals for 2014

**Department:** Employee Services

**Presenters:** Nancy Drury, Director of Employee Services  
Carolyn Williams, Benefits Manager

**Other Invitees:** N/A

### WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

DES is seeking formal approval to renew contracts with benefit providers for the 2014 plan year. Contracts are in the process of being prepared by providers. When completed, they will be reviewed and approved by County Counsel prior to submission to the Board for final approval. We are also seeking approval of updates to the Flexible Benefits Program plan document.

### EXECUTIVE SUMMARY:

The Department of Employee Services and its employee benefits consultant, Mercer, have completed negotiations with the County's insurance carriers and third party administrators for the 2014 employee benefit plan renewals. The County must confirm the renewals prior to November 1, 2013 to ensure coverage for the 2014 plan year. See attached Renewal Report for detailed information on the 2014 renewals.

#### Medical & Dental

Preliminary renewals for the General County Providence plans were 8.3% for the Personal Option and 6.7% for the Open Option. For the Peace Officers' Providence plans, the increases were 3.0% for the Personal Option and 8.8% for the Open Option.

Providence agreed to recalculate the renewals to include June 2013 claims experience which turned out to be very favorable. The result was a decrease by about 2 percentage points on each plan. Providence further agreed to make a small additional reduction on the General County Personal Option plan to keep the premium below the cap in the collective bargaining agreements.

The increase to the Kaiser Medical plans for both General County and Peace Officers is 8.0%. With this increase, the Kaiser plans are now comparable in cost to the Providence plans but still remain below the cap.

The medical plan renewals include additional fees as a result of the Affordable Care Act, including the Patient Centered Outcome and Research Institute fees, temporary reinsurance fees and health insurance industry fees. These comprise about 2 percentage points of the medical plan renewals.

The self-insured dental plans administered by ODS range will increase by 0-12.3%. The increase is due to a plan change approved by the Benefits Review Committee to raise the annual maximum from \$1500 to \$2000. The fully-insured Kaiser dental plan will increase by 2.9%.

#### Other Benefits

The group term life insurance provided through Met Life will decrease by 19.9% for represented employees and decrease by 20.1% for nonrepresented employees. Dependent life will decrease by 9.5% and the employee-paid group universal life will decrease by 20%.

The fully-insured long-term disability coverage provided through Standard Insurance will have a 0% increase. For the self-insured short-term disability program, there will be a 16.7% decrease.

There were no premium changes for accidental death and dismemberment, wellness and employee assistance program, flexible spending account administration or long term care insurance.

#### Nonrepresented Employee Cost Sharing

The current practice for nonrepresented employees is to provide benefit cost sharing in a similar manner as represented employees so that there is no disincentive to promote into a management or supervisory position and for the County to remain competitive in attracting and retaining employees. Under the current cost sharing method, the County pays 95% and the employee pays 5% of the tiered medical premium and the County pays 100% of the dental, life and disability premiums and the administrative costs for the flexible spending accounts.

#### Flexible Benefits Program Plan Documents

Our flexible benefits program is governed by the Departments of Labor and Treasury. Under the Internal Revenue Code, the program must have a written plan document that defines how the program will function. It is necessary to update our plan documents due to federal action via the Affordable Care Act and the Supreme Court decision on the Defense of Marriage Act. We have changed some administrative practices that also are reflected in the revised plan documents for Clackamas County and the Housing Authority of Clackamas County.

The changes include:

- References to electronic enrollment
- Addition of foster children as dependents
- Definition of dependent and spouse
- Definition of the Affordable Care Act
- Continuation of benefits while on leave of absence
- Creation of a default enrollment option for medical, dental and life insurance
- Addition of a dental opt-out option
- Reference to the grace period for health flexible spending accounts

#### FINANCIAL IMPLICATIONS (current year and ongoing):

The estimated fiscal impact for the 2014 plan year is:

Medical:	\$1,392,677
Dental:	100,389
Life:	(77,747)
STD	(21,358)
Total:	\$1,393,960

#### LEGAL/POLICY REQUIREMENTS:

Employee benefits must be provided as required under the collective bargaining agreements and County policy. The plan documents have been reviewed by an ERISA attorney at Mercer, our benefits consulting firm.

#### PUBLIC/GOVERNMENTAL PARTICIPATION:

N/A

#### OPTIONS:

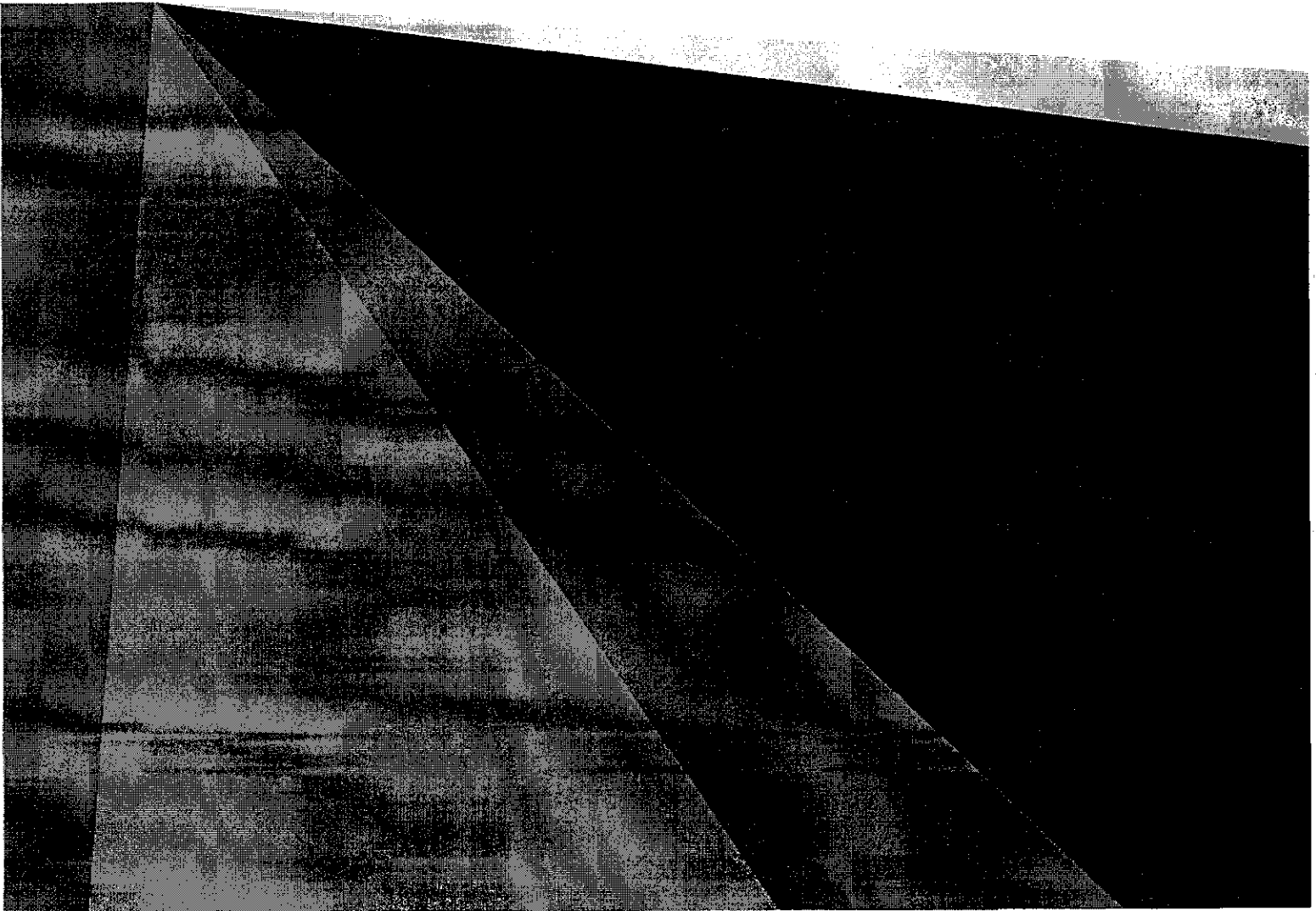
It is highly unlikely that the County would be able to negotiate lower increases or find any other carrier willing to offer lower rates over a sustained period of time. In addition, we have developed





**2014 HEALTH AND WELFARE BENEFIT  
PLAN RENEWAL REPORT  
CLACKAMAS COUNTY**

OCTOBER 14, 2013



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## Summary

The Clackamas County General County and Peace Officers Association (POA) 2014 health and welfare benefit plans renewal decisions are outlined in this report. The Providence and Kaiser medical/prescription drug plans had legislatively required contract changes.

After reviewing the presented plan options, the Benefit Review Committee (BRC) elected to renew all the General County medical/prescription drug plans, only making the legislatively required benefit changes. The BRC elected benefit changes to the Moda dental plans. The accepted plan design changes are described later in this report.

The POA decided to renew all the POA medical/pharmacy and dental plans without changes.

The table on the following pages is a summary of renewal rates by plan for the General County and POA plans.

	Rates PEPM		% Change
	2013	2014	
<b>Medical/Prescription/Vision Plans</b>			
<b>Providence Health Plan – General County<sup>1</sup></b>			
Personal Option 20/20/1200 \$500 Common Deductible			
Employee Only	\$599.87	\$629.42	
Employee + Spouse	1,199.82	1,258.92	
Employee + Children	1,079.75	1,132.94	
Employee + Family	1,799.62	1,888.27	
Composite	1,315.21	1,379.99	4.9%
Open Option 15/10/30/2000 \$500 Common Deductible			
Employee Only	\$615.56	\$639.96	
Employee + Spouse	1,231.20	1,279.99	
Employee + Children	1,107.99	1,151.91	
Employee + Family	1,846.69	1,919.88	
Composite	1,337.29	1,390.29	4.0%
<b>Providence Health Plan – POA<sup>1</sup></b>			
Personal Option 15/0/1000			
Employee Only	\$659.42	\$665.80	
Employee + Spouse	1,318.93	1,331.69	
Employee + Children	1,186.95	1,198.42	
Employee + Family	1,978.27	1,997.41	
Composite	1,597.28	1,612.73	1.0%
Open Option 10/0/20/2000 \$50 Common Deductible			
Employee Only	\$653.76	\$684.61	
Employee + Spouse	1,307.61	1,369.31	
Employee + Children	1,176.76	1,232.28	
Employee + Family	1,961.29	2,053.84	
Composite	1,591.17	1,666.25	4.7%
<b>Kaiser Permanente HMO – General County (with hearing aids)<sup>1</sup></b>			
Employee Only	\$585.13	\$631.87	
Employee + Spouse	1,170.26	1,263.74	
Employee + Children	1,053.23	1,137.36	
Employee + Family	1,755.39	1,895.60	
Composite	\$1,268.61	\$1,369.95	8.0%
<b>Kaiser Permanente HMO – POA<sup>1</sup></b>			
Employee Only	\$582.94	\$629.68	
Employee + Spouse	1,165.88	1,259.37	
Employee + Children	1,049.29	1,133.43	
Employee + Family	1,748.82	1,889.05	
Composite	1,440.11	1,555.58	8.0%

