



# County of Fairfax, Virginia

## MEMORANDUM

**DATE:** June 1, 2017  
**TO:** Board of Supervisors  
**FROM:** Joseph M. Mondoro, Chief Financial Officer  
**SUBJECT:** Responses to BOS Budget Questions – Package 11

Attached for your review is Package 11 of responses to Board questions on the FY 2018 budget. If you have any questions or need additional information, please do not hesitate to contact me. The following responses are included in this package:

Question Number	Question	Supervisor	Pages
	<i>Budget Questions 1-5 answered in package 1 dated November 18, 2016</i>		1-7
	<i>Budget Questions 6-7 answered in package 2 dated January 18, 2017</i>		8-9
	<i>Budget Questions 8-10 answered in package 3 dated February 28, 2017</i>		10-14
	<i>Budget Questions 11-19 answered in package 4 dated March 20, 2017</i>		15-27
	<i>Budget Questions 20-22 answered in package 5 dated March 27, 2017</i>		28-63
	<i>Budget Questions 23-27 answered in package 6 dated April 5, 2017</i>		64-73
	<i>Budget Questions 28-36 answered in package 7 dated April 13, 2017</i>		74-94
	<i>Budget Questions 37-41 answered in package 8 dated April 18, 2017</i>		95-106
	<i>Budget Questions 42-43 answered in package 9 dated April 21, 2017</i>		107-109
	<i>Budget Questions 44-45 answered in package 10 dated April 24, 2017</i>		110-132
46	Please provide additional information on projected FY 2019 and future year contribution levels across multiple funding sources that will be required to fund the County's Metro requirements.	Foust	133-134
47	Please provide a detailed comparison between the County and FCPS in terms of health care costs including differences between the programs, utilization rates etc.	Foust	135-138
48	What is the total amount of hours and cost charged for "organizational time" by county and FCPS employees since the new charging policies were put in place and the time period for those charges?	Herrity	139-140

### Attachment

cc: Edward L. Long Jr., County Executive  
Patricia Harrison, Deputy County Executive  
David J. Molchany, Deputy County Executive  
David M. Rohrer, Deputy County Executive  
Robert A. Stalzer, Deputy County Executive

## Response to Questions on the FY 2018 Budget

**Request By:** Supervisor Foust

**Question:** Please provide additional information on projected FY 2019 and future year contribution levels across multiple funding sources that will be required to fund the County’s Metro requirements.

**Response:** The following chart provides an estimate of the County’s share of Metro’s operating costs for FY 2018 to FY 2021. This assumes increases of ten percent for FY 2019 and FY 2020, and eight percent for FY 2021. These estimates are based on Metro input and historical data and no new regional revenue source dedicated to Metro. The County’s additional costs have been offset by exhausting accumulated balances of state aid, using 100 percent of gas tax received, and no increase in the general fund. Under these assumptions, projected operating deficits are assumed in FY 2019 through FY 2021. As state aid balances continue to be drawn down, the County will need to consider other funding sources, such as the general fund or a new dedicated funding source, to meet future operating requirements.

	<b>WMATA Adopted 2018 (1)</b>	<b>Estimate 2019 (3)</b>	<b>Estimate 2020 (3)</b>	<b>Estimate 2021 (3)</b>
<b>County Operating Requirement (4, 5)</b>	<b>\$135.3</b>	<b>\$148.8</b>	<b>\$163.7</b>	<b>\$176.8</b>
State Aid (6)	\$107.1	\$95	\$95	\$95
Gas Tax (2)	17.3	17.3	17.3	17.3
General Fund Transfer (7)	10.9	10.9	10.9	10.9
Interest Income / Other Fund Transfers	-	-	-	-
<b>Total</b>	<b>\$135.3</b>	<b>\$123.2</b>	<b>\$123.2</b>	<b>\$123.2</b>
<i>Operating Surplus / (Deficit)</i>	<i>-</i>	<i>(25.6)</i>	<i>(40.5)</i>	<i>(53.6)</i>

The following chart provides an estimate of the County’s share of Metro’s capital costs for FY 2018 through FY 2021.

