

Employee and Retiree Benefits

LOB #315:

HEALTH INSURANCE AND WELLNESS

Purpose

This Line of Business is part of the County's comprehensive array of employee benefit offerings.

Description

Fairfax County Government offers its employees and retirees several health insurance alternatives, with the intent of offering options that are both comprehensive and cost effective. A self-insured open access plan (OAP) features a national network of providers with four levels of coverage. One level of coverage has a co-pay structure for office visits and other services, two levels of coverage include co-insurance and modest deductibles, and one level offers a consumer-directed health plan with a health savings account that is partially funded by the County. In addition, a fully-insured health maintenance organization (HMO) is available, featuring care centers located in communities throughout the area with a co-pay structure for office visits and other services. All of the County's health insurance plans include self-insured vision benefits and offer eligible preventive care services on a zero-cost basis. For active employees, the County contributes 85 percent of the premium for all health plans for individual coverage and 75 percent of the premium for two-party or family coverage. Retirees receive a retiree health benefit subsidy as described in the Retiree Health LOB.

The LiveWell Workforce Wellness Program provides opportunities for employees to improve their overall health and well-being, while also serving to curb rising healthcare costs. The program includes subsidized membership fees at County RECenters, weight loss support, influenza vaccinations, and other wellness programming. The program also includes the Employee Fitness and Wellness Center (EFWC), which is located at the Government Center and provides employees and retirees with convenient access to cardiovascular and strength training equipment, as well as a variety of fitness classes, at a reasonable monthly rate. A Wellness Incentive Points Program gives employees the opportunity to earn up to \$200 in wellness rewards annually for engaging in certain wellness activities such as online health assessments, preventive exams, lifestyle management programs, and LiveWell events. Wellness rewards dollars are deposited into a flexible spending account or Health Savings Account at the beginning of the next plan year.

Additional programs include Flexible Spending Accounts and the Employee Assistance Program (EAP). Health and Dependent Care Flexible Spending Accounts are funded through voluntary employee contributions, with County expenditures limited to the cost of administering the program through a contract with an outside vendor. The EAP is available to employees through a contract with an outside vendor, providing assessment, intervention, diagnosis, referral, and follow-up for workplace issues as they arise.

Benefits

Health insurance and wellness programs are part of the total compensation package that helps the County attract and retain employees. These programs provide employees and their families with affordable access to healthcare and encourage them to improve their overall health and well-being, which can have a positive impact on absenteeism.

Mandates

The Patient Protection and Affordable Care Act (PPACA) requires that all permanent employees working 30 hours a week or more are offered minimum essential health insurance coverage.

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Trends and Challenges

Medical costs have historically increased at a rate that outpaces inflation, and the County will continue to employ strategies to mitigate cost growth. Recent initiatives have included the introduction of a Consumer-Directed Health Plan with a Health Savings Account and wellness programs offered through LiveWell that encourage employees to become and stay healthy. For more detailed information, please see the Benefits Administration LOB in the Department of Human Resources.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #315: Health Insurance and Wellness			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$171,538	\$193,956	\$122,500
Benefits	45,852	64,128	20,648
Operating Expenses	153,543,823	163,249,339	185,875,318
Capital Equipment	0	273,548	10,000
Total Expenditures	\$153,761,213	\$163,780,971	\$186,028,466
<u>Revenue:</u>			
General Fund Employer Contributions	\$88,405,872	\$93,878,684	\$103,604,826
Other Employer Contributions	10,328,542	10,838,428	9,602,865
Employee Share of Premiums	29,930,039	31,647,733	34,369,810
Retiree Premiums	28,095,062	30,225,691	32,817,133
Interest Income	49,971	58,834	64,282
Administrative Service Charge / COBRA Premiums	569,426	439,396	496,936
Employee Fitness Center Revenue	58,822	58,310	54,084
Total Revenue	\$157,437,734	\$167,147,076	\$181,009,936
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	0 / 0	0 / 0	0 / 0
Total Positions	0 / 0	0 / 0	0 / 0

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Healthcare plan costs per employee	\$11,676	\$12,963	\$13,768	\$14,452	\$15,600
MotivateMe participation	NA	772	907	1,050	1,200

The cumulative impact of annual healthcare costs is reflected in the increase in total plan costs per employee per year (PEPY). Plan costs of \$9,731 PEPY in calendar year 2010 rose to \$13,416 by July 2015, representing a 37.9 percent increase for the period. Costs are increasing due to a myriad of reasons including the high rate of normal medical inflation, the reduced rate of prescription drugs coming off patent, the continued use of new Hepatitis C drugs, and the introduction of highly effective but very expensive cholesterol drugs recently approved by the FDA. Costs are partially held in check by plan design changes that affect utilization. These cost increases are not sustainable in the long term, and therefore efforts to contain healthcare costs include plan design changes that impact utilization, the addition of a Consumer-Directed Health Plan and efforts to grow participation in LiveWell.

The LiveWell program is aimed at helping County employees become and stay healthy. Two primary aspects of the LiveWell program are MotivateMe and online Health Assessments. Participation in both MotivateMe and online Health Assessments has increased steadily by 17.5 percent and 21.0 percent, respectively, from calendar year 2014 through July 2015. These numbers are at the higher end of the expected range of engagement. Efforts will continue to promote the program through creative marketing in order to raise awareness and drive up participation.