	Rates PEPM		
	2013	2014	% Change
<b>Providence Retirees - \$1000 Deductible<sup>1</sup></b>			
Retiree Only	\$541.45	\$581.78	7.4%
Retiree + Spouse	1,082.98	1,163.64	
Retiree + Children	974.60	1,047.19	
Retiree + Family	1,624.36	1,745.35	
<b>Kaiser Permanente Retirees – General County \$1000 Deductible<sup>1</sup></b>			
Retiree Only	\$439.64	\$474.90	8.0%
Retiree + Spouse	879.28	949.80	
Retiree + Children	791.35	854.83	
Retiree + Family	1,318.96	1,424.75	
<b>Kaiser Permanente Retirees – POA \$1000 Deductible<sup>1</sup></b>			
Retiree Only	\$439.70	\$474.96	8.0%
Retiree + Spouse	879.39	949.92	
Retiree + Children	791.46	854.92	
Retiree + Family	1,319.14	1,424.93	
<b>Kaiser Permanente Medicare Retirees<sup>1</sup></b>			
Retiree Only (GC)	\$337.64	\$346.30	2.6%
Retiree Only (POA)	\$332.07	\$340.74	2.6%
<b>Dental Plans</b>			
<b>Moda (formerly ODS)</b>			
Administration	\$6.02	\$6.02	0.0%
Incentive Plan - General County			
Employee Only	\$76.00	\$83.00	
Employee + Spouse	153.00	\$167.00	
Employee + Children	108.00	\$118.00	
Employee + Family	185.00	\$201.00	
Composite	143.00	\$156.00	9.1%
Incentive Plan - POA			
Employee Only	\$76.00	\$74.00	
Employee + Spouse	\$153.00	\$148.00	
Employee + Children	\$108.00	\$105.00	
Employee + Family	\$185.00	\$179.00	
Composite	143.00	\$138.00	-3.5%
50% Plan – General County Only			
Employee Only	\$36.00	\$38.00	
Employee + Spouse	71.00	\$74.00	
Employee + Children	50.00	\$52.00	
Employee + Family	84.00	\$87.00	
Composite	67.00	\$70.00	4.5%
Preventive Plan – General County Only			
Employee Only	\$72.00	\$70.00	
Employee + Spouse	145.00	\$141.00	
Employee + Children	104.00	\$101.00	
Employee + Family	176.00	\$171.00	
Composite	138.00	\$134.00	-2.9%



	Rates PEPM		
	2013	2014	% Change
<b>Kaiser Permanente<sup>1</sup></b>			
Employee Only	\$83.56	\$85.95	
Employee + Spouse	165.45	170.18	
Employee + Children	115.31	118.61	
Employee + Family	198.04	203.70	
General County Composite	156.19	160.65	2.9%
<b>Life and AD&amp;D – MetLife</b>			
<b>Basic Life (Rate per \$1,000 benefit)</b>			
Nonrepresented – General County Only	\$0.264	\$0.211	-20.1%
Represented – General County and POA	0.246	0.197	-19.9%
<b>Group Universal Life</b>	Age rated	Age rated	-20.0%
<b>Dependent Life per Employee (Rate per Family)</b>			
\$5,000 per Dependent – General County	\$2.66	\$2.39	-10.2%
\$2,000 per Dependent – POA	0.42	0.38	-9.5%
<b>Voluntary AD&amp;D – General County Only (Rate per \$1,000 benefit)</b>			
Employee Only	\$0.050	\$0.040	-20.0%
Employee and Family	0.075	0.060	-20.0%
<b>LTD – The Standard Insurance</b>			
<b>Self Insured – General County</b>			
Funding Rate (Rate per \$100 covered salary)	\$0.18	\$0.15	-16.7%
General Fee (Rate per Employee)	0.32	0.32	0.0%
New Claim Fee (Rate per Claim)	334.00	334.00	0.0%
Open Claim Fee (Rate per Claim)	16.00	16.00	0.0%
<b>Fully Insured – General County</b>			
Base Plan (Rate per \$100 Covered Salary)	\$0.38	\$0.38	0.0%
Buy-Up Plan (Rate per \$100 Covered Salary)	0.38	0.38	0.0%
<b>Fully Insured – Peace Officers</b>			
Base Plan (Rate per \$100 Covered Salary)	\$0.35	\$0.35	0.0%
Buy-Up Plan (Rate per \$100 Covered Salary)	0.39	0.39	0.0%
<b>Employee Assistance Plan (EAP) – The Standard Insurance – Part Time only</b>			
General Fee per Employee	\$0.10	\$0.10	0.0%
<b>Flexible Spending Account – Flex Plan – General County Only</b>			
Monthly Fee per Participant	\$5.00	\$5.00	0.0%
<b>LTC – UnumProvident – General County Only</b>			
Monthly Rate per Participant	Age rated	Age rated	0.0%
<sup>1</sup> Rates include the standard 2014 contract changes.			

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## Medical/Prescription Drug/Vision/Alternative Care Plans

### ***Providence Health Plan***

#### *General County*

The preliminary proposed 2014 rate increases provided by Providence Health Plan were 8.8% and 7.2%, depending on the plan, over the 2013 rates. After updating the renewal calculation with June claims experience and negotiating with Mercer, Providence reduced the 2014 renewal increase to 4.0% to the Open Option plan and 4.9% to the Person Option plan.

Providence's renewal included required legislative changes. Additionally, Providence moved their vision benefit administration to VSP. As a result of this change, benefits will enhance slightly for all members.

The BRC elected no plan changes for the 2014 plan year.

The County renewed the medical, vision, and prescription drug plans with Providence effective January 1, 2014.

Providence's underwriting worksheet for their final renewal is included in **Exhibit A** for reference.

**Exhibit B(1)** contains the required 2014 contract changes summary for non-grandfathered plans, which was provided by Providence. These will be effective January 1, 2014.

See **Exhibit C** for the Providence 2014 General County benefit summaries, including a summary illustrating the new vision plan.

The 2014 premium rates are shown below as a per employee per month (PEPM), and include the required contract changes, and PPACA fees for the plans:

#### **Personal Option 20/20/1200 \$500 Common Deductible**

	Medical/ Prescription	Premier Vision	Total
<b>Actives, Job Share, COBRA<sup>1</sup>, &amp; Early Retiree</b>			
Employee Only	\$618.10	\$11.32	\$629.42
Employee + Spouse	1,236.28	22.64	\$1,258.92
Employee + Children	1,112.56	20.38	\$1,132.94
Employee + Family	1,854.31	33.96	\$1,888.27
Composite			\$1,379.99

<sup>1</sup> COBRA participants are charged an additional 2% administrative fee as allowed by law, which is not included in these rates.

