

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 10/04/2011 Time: 2:45 p.m. Length: 30 minutes

Presentation Title: Benefit Renewals 2012

Department: Employee Services

Presenters: Nancy Drury and Carolyn Williams

POLICY QUESTION

DES is seeking formal Board approval to renew contracts with benefit providers for the 2012 plan year.

ISSUE & BACKGROUND

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 2012 employee benefits plan renewals. After 3 years of medical renewals below national and local trend, there will a significant increase to the Providence plans, but very favorable renewals for Kaiser, ODS Dental, life insurance and disability coverage.

Providence Health Plan increases for the General County plans are 13.9-14.3% and for the Peace Officers plans 15.3% and 15.5%. These increases follow three prior years of low increases (and some decreases). For 2009, Providence renewals ranged from -3.5% - +4.8%, for 2010 from -1.9% to +1.2% and for 2011 from -3.5% to +2.0%.

Kaiser Medical had a 0.03% decrease. Dental plan increases ranged from 1.5 to 1.6%, well below the national trend of 7.0%. There were no increases to the County-paid life insurance or long term disability coverage. There was a 15.8% decrease in the self-insured short term disability coverage. There were no premium changes for dependent life insurance, group universal life, accidental death and dismemberment, wellness and employee assistance program, flexible spending account administration or long term care insurance.

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. Under the current collective bargaining agreements, the County pays 95% and the employee pays 5% of the medical premium and the County pays 100% of the dental, life and disability premiums and the administrative costs for the flexible spending accounts.

See attached Renewal Report for detailed information on the 2012 renewals.

QUESTION(S) PRESENTED FOR CONSIDERATION

See attached "Summary of 2012 Benefit Plan Recommendations Requiring Approval by the Board of County Commissioners."

OPTIONS AVAILABLE

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

RECOMMENDATIONS

1. Enter into renewal contracts with Kaiser, Providence Health Plan, Oregon Dental Service, Metropolitan Life, Standard Insurance and Flex-Plan.
2. Pay 95% of the premiums for the medical coverage, and 100% of the premiums for dental, life and disability plans for nonrepresented employees.

SCHEDULE FOR STUDY SESSION

Division Director/Head Approval CSW

Department Director/Head Approval [Signature]

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Carolyn Williams @ 503-742-5470.