	<b>WMATA Adopted <u>2018 (1)</u></b>	<b>Estimate <u>2019 (3)</u></b>	<b>Estimate <u>2020 (3)</u></b>	<b>Estimate <u>2021 (3)</u></b>
<b>County Capital Requirement (4,5)</b>	<b>\$117.8</b>	<b>\$99.0</b>	<b>\$109.0</b>	<b>\$96.0</b>
County Share Financed by Metro	(77.8)			
Debt Service owed to WMATA	-	4.8	4.8	4.8
<b>County Capital Contribution</b>	<b>\$40.0</b>	<b>\$103.8</b>	<b>\$113.8</b>	<b>\$100.8</b>
General Obligation Bonds	\$30.0	\$30.0	\$30.0	\$30.0
State Aid Applied to Capital	10.0	5.2	5.2	5.2
State Aid Applied to Debt Service (6)	-	4.8	4.8	4.8
<b>Total</b>	<b>\$40.0</b>	<b>\$40.0</b>	<b>\$40.0</b>	<b>\$40.0</b>
<b>Capital Surplus / (Deficit)</b>	<b>-</b>	<b>(\$63.8)</b>	<b>(\$73.8)</b>	<b>(\$60.8)</b>

- (1) The final WMATA Adopted funding will be reflected at Carryover.
- (2) Gas Tax revenues fluctuate significantly. Estimates for FY 2019-2021 are based on FY 2016 actual receipts.
- (3) County staff estimates based on WMATA input and historical data.
- (4) Assumes no new revenue source.
- (5) Assumes States and Federal government continue to provide PRIIA and match after 2019.
- (6) Assumes the Commonwealth's projected deficit in transit revenues is addressed (no fiscal cliff).
- (7) Net of Transfer to County Transit Fund 40000.

For FY 2018, the County has a \$117.8 million capital requirement to Metro to be offset by \$30 million in General Obligation Transportation Bonds and \$10 million in state aid. For the \$77.8 million net remaining, the County is requesting that Metro sell this portion on the County's behalf as part of their larger bond sale programmed for FY 2018. The County's share of that debt, approximately \$4.8 million, would be due annually beginning in FY 2019. As illustrated, Capital deficits are noted in FY 2019 through FY 2021 that would require further funding from Metro bond sales with the County required to pay its share of ongoing debt service payments or some other mechanism to fund.

The use of state aid to offset capital costs in addition to the County's operating requirements exhausts the County's existing balances. Reliance upon state aid funding is not a sustainable long term solution. Additional local, state, and regional funding sources may need to be considered in the near future to meet operating and capital requirements to Metro. On April 20, 2017, the Metro General Manager reiterated his support for a dedicated regional funding source to address these requirements. On April 27, 2017, the Chief Administrative Officers of the region through the Metropolitan Washington Council of Governments issued its Technical Panel Final Report on Metro. This report and the related attachments were provided via email to the Board of Supervisors. As more information is provided from Metro, County staff will continue to brief the Board of Supervisors at future Transportation and Budget Committee meetings as it relates to FY 2019 and beyond.

## Response to Questions on the FY 2018 Budget

**Request By:** Supervisor Foust

**Question:** Please provide a detailed comparison between the County and FCPS in terms of health care costs including differences between the programs, utilization rates, etc.

**Response:** **Plan Design**

The table below provides details regarding the in-network benefits of each plan offered by Fairfax County and the Fairfax County Public Schools.

<b>Fairfax County</b>					
	<i>Self-Insured</i>				<i>Fully-Insured</i>
	<b>Cigna Co-Pay</b>	<b>Cigna 90% Coinsurance</b>	<b>Cigna 80% Coinsurance</b>	<b>Cigna MyChoice CDHP with HSA</b>	<b>Kaiser HMO</b>
<b>Primary Care</b>	\$25	10%	20%	10%	\$10
<b>Specialist</b>	\$50	10%	20%	10%	\$10
<b>HSA Fund</b>	-	-	-	\$585 Ind. \$1,170 Fam.	-
<b>Annual Deductible<sup>1</sup></b>	\$0	\$100 Ind. \$200 Fam.	\$250 Ind. \$500 Fam.	\$1,300 Ind. \$2,600 Fam.	\$0
<b>Annual Out-of-Pocket Limit</b>	\$2,000 Ind. \$4,000 Fam.	\$1,500 Ind. \$3,000 Fam.	\$2,000 Ind. \$4,000 Fam.	\$4,000 Ind. \$8,000 Fam.	\$3,500 Ind. \$9,400 Fam.
<b>Emergency Room</b>	\$150	\$150	\$150	10%	\$150
<b>Urgent Care</b>	\$50	\$50	\$50	10%	\$10
<b>Prescription Drug (30-day supply)</b>	\$7 Generic 20% Pref. 30% Non-Pref.	\$7 Generic 20% Pref. 30% Non-Pref.	\$7 Generic 20% Pref. 30% Non-Pref.	\$4 Generic 20% Pref. 35% Non-Pref.	\$10 Generic \$20 Pref. \$35 Non-Pref.
<b>Prescription Drug Deductible</b>	\$50 Ind. \$100 Fam.	\$50 Ind. \$100 Fam.	\$50 Ind. \$100 Fam.	Included in Medical	\$0
<b>Prescription Drug Out-of-Pocket Limit</b>	\$1,500 Ind. \$3,000 Fam.	\$1,500 Ind. \$3,000 Fam.	\$1,500 Ind. \$3,000 Fam.	Included in Medical	Included in Medical

<b>Fairfax County Public Schools</b>			
	<i>Self-Insured</i>		<i>Fully-Insured</i>
	<b>Aetna/Innovation Health</b>	<b>CareFirst BlueChoice</b>	<b>Kaiser HMO</b>
<b>Primary Care</b>	\$20	\$20	\$20
<b>Specialist</b>	\$20	\$40	\$40
<b>HSA Fund</b>	-	-	-
<b>Annual Deductible<sup>1</sup></b>	\$250 Ind. \$500 Fam.	\$250 Ind. \$500 Fam.	\$0
<b>Annual Out-of-Pocket Limit</b>	\$1,000 Ind. \$2,000 Fam.	\$2,000 Ind. \$4,000 Fam.	\$3,500 Ind. \$9,400 Fam.
<b>Emergency Room</b>	10% after \$150 copay	10% after \$150 copay	\$150
<b>Urgent Care</b>	10%	\$40	\$20
<b>Prescription Drug (30-day supply)</b>	\$7 Generic 20% Brand (max \$50)	\$7 Generic 20% Brand (max \$50)	\$15 Generic \$25 Pref. \$40 Non-Pref.
<b>Prescription Drug Deductible</b>	\$0	\$0	\$0
<b>Prescription Drug Out-of-Pocket Limit</b>	\$1,500 Ind. \$3,000 Fam.	\$1,500 Ind. \$3,000 Fam.	Included in Medical

<sup>1</sup> Deductible applied to all medical services; must be satisfied before copays/coinsurance applies.

**Premiums**

The premium increases in each of these plans over the past three years is provided below.

	<b>Plan</b>	<b>January 2015</b>	<b>January 2016</b>	<b>January 2017<sup>1</sup></b>	<b>3-year Average</b>
<b>Fairfax County</b>	Cigna Co-Pay Plan <sup>2</sup>	8.0%	7.0%	7.4%	7.5%
	Cigna 90% Coinsurance Plan	5.5%	4.0%	7.2%	5.6%
	Cigna 80% Coinsurance Plan	5.5%	7.0%	0.0%	4.2%
	Cigna MyChoice CDHP with HSA <sup>3</sup>	N/A	N/A	0.0%	0.0%
	Kaiser HMO	5.6%	0.0%	0.4%	2.0%
<b>Fairfax County Public Schools</b>	Aetna/Innovation Health Plan	0.0%	6.1%	3.9%	3.3%
	CareFirst BlueChoice Advantage Plan	0.0%	10.1%	3.3%	4.5%
	Kaiser HMO	0.0%	3.0%	-2.7%	0.1%

<sup>1</sup> January 2017 premium increases for Fairfax County plans represent the increase in the employee share of premium for family coverage.

<sup>2</sup> The Cigna Co-Pay Plan was closed to new enrollees effective January 2017.

<sup>3</sup> The Cigna MyChoice CDHP with HSA was introduced in January 2016.

Both the County and FCPS provide an employer cost share to full-time, active employees. The County cost share of the premium up to the total premium cost of the Cigna 80% Coinsurance Plan is equal to 85 percent for individual coverage and 75 percent for family coverage. The employee pays a greater share of any premium in excess of the total premium cost of the Cigna 80% Coinsurance Plan. For employees in authorized/budgeted positions (or those considered full-time employees by the Affordable Care Act), FCPS provides an employer cost share that is equal to 85 percent of the premium for individual coverage and 75 percent for family coverage. FCPS also provides a spousal discount for families in which both spouses are employed by FCPS, with an employer cost share of 80 percent of the premium.

The table below shows the annual employee and employer share of premium for family coverage under each of the County and FCPS health plans. Direct comparison between plans is difficult, as the plans differ on a variety of factors including deductibles, co-pays, co-insurance, prior authorization requirements, and coverage for certain treatments and services. In addition, the premiums for each plan are impacted by the demographics (average age/gender ratios and employee/dependent ratios) and experience of the population subscribing to that plan (e.g. a plan with lower premiums but higher out-of-pocket costs may be more attractive to employees with lower healthcare system utilization). However, the premiums for the self-insured plans generally fall within the same range between the County and FCPS. The County’s Cigna Co-Pay Plan is the outlier among the self-insured plans, due to plan design features as well as the utilization trends of the plan’s participants. It should be noted that the Co-Pay Plan has been closed to new enrollment effective January 2017. The County and FCPS fully-insured Kaiser HMO plans have similar premium levels, though the County premium is slightly higher due in part to the lower co-pay structure of the County plan.

	Plan	CY 2017 Annual Share of Premium (Family)	
		Employee	Employer
Fairfax County	Cigna Co-Pay Plan	\$7,412	\$21,988
	Cigna 90% Coinsurance Plan	\$6,026	\$17,939
	Cigna 80% Coinsurance Plan	\$4,237	\$12,712
	Cigna MyChoice CDHP with HSA <sup>1</sup>	\$4,027	\$12,081
	Kaiser HMO	\$5,022	\$15,004
Fairfax County Public Schools	Aetna/Innovation Health Plan	\$5,324	\$15,971
	CareFirst BlueChoice Advantage Plan	\$4,234	\$12,702
	Kaiser HMO	\$4,503	\$13,510

<sup>1</sup> Premium amounts shown do not include Health Savings Account (HSA) contributions.

### Utilization

The following tables provide statistics relative to the utilization of the health plans of each entity.

	Fairfax County (7/1/2015-6/30/2016)	Fairfax County Public Schools (Plan Year 2016)
<b>Employees</b>		
Total Insured	10,505	21,727
Total Waived Insurance	2,677	6,779
<b>Retirees</b>		
Total Insured	3,891	7,424
Total Waived Insurance <sup>1</sup>	6,981	10,003
<b>Average Employee Age</b>	46.8	44.5
<b>Estimated Actuarial Value<sup>2</sup></b>	81-93%	86-90%
<b>Self-Insured Plans<sup>3</sup></b>		
Medical Spend PMPY	\$5,606	\$4,690
Medical Increase over Prior Year	6.5%	1.2%
Main Driver of Medical Trend	13.3% increase in catastrophic claims	4.3% increase in high-cost claimants
Pharmacy Spend PMPY	\$1,523	\$1,477
Pharmacy Increase over Prior Year	7.3%	7.5%
Main Driver of Pharmacy Trend	18.2% increase in specialty drugs	Inflation trend (7.5% non-specialty and 16.7% specialty)

<sup>1</sup> Estimated based on current data available.

<sup>2</sup> Estimated actuarial value represents the percent of allowed expenses paid by the plan through employee and employer premiums. The remainder is paid by the participant in the form of deductibles, copays and coinsurance.

<sup>3</sup> Includes active employees and non-Medicare retirees. Data reflects plan costs, participant expenses excluded.

<b>Top 10 Medical Conditions</b> <i>(as a percent of total spend)<sup>1</sup></i>	
<b>Fairfax County</b> <b>(7/1/2015-6/30/2016)</b>	<b>Fairfax County Public Schools</b> <b>(Plan Year 2016)</b>
Musculoskeletal conditions	Musculoskeletal conditions
Cancer	Digestive/gastrointestinal disorders
General medical diagnosis	Cancer
Circulatory	Cardiac
Gastrointestinal	Non-specific illness
Neurological	Neurology
Pregnancy	Mental health
Ear, nose, throat	Obstetrics/gynecology
Internal/external injury	Rheumatology
Endocrinal/nutritional/metabolic	Infectious disease

<sup>1</sup> Estimated based on current data available.

<b>Top 10 Drugs</b> <i>(based on plan cost)</i>	
<b>Fairfax County</b> <b>(7/1/2015-6/30/2016)</b>	<b>Fairfax County Public Schools</b> <b>(Plan Year 2016)</b>
Humira	Compound medications
Tecfidera	Humira
Enbrel	Enbrel
Gilenya	Tecfidera
Firazyr	Gilenya
Harvoni	Copaxone
Crestor	Aripiprazole
Aripiprazole	Gonal-F
Glumetza	Metformin HCL
Avair Diskus	Xyrem

## Response to Questions on the FY 2018 Budget

**Request By:** Supervisor Herrity

**Question:** What is the total amount of hours and cost charged for "organizational time" by county and FCPS employees since the new charging policies were put in place and the time period for those charges?

**Response:** The County has recognized and developed collaborative working relationships with a number of employee groups. Each of the officially-recognized Fairfax County organizations shown in the table below is allotted 480 hours per year of administrative leave to allow officers of the employee group to participate in training, conferences, meetings, events, and public hearings. Time spent by employee groups or representatives assisting a member with a grievance, when designated as the employee's representative, is in addition to and not included in the administrative leave allotment. In late 2015, requirements for the reporting of organizational activity administrative leave were updated to enhance the County's ability to track its use. Leave use is now required to be coded to internal orders that are specific to each officially-recognized organization. The table below shows the number of hours coded to the internal order for each organization and the corresponding salary cost. Data is shown for calendar year (CY) 2016, the first full year under the new requirements, and for year-to-date (YTD) calendar year 2017 through mid-April.

Organization	CY 2016		CY 2017 YTD (3.5 Months)	
	Hours	Cost	Hours	Cost
Fairfax Coalition of Police (I.U.P.A.)	68.5	\$2,624.85	43.5	\$1,645.74
Fairfax County Police Association	16.0	\$597.38	-	
Fairfax County Professional Fire and Rescue Officers Association	-		-	
Fairfax County Professional Fire Fighters and Paramedics (IAFF)	-		-	
Progressive Firefighters of Fairfax County	-		-	
Sheriffs' Association	126.0	\$6,628.71	-	
Fairfax County Black Law Enforcement Officers Association	-		2.5	\$166.12
Law Enforcement Benevolent Fund	-		-	
AFSCME-Council 30	61.5	\$2,217.59	10.0	\$360.31
Fairfax County Government Employees Union (SEIU)	167.8	\$6,795.81	48.0	\$1,922.33
Fraternal Order of Police (FOP)	112.0	\$4,360.05	30.0	\$1,311.02
Southern States Police Benevolent Association (PBA)	26.2	\$898.66	-	
Fairfax Deputy Sheriffs Union	-		-	
<b>Total</b>	<b>567.5</b>	<b>\$23,726.94</b>	<b>134.0</b>	<b>\$5,405.52</b>



In addition, the Employee Advisory Council (EAC) is the County-recognized employee group established by statute to represent all County employees. The EAC receives annual funding and is permitted to use administrative leave for attendance of monthly meetings, special meetings or activities, conferences, and training, as well as to serve as the designated representative for employees who have filed grievances.

Information regarding the use of organizational time by FCPS employees will be provided in a separate response from FCPS.