**Open Option 15/10/30/2000 \$500 Common Deductible with Hearing Aids**

	Medical/ Prescription	Premier Vision	Hearing Aids \$1,500	Total
<b>Actives, Job Share, COBRA<sup>1</sup>, &amp; Early Retiree</b>				
Employee Only	\$625.62	\$11.32	\$3.02	\$639.96
Employee + Spouse	1,251.31	22.64	6.04	1,279.99
Employee + Children	1,126.09	20.38	5.44	1,151.91
Employee + Family	1,876.96	33.96	9.06	1,919.88
Composite				\$1,390.29

**Peace Officers**

The preliminary proposed 2014 rate increases from Providence were 9.3% and 3.4% over the 2013 rates. After the projection was updated with June claims experience, Providence reduced the 2014 renewal to 4.7% to the Open Option plan and 1.0% to the Personal Option plan.

The County renewed the medical, vision, and prescription drug plans with Providence effective January 1, 2014. There were no plan changes, other than the required changes, for the 2014 plan year.

Providence's underwriting worksheet for their final renewal is included in **Exhibit A** for reference.

The standard 2014 contract changes summary for grandfathered plans in **Exhibit B(2)** apply to the POA plans. The change to VSP also applied to the POA plans as well.

See **Exhibit C** for the Providence 2014 POA benefit summaries.

The 2014 premium rates are shown below as PEPM, and include the required contract changes, and PPACA fees for the plans:

**Personal Option 15/0/1000**

	Medical/ Prescription	Basic Vision	Total
<b>Actives, Job Share, COBRA<sup>1</sup>, &amp; Early Retiree</b>			
Employee Only	\$658.26	\$7.54	\$665.80
Employee + Spouse	1,316.61	15.08	1,331.69
Employee + Children	1,184.85	13.57	1,198.42
Employee + Family	1,974.79	22.62	1,997.41
Composite			1,612.73

<sup>1</sup> COBRA participants are charged an additional 2% administrative fee as allowed by law, which is not included in these rates.

**Open Option 10/0/20/2000 \$50 Common Deductible**

	Medical/Prescription	Basic Vision	Total
<b>Actives, Job Share, COBRA , &amp; Early Retiree</b>			
Employee Only	\$677.07	\$7.54	\$684.61
Employee + Spouse	1,354.23	15.08	1,369.31
Employee + Children	1,218.71	13.57	1,232.28
Employee + Family	2,031.22	22.62	2,053.84
Composite			1,666.25

**Retirees – General County and Peace Officers**

Early (pre-age 65) retirees are eligible for the Providence Personal and Open Option active employee plans.

For those early retirees who live outside of the Providence service area, the County offers the Traditional Option plan for medical coverage. These early retiree rates and prescription drug benefits are the same as the Open Option plans for active employees.

Alternatively, the County also offers a \$1,000 deductible plan for early retirees and COBRA participants. The County accepted Providence's proposed rate increase of 7.4%.

**Exhibit B** contains the standard 2014 contract changes for grandfathered plans proposed by Providence.

See **Exhibit C** for the Providence 2014 early retiree benefit summaries.

**Open Option 15/30/50/2000 \$1000 Common Deductible**

The 2014 premium rates for the current \$1,000 Deductible plan are shown below as PEPM, and include the required contract changes and PPACA for the plans:

	Medical/Prescription <sup>1</sup>
Employee Only	\$581.78
Employee + Spouse	1,163.64
Employee + Children	1,047.19
Employee + Family	1,745.35

Medicare-Eligible retirees (age 65 and older) are eligible for the Medicare Group Extra plan and Supplement Plan F. Due to mandated CMS changes, the Medicare plan has been updated to

<sup>1</sup> COBRA participants are charged an additional 2% administrative fee as allowed by law, which is not included in these rates.

match current federally mandated plan parameters. The 2014 benefit summary is included in **Exhibit C**.

The 2014 premium rates for the Medicare Group Extra plan and Supplemental Plan F plan are shown below as PEPM, and include the required contract changes for the plans:

### Medicare Extra and Supplement Plans

Medicare Group Extra With Prescription Drug	\$244.00
Medical Supplement Plan F Total	617.50
Medical	369.11
Prescription Drug	248.39

### *Kaiser Permanente*

#### *General County and Peace Officers*

Kaiser initially proposed an overall 9.1% increase to the 2013 premium rates. After Mercer's negotiations with Kaiser, Kaiser reduced their overall renewal increase to 8.0%.

The BRC and POA did not elect to make benefit changes to these plans. The County renewed the medical, vision, and prescription drug plans with Kaiser Permanente effective January 1, 2014.

Kaiser's underwriting worksheets for their renewal calculations are included in **Exhibit D** for reference.

**Exhibit E** contains the 2014 contract changes provided by Kaiser. The BRC and POA accepted the proposed 2014 benefit and administrative clarifications. These plans are considered grandfathered, and, therefore, the proposed benefit changes do not apply.

See **Exhibit F** for the Kaiser 2014 benefit summaries.

The 2014 premium rates are shown below as a per employee per month (PEPM), and include the required contract changes and PPACA fees for the plans:

### Medical/Prescription Drug/Vision Plans

<b>General County</b>	
Employee Only	\$631.87
Employee + Spouse	1,263.74
Employee + Children	1,137.36
Employee + Family	1,895.60
Composite	1,369.95

<b>Peace Officers Association</b>	
Employee Only	\$629.68
Employee + Spouse	1,259.37
Employee + Children	1,133.43
Employee + Family	1,889.05
Composite	1,555.58

### *Retirees – General County and Peace Officers*

Early (pre-age 65) retirees are eligible for the active employee HMO plan. The County also offers a \$1,000 deductible plan for early retirees and COBRA participants. The proposed rate increase of 8.0% was accepted by the County.

