



## Personnel Department

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### Interoffice memorandum

**Date: June 26, 2015**

**To: Deschutes County Board of County Commissioners**

**From: Kathleen Hinman, Benefits Coordinator** KH

**Re: Changes to Deschutes County Employee Benefit Plan for 2015/16 Plan Year**

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Personnel staff presented the recommendations listed in Exhibit A and below to EBAC on Tuesday, June 23, 2015 and EBAC supported the changes to the Deschutes County Health Plan. The majority of these changes are in response to State and Federal requirements. These changes are scheduled to take effect when the plan renews on August 1, 2015. I have provided a more detailed explanation below on a few of the changes.

1. Change in PPO. Move from current Participating Provider Organization (PPO) network, First Choice Health, to Aetna. This change is only for accessing the PPO network of Aetna. EBMS will remain the claims administrator. Aetna representative presented to EBAC along with the Benefits Manager from Deschutes Brewery. Deschutes Brewery offered details on their recent switch from First Choice Health to Aetna in January. Deschutes Brewery recommends the change and has seen a reduction in their costs, improved access for their employees and minimal disruption during the transition.

EBAC's recommendation includes a request for a transition of care guarantee for the plan members. Staff is recommending a 6 month transition of care guarantee period where member's claims would be paid as in network if they have been seeing a provider that was in network but with the change to Aetna became out of network.

Staff reviewed the Aetna proposal and recommends the change to Aetna based on:

- Improved access for employees, dependents, and retirees.
- In the 2014/15 plan year the plan would have seen a net cost savings of \$1.16 million.
- A member by member report was reviewed and only one member would be impacted, Aetna will reