



Human Resources

Kate Bishop  
Human Resources Director

# Memorandum

## Updated 2.18.2020

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**TO:** Human Resources Committee

**CC:** Kate Bishop, Human Resources Director

**FROM:** Lisa Henke, Benefits Manager

**DATE:** February 7, 2020

**SUBJECT:** Research update on fully-insured health plans

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Human Resources continues to look at options for the health plan offered to Walworth County employees. As previously discussed, one option being researched is moving to a fully-insured health plan design instead of offering the current self-insured health plan design.

Walworth County is currently completing due diligence by obtaining and analyzing both the fully-insured plan offered through the State of Wisconsin and also commercial fully-insured group plans, researched through our broker, M3 Insurance.

### **State Plan Update**

The State Plan has been contacted and research has begun into comparison of the four (4) medical only plans offered by the State of WI compared to the current plans offered by Walworth County. The four (4) plan designs being researched are the State P12, P14, P16 and P17.

When an organization joins the State Plan they are committing to be a participant in the plan for a minimum of three (3) years.

There will be an increase in eligible participants for the health plan because the State Plan requires all employees who are eligible for WRS be offered health insurance. With the Walworth County current numbers, this will result in an additional 27 people being eligible for health insurance. Should these individuals enroll these participants would need to be added to their department budgets for health insurance coverage.

The employer can pick one plan design out of the four (4) plan designs offered. Each County in the State has a list of insurance carriers for employers within that county for their employees to choose from based on the medical providers the employee uses. Employers in Walworth County on the State Plan are able to pick between the following insurance carriers:

100 W. Walworth  
PO Box 1001  
Elkhorn, WI 53121

**Human Resources**  
262.741.7950 tel  
262.741.7948 fax

<b>Walworth County Insurance Carrier Options</b>	<b>State Established Tier Level for each Carrier</b>
Dean Health Insurance	1
MercyCare Health Plans	2
Quartz – Community	3
WEA Trust – East	1
Local IYC Access Plan	3

Participants would need to go to the carrier’s website to verify the current providers for each insurance carrier and select the plan that meets their needs. There is no assistance from the State Plan to help employees with this selection.

The employer is only allowed to pay a maximum of 88% of the monthly premium. This could potentially be a savings to Walworth County, as the County is currently paying 93% of the monthly premium for employees who earn the wellness incentive. The minimum premium contribution from the employer is 50% of the maximum monthly premium. The maximum premium contribution is calculated by the State by taking the average premium of the Tier 1 Carriers within the county at 88%. Depending on the Carrier the participant chooses, they will pay the difference between the maximum 88% and the cost for that carriers plan. (See Attachment A for details)

The State Plan will not provide final rates until the plan has gone through underwriting. They did share the potential of a 2 year surcharge that could be added to the current year published monthly rates depending on how the plan is underwritten based on prior year’s claims. Below is a chart of the additional cost that could be applied depending on what category Walworth County falls into during underwriting (this category remains the same for 2 years):

<b>Coverage Level</b>	<b>40 Percent Category</b>	<b>30 Percent Category</b>	<b>20 Percent Category</b>	<b>10 Percent Category</b>
Family Year 1	\$700.00/month	\$525.00/month	\$350.00/month	\$175.00/month
Family Year 2	\$350.00/month	\$263.00/month	\$175.00/month	\$88.00/month
Single Year 1	\$280.00/month	\$210.00/month	\$140.00/month	\$70.00/month
Single Year 2	\$140.00/month	\$105.00/month	\$70.00/month	\$35.00/month

Corrected to reflect Attachment A page 2.

→ The above costs are added to the published Tier 1 carrier average and then the 88% is applied to figure the maximum the employer will pay for each carrier option available to the employers within their county. The State Plan calculates the surcharge premium by taking the employer assigned category and applying that number to each of the Tier 1 total premium plans offered to Walworth County. Those new Tier 1 total premium numbers are then averaged. 88% of the average is the employer maximum share of the surcharged premium. The employer maximum stays the same for each carrier option offered. The remainder of the surcharged total premium for each carrier is paid by the employee. This means the employee will share in any potential surcharge applied to the group for the first two years.

Human Resources was prepared to send all of our information to the State Plan for underwriting, but the State Plan asked us to wait until they can review the County's commitment to retirees. The State is currently reviewing sections of the Walworth County Code of Ordinances relating to retiree health insurance (Sec. 15-338, Sec. 15-339, Sec. 15-532, Sec. 15-557, and Sec 15-1060) as well as the terms of the Deputy Sheriffs Association Collective Bargaining Agreement section 13.02 and 13.03 to verify the State Plan will allow what Walworth County was able to do with their self-funded plan design. If the State Plan agrees to accommodate what is stated in the above referenced documents Human Resources will send over the underwriting information. For the sake of research we are using an effective date of July 1, 2020 to see if there would be a surcharge that needs to be added to the base rates. Should the State Plan not be able to accommodate what is stated in those documents we will be back at the March HR Committee meeting to discuss.

### **Fully-insured Group Plan RFP Update**

In addition to Human Resources researching the State Plan, M3 Insurance, the County's insurance brokers, is researching commercial fully insured group plans on our behalf.

Fully insured group proposals have been requested from all viable insurance carriers that quote business for the State of Wisconsin. The national network insurance carriers approached who can provide similar providers to our current plan design are: United Healthcare, Anthem BCBS WI, and Humana. Additionally, local HMO and regional network carriers have been approach: Dean Health Plan (only see Dean providers), Mercy Health (only see Mercy providers), Quartz (can see Aurora, Mercy and ProHealth providers) and WEA Trust (can see Aurora, Mercy, ProHealth, Fort Healthcare, and UW Hospital and Clinic providers). All necessary data needed to assess the risk was included with the request and the deadline given to all insurance carriers to respond is February 19, 2020. Upon receipt, the proposals will be scrubbed to ensure what was requested was truly received. The data will then be entered into a side-by-side comparison for analysis. Human Resources is expecting to receive that comparison by the end of February.

A few carriers that have been approached but are not able to provide a proposal include: GHC, Network Health Plan and Prevea360. This is due to their lack of network presence in the Elkhorn, WI and surrounding areas. Formal declinations have already been received from these insurance carriers.

United Healthcare is also unable to provide a fully insured proposal as they currently work with the Wisconsin County Association (WCA) to offer a self-funded program collectively to a consortium of other Wisconsin Counties. Due to this program already in place with the WCA, United Healthcare is unable to compete with the trust plan by offering non WCA WI counties a fully insured proposal.

With the above said, the WCA Trust has been approached for a proposal. As mentioned above, the back end administration of the WCA Trust offering with United Healthcare is on a self-funded platform. However, the end user look and feel mirrors that of a fully insured arrangement. Walworth County can expect to pay a set premium each month for access to coverage. The County will not be responsible for claims reserves, contributing extra premiums for high cost claimants nor any run-out costs should the decision be to end the agreement with the WCA Trust.

Human Resources in partnership with M3 Insurance have already begun to field questions from each of the carriers and their ability to provide an accurate proposal. The approached insurance carriers have been asked to match the current plan design offered by Walworth County today, so that we have a true apples to apples comparison. The effective date of July 1, 2020 has been requested to align with the state releasing a July 1, 2020 proposal as well. As we narrow down the field, we will re-approach the proposing carriers for additional numbers to complete a full comparison of the fully insured state plan. At that time, a January 1, 2021 effective date will be requested.

Depending on the response time from both the State of WI and several insurance carrier partners, the expectation is to present additional information during the April HR Committee meeting.

**Questions still to be answered:**

1. What amount of network disruption will participants see under any of these plan options? Network disruption is when the provider you are currently seeing is no longer considered a provider within the network. When this happens the services under that provider may be covered at a lower rate or have no coverage and the participant would owe the full bill. Network disruption reports have been requested from each carrier and will be presented when plan design and rates are available.
2. Retiree coverage. Will the State Plan or any of the commercial fully insured options allow coverage for retirees who have provisions under sections of Chapter 15 and the Deputy Sheriffs Association Collective Bargaining Agreement?

Updated 2.18.2020  
with information  
from ETF.



We have heard back from ETF with the response from the Office of Strategic Health Policy regarding our retiree's that are holding sick leave credits with Walworth County for future use. Their response is below:

*The way the Wisconsin Public Employer Group Health Insurance Program is currently structured any retirees who are not insured by Walworth County's plan when they would enroll in the Wisconsin Public Employer Group Health Insurance Program, will not be able to join at a later date.*

Human Resources staff will be present at your meeting on February 19, 2020 to answer any questions you may have. Please feel free to contact me prior to the meeting with any questions. I can be reached at 262.741.7947.