Medicare-Eligible retirees (age 65 and over) are eligible for the Medicare Supplement plan.

Exhibit E contains the 2014 contract changes provided by Kaiser.

See Exhibit F for the Kaiser 2014 benefit summaries.

The 2014 premium rates for the current \$1,000 Deductible plan and Medicare plan are shown below as a Per Employee Per Month (PEPM). The premiums include the required contract changes and PPACA fees for the plans:

<b>\$1,000 Deductible Plan COBRA<sup>1</sup> and Early Retirees</b>	
<b>General County</b>	
Employee Only	\$474.90
Employee + Spouse	949.80
Employee + Children	854.83
Employee + Family	1,424.75
<b>Peace Officers Association</b>	
Employee Only	\$474.96
Employee + Spouse	949.92
Employee + Children	854.92
Employee + Family	1,424.93
<b>Medicare (Parts A, B and D)</b>	
Retiree Only (GC)	\$346.30
Retiree Only (POA)	\$340.74

<sup>1</sup> COBRA participants are charged an additional 2% administrative fee as allowed by law, which is not included in these rates.

## Dental Plans

### *Moda Health*

The Incentive Plan is available to all employees – General County and Peace Officers. The 50 Percent Plan and Preventive Plan are only available to General County employees. All three plans are self-funded and administered by Moda Health (Moda).

The County is entering the first year of a three-year administrative fee guarantee. The administration fee increase for the three-year period will be as follows:

Rates per Employee per Month	2014	2015	2016
Administration fee	\$6.02	\$6.10	\$6.18
% Change	0.00%	1.35%	1.35%

The County renewed the dental administration services with Moda effective January 1, 2014 with the following plan changes to the plans:

- Add the iodine and Arestin periodontal cleaning treatment coverage to all three plans (Incentive, Preventive and Constant).
- Add Foster Children as eligible dependents.
- Include coverage for domestic partners under any legal registry in the US.
- The County instituted an employee dental contribution.

The BRC elected to increase the annual benefit maximum on the General County Incentive and Constant plans to \$2,000.

**Exhibit G** contains the Moda administrative contract changes for 2014, which were accepted.

See **Exhibit H** for the 2014 Moda benefit summaries.

### *Underwriting*

Mercer projected a 2014 funding decrease of 3.1% for the 2014 self-insured dental plans. **Exhibit I** includes the underwriting calculation.

Projections for the County's self-funded dental plans were based on 12 months of claims experience from July 1, 2012, through June 30, 2013. An annual trend factor of 6.0%, an IBNR reserve factor of 10%, and 0% margin were used.

Mercer recommended and the County accepted the 2014 funding rates listed below. The below rates include all plan changes.

**Self-Funded Dental Plans: Budgeting Rates per Employee per Month**

<b>Incentive Plan – General County</b>	
Employee Only	\$83.00
Employee + Spouse	167.00
Employee + Children	118.00
Employee + Family	201.00
Composite	156.00

<b>Incentive Plan – POA</b>	
Employee Only	\$74.00
Employee + Spouse	148.00
Employee + Children	105.00
Employee + Family	179.00
Composite	138.00

<b>50% Plan – General County Only</b>	
Employee Only	\$38.00
Employee + Spouse	74.00
Employee + Children	52.00
Employee + Family	87.00
Composite	70.00

<b>Preventive Plan – General County Only</b>	
Employee Only	\$70.00
Employee + Spouse	141.00
Employee + Children	101.00
Employee + Family	171.00
Composite	134.00

***Kaiser Permanente***

The County has a fully insured dental plan through Kaiser that is available to all employees – General County and POA. Kaiser proposed a 2.9% increase to the 2013 premium rates.

The BRC and POA did not make any benefit changes for 2014. The County renewed the dental plan with Kaiser Permanente effective January 1, 2014.

**Exhibit E** contains the 2014 standard contract changes provided by Kaiser, which will be effective January 1, 2014.

See **Exhibit F** for the Kaiser 2014 benefit summaries.

The 2014 premium rates for Kaiser dental plan is shown below as a per employee per month (PEPM), and include the required contract changes for the plans:



**Dental Plan**

Employee Only	\$85.95
Employee + Spouse	170.18
Employee + Children	118.61
Employee + Family	203.70
Composite	160.65

**Life and Voluntary AD&D Insurance****MetLife**

The County has basic life, AD&D, dependent life, and group universal life plans with MetLife. MetLife proposed a rate decrease for all plans effective January 1, 2014, with a three-year rate guarantee. The updated rates will be effective through December 31, 2016. The County renewed the plans with MetLife effective January 1, 2014, with no change in benefits.

A summary of the rates effective January 1, 2014, through December 31, 2016, are as follows:

**General County**

<b>Basic Life</b>	
Nonrepresented Employees	\$0.211/\$1,000
Represented Employees	\$0.197/\$1,000
<b>Dependent Life</b>	
\$5,000 per spouse/domestic partner or child	\$2.39 PEPM
<b>Voluntary Accidental Death and Dismemberment</b>	
Employee	\$0.040/\$1,000
Employee and Family (spouse/domestic partner or child)	\$0.060/\$1,000

<b>Basic Life</b>	
Represented Employees	\$0.197/\$1,000
<b>Dependent Life</b>	
\$2,000 per spouse/domestic partner or child	\$0.38 PEPM

**General County**

<b>Group Universal Life (Rates Per \$1,000)</b>		
<b>Age</b>	<b>Non-Smoker Rates</b>	<b>Smoker Rates</b>
< 30	\$0.044	\$0.066
30-34	0.049	0.074
35-39	0.062	0.102
40-44	0.096	0.149
45-49	0.164	0.223
50-54	0.270	0.330
55-59	0.424	0.518
60-64	0.641	0.797
65-69	1.186	1.269
70-74	1.986	1.986

The following levels and corresponding premium rates apply to covered dependent children:

Coverage Amount	\$2,000	\$4,000	\$6,000	\$8,000	\$10,000
Monthly Rate	\$0.118	\$0.236	\$0.354	\$0.472	\$0.59

## Long Term Disability Insurance

### *The Standard*

The County offers three LTD plans through Standard as follows:

- **Base LTD Plans**
  - **General County and POA.** This coverage is provided by the County without contributions from employees. The disability benefit is 60% of the first \$3,333 of monthly predisability income. The plan is self-funded for the first 180 days of a disability and is fully insured starting on the 181st day of a disability.
- **Buy-up LTD Plans**
  - **General County.** This plan offers General County employees the option of buying additional disability coverage, equal to 60% of the next \$5,000 of monthly predisability earnings above \$3,333 up to a maximum of \$8,333.
  - **Peace Officers.** This plan offers POA employees the option of buying additional disability coverage, equal to 60% of the next \$6,667 of monthly predisability earnings above \$3,333 up to a maximum of \$10,000.

Both buy-up LTD benefit plans for the General County and Peace Officers are 100% paid by employees on a pretax basis. The Plans have two funding components – self-funded and fully insured. Both components are administered by Standard.

The benefits will remain unchanged for the 2014 plan year.

### *Fees and Premium Rates*

The County is entering the second year of a two-year rate guarantee with Standard. The next renewal will be January 1, 2015.

The 2014 funding, premium, and fees are as follows:

<b>Self-Insured Plan</b>	
Funding	\$0.15 per \$100 covered payroll
Administration Fees	
General	\$0.32 PEPM
New Claim	\$334 per claim
Open Claim	\$16 per open claim at month end
Incidental	As incurred

Insured Plan	
Base – General County	\$0.38/\$100
Buy-Up – General County	\$0.38/\$100
Base – Peace Officers	\$0.35/\$100
Buy-Up – Peace Officers	\$0.39/\$100

## Employee Assistance Plan

### *The Standard*

The County also receives services through an Employee Assistance Program (EAP) from Standard for employees covered by the long term disability plan. The County also purchases EAP coverage for part-time employees who are not covered under the LTD plan. The rate will remain at \$0.10 per member per month.

## Flexible Spending Account Administrator

### *Flex-Plan Services*

The County uses Flex-Plan Services to provide FSA plans, which are available only to General County employees. Flex-Plan proposed a rate hold for the 2014 plan year. The County renewed these services with Flex-Plan effective January 1, 2014.

The 2014 fees remain the same as the 2013 fees, as follows:

Fees per Participant per Month	
Health Care FSA	\$5
Dependent Care FSA	\$5

## Long Term Care Insurance

### *Unum*

Unum insures the voluntary long term care (LTC) coverage for General County employees. The 2014 rates remain unchanged and are age rated. The LTC rates have not changed since the inception of the plan January 1, 2000. Unum noted that they have submitted a rate increase to the Oregon State Insurance Division and were approved for a 15% increase to the LTC rates for 2015.

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## Employee Contributions

### General County

For represented employees, the County will pay 95% of the renewal composite medical/prescription/vision rate up to a capped composite amount for represented employees. The County will pay 95% of the tiered premium rates for nonrepresented employees.

	Employee Only	Employee w/ Spouse/Partner	Employee w/ Child(ren)	Employee w/ Family
<b>NONREPRESENTED</b>				
<b>Providence Personal Option</b>				
Employer	\$598.95	\$1,196.97	\$1,077.29	\$1,794.86
Employee	30.47	61.95	55.65	93.41
<b>Providence Open Option</b>				
Employer	608.96	1,216.99	1,095.31	1,824.89
Employee	31.00	63.00	56.60	94.99
<b>Kaiser</b>				
Employer	601.28	1,201.55	1,081.49	1,801.82
Employee	30.59	62.19	55.87	93.78
<b>Medical Opt Out</b>				
Cash Back	65.00	129.00	116.00	193.00
<b>REPRESENTED</b>				
<b>Providence Personal Option</b>				
Employer	561.42	1,190.92	1,064.94	1,820.27
Employee	68.00	68.00	68.00	68.00
<b>Providence Open Option</b>				
Employer	571.45	1,211.48	1,083.40	1,851.37
Employee	68.51	68.51	68.51	68.51
<b>Kaiser</b>				
Employer	564.37	1,196.24	1,069.86	1,828.10
Employee	67.50	67.50	67.50	67.50
<b>Medical Opt Out</b>				
Cash Back	146.00	146.00	146.00	146.00

The County implemented a Dental contribution for all employees. The Employer and Employee costs along with the cash back for all employees are as follows:

	Employee Only	Employee w/ Spouse/Partner	Employee w/ Child(ren)	Employee w/ Family
<b>NONREPRESENTED</b>				
<b>Moda Preventive</b>				
Employer	\$69.00	\$140.00	\$100.00	\$170.00
Employee	1.00	1.00	1.00	1.00
<b>Moda Incentive</b>				
Employer	82.00	166.00	117.00	200.00
Employee	1.00	1.00	1.00	1.00
<b>Moda Constant (50%)</b>				
Cash Back	36.00	78.00	54.00	95.00
<b>Kaiser</b>				
Employer	84.95	169.18	117.61	202.70
Employee	1.00	1.00	1.00	1.00
<b>Dental Opt Out</b>				
Cash Back	37.00	79.00	55.00	96.00
<b>REPRESENTED</b>				
<b>Moda Preventive</b>				
Employer	69.00	140.00	100.00	170.00
Employee	1.00	1.00	1.00	1.00
<b>Moda Incentive</b>				
Employer	82.00	166.00	117.00	200.00
Employee	1.00	1.00	1.00	1.00
<b>Moda Constant (50%)</b>				
Cash Back	71.00	71.00	71.00	71.00
<b>Kaiser</b>				
Employer	84.95	169.18	117.61	202.70
Employee	1.00	1.00	1.00	1.00
<b>Dental Opt Out</b>				
Cash Back	72.00	72.00	72.00	72.00

## Peace Officers

The County pays 95% of the premium for the Providence medical plans. The County pays 100% of the premium for employees enrolled in the Kaiser medical plan.

	Employee Only	Employee w/ Spouse/Partner	Employee w/ Child(ren)	Employee w/ Family
<b>Providence Personal Option</b>				
Employer	\$586.16	\$1,252.05	\$1,118.78	\$1,917.77
Employee	79.64	79.64	79.64	79.64
<b>Providence Open Option</b>				
Employer	602.30	1,287.00	1,149.97	1,971.53
Employee	82.31	82.31	82.31	82.31
<b>Kaiser</b>				
Employer	629.68	1,259.37	1,133.43	1,889.05
Employee	0.00	0.00	0.00	0.00

The County implemented a Dental contribution for all employees. The Employer and Employee costs along with the cash back for all employees are as follows:

	Employee Only	Employee w/ Spouse/Partner	Employee w/ Child(ren)	Employee w/ Family
<b>Moda Incentive</b>				
Employer	\$73.00	\$147.00	\$104.00	\$178.00
Employee	1.00	1.00	1.00	1.00
<b>Kaiser</b>				
Employer	84.95	169.18	117.61	202.70
Employee	1.00	1.00	1.00	1.00
<b>Dental Opt Out</b>				
Cash Back	72.00	72.00	72.00	72.00

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## Exhibits

- Exhibit A – Providence Health Plans Medical Underwriting
- Exhibit B – Providence Health Plans 2014 Contract Changes
  - Exhibit B(1) – Nongrandfathered
  - Exhibit B(2) – Grandfathered
- Exhibit C – Providence Health Plans Benefit Summaries
- Exhibit D – Kaiser Permanente Medical Underwriting
- Exhibit E – Kaiser Permanente 2014 Contract Changes
- Exhibit F – Kaiser Permanente Benefit Summaries
- Exhibit G – Moda 2014 Contract Changes
- Exhibit H – Moda Benefit Summaries
- Exhibit I – Self-funded Dental Plan Underwriting Calculation

# APPENDIX A

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## Providence Health Plans Medical Underwriting



Account: CLACKAMAS COUNTY - ACTIVE EARLY RETIREE - UPDATE EXPERIENCE  
 Group Number: 160112  
 Account Executive: B. MINTZ  
 Agent Name: JAN LONG  
 Effective Date: 1/1/2014 12/31/2014  
 Product(s): PF \$20.20\* S1200 \$500 Rama S1 \$530 ASH CUST  
 Vision Premium Plan  
 Spinal Man. Acup & Mat Therapy 201500-CUST

Agent commission has been removed from the rates

Rates include domestic partner coverage  
 Rates reflect a tandem offering  
 Rates include coverage for elective sterilizations  
 Rates include coverage for termination of pregnancy

Current Plan Claims Per Experience Rate Exhibit	7/1/2012	6/30/2013	Chiro./	Total		
	Capitation	Medical	Pharmacy Vision Alt. Care			
Paid Claims/Capitation	\$729,607	\$16,805,693	\$2,502,045	\$22,228,783	\$20,525,264	
Pharmacy Rebate	n/a	n/a	-\$121,099	n/a	-\$121,099	
Benefit Adjustments	\$49,047	-\$958,570	-\$100,640	\$10,314	-\$976,228	
Adjusted Non-Pooled Claims	\$778,654	\$15,847,123	\$2,280,306	\$275,480	\$246,404	\$19,427,957
Ending Reserve	n/a	\$1,640,104	\$61,264	\$15,177	\$0	
Beginning Reserve	n/a	-\$1,238,099	-\$28,115	-\$16,199	\$0	
Incurred Claims	\$778,654	\$16,249,128	\$2,303,455	\$274,458	\$246,404	\$19,852,099
Pooled Claims Credit (\$150k)	n/a	-\$2,007,525	\$0	\$0	n/a	
Net Pooled Claims	\$778,654	\$14,241,603	\$2,303,455	\$274,458	\$246,404	\$17,844,573
Annual Trend	8.90%	8.90%	8.50%	2.00%	10.00%	8.76%
Months of Trend	18.0	18.0	18.0	18.0	18.0	
Trend Factor	1.1364	1.1364	1.1302	1.0301	1.1537	
Trended Incurred Claims	\$884,893	\$16,184,552	\$2,603,301	\$282,733	\$284,274	\$20,239,743
Pooling Charge	n/a	\$705,302	\$0	\$0	n/a	
Trended Incurred Claims adjusted for Pooling		\$20,378,038		\$282,733	\$284,274	\$20,945,345
Administration		\$1,923,805		\$29,062	\$29,465	\$1,982,331
ACA Health Insurance Provider Fee		\$198,951		\$2,727	\$2,744	\$204,421
Portability Adjustment		\$0		n/a	n/a	\$0
State High Risk Reinsurance Fee		\$189,571		n/a	n/a	\$189,571
Patient-Centered Outcome Research Institute Fee		\$7,915		n/a	n/a	\$7,915
ACA High Risk Reinsurance Fee		\$248,811		n/a	n/a	\$248,811
Commission	None	\$0		\$0	\$0	\$0
Projected Revenue Requirement		\$22,847,090		\$314,522	\$316,482	\$23,578,094
Member Months		47,393		46,839	46,839	47,393
Projected Revenue Requirement (current 12 mos.)		\$484,18		\$6,72	\$6,76	\$497,67
Factor to adjust Proj Rev Req (curr 12 mos) to new product		1.016		1.340	1.000	
Projected Revenue Req (curr 12 mos) adjusted to new product		\$491,79		\$9,01	\$6,76	\$507,56
Projected Revenue Requirement (current 12 mos.)		\$491,79		\$9,01	\$6,76	\$507,56
Projected Revenue Requirement (prior 12 mos.)		\$507,46		\$8,81	\$7,47	\$523,74
Projected Revenue Requirement (demographics)		\$405,12		\$6,92	\$2,39	\$414,43
Credibility Factor (current 12 mos.)		100.00%		100.00%	0.00%	100.00%
Credibility Factor (prior 12 mos.)		0.00%		0.00%	0.00%	0.00%
Credibility Factor (demographics)		0.00%		0.00%	100.00%	0.00%
Blended Revenue Requirement PMPM		\$491.79		\$9.01	\$2.39	\$503.19
Blended Revenue Requirement PMPM modified for 1.5% rate stabilization load		\$499.17		\$9.15	\$2.43	\$510.74
Blended Revenue Requirement PMPM		\$499.17		\$9.15	\$2.43	\$510.74

Current Enrollment	Subscribers	Members	Mix	Contract Size	Rate Ratio	Mix x Size	Mix x Ratio
EMPLOYEE	344	344	23.4%	1,000	1,000	0.234	0.234
EE+SPOUSE	390	760	25.9%	2,000	2,000	0.518	0.518
EE+CHILD(REN)	146	406	9.9%	2,781	1,850	0.277	0.179
EE+FAMILY	598	2,401	40.7%	4,015	3,000	1.636	1.222
Total	1,468	3,911	100.0%			2.664	2.163
						Single Rate Multiplier	1.237

Renewal Rates	Medical/Pharmacy	Vision	Chiro	Total
EMPLOYEE	\$617.63	\$11.32	\$3.00	\$631.95
EE+SPOUSE	\$1,235.34	\$22.64	\$6.00	\$1,263.98
EE+CHILD(REN)	\$1,111.72	\$20.38	\$5.40	\$1,137.50
EE+FAMILY	\$1,652.90	\$33.96	\$9.00	\$1,695.86

Account:	CLACKAMAS COUNTY - ACTIVE/EARLY RETIREE - UPDATE EXPERIENCE						
Group Number:	100112						
Account Executive:	D. MINER						
Agent Name:	JAN LONG						
Effective Date:	1/1/2014			12/31/2014			
Product(s):	PE \$20/20+ \$1200 \$500 Rstr>\$15-\$30 ASB CUST Vision Premium Plan Spinal Man Arup & Man Therapy 20/1500-CUST						
Agent commission has been removed from the rates							
Rates include domestic partner coverage							
Rates reflect a tandem offering							
Rates include coverage for elective sterilizations							
Rates include coverage for termination of pregnancy							
<b>Prior Paid Claims Period:</b>	7/1/2011		5/30/2012		Chro. /		
<b>Experience Rate Exhibit:</b>	Capitation		Medical	Pharmacy	Vision	Chro. Care	Total
Paid Claims Period:	201107	201206					
Paid Claims/Capitation	\$704,246	\$14,640,594	\$2,925,342	\$247,967	\$221,229		\$19,639,267
Pharmacy Rebate	n/a	n/a	-\$122,227	n/a	n/a		-\$122,227
Benefit Adjustments	\$42,630	-\$924,666	\$96,408	\$11,041	\$25,863		-\$641,540
Adjusted Non-Pooled Claims	\$746,875	\$13,915,925	\$2,306,707	\$258,908	\$247,086		\$17,478,500
Ending Reserve	n/a	\$1,238,099	\$28,115	\$16,159	\$0		\$0
Beginning Reserve	n/a	-\$1,255,923	-\$70,135	-\$12,607	\$0		\$0
Incurred Claims	\$746,875	\$13,998,101	\$2,254,687	\$262,500	\$247,086		\$17,419,248
Pooled Claims Credit (\$150K)	n/a	-\$257,902	\$0	\$0	n/a		\$0
Net Pooled Claims	\$746,875	\$13,640,200	\$2,254,687	\$262,500	\$247,086		\$17,161,347
Annual Trend	8.50%	8.50%	8.30%	2.00%	10.00%		8.40%
Months of Trend	30	30	30	30	30		
Trend Factor	1.2262	1.2262	1.2205	1.0508	1.2691		
Trended Incurred Claims	\$915,845	\$16,726,115	\$2,764,262	\$275,822	\$313,566		\$20,096,610
Pooling Charge	n/a	\$784,927	\$0	\$0	n/a		\$0
Trended Incurred Claims adjusted for Pooling		\$21,111,149		\$275,822	\$313,566		\$21,700,537
Administration		\$1,942,252		\$26,301	\$32,501		\$2,003,104
ACA Health Insurance Provider Fee		\$285,516		\$2,640	\$3,027		\$211,204
Portability Adjustment		\$0		n/a	n/a		\$0
State High Risk Reinsurance Fee		\$189,470		n/a	n/a		\$189,470
Patient-Centered Outcome Research Institute Fee		\$7,910		n/a	n/a		\$7,910
ACA High Risk Reinsurance Fee		\$248,679		n/a	n/a		\$248,679
Commission	None	\$0		\$0	\$0		\$0
<b>Projected Revenue Requirement</b>		\$23,704,977		\$306,834	\$349,093		\$24,360,904
Member Months		47,367		46,702	46,702		47,367
Projected Revenue Requirement (prior 12 mos.)		\$509,45		\$6,57	\$7,47		\$514,49
Factor to adjust Proj Rev Req (prior 12 mos) to new product		1.014		1.340	1.000		
Projected Revenue Req (prior 12 mos) adjusted to new product		\$507,45		\$8,81	\$7,47		\$523,74

## APPENDIX B

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### Providence Health Plans 2014 Contract Changes

## Exhibit B(1) – Nongrandfathered Plans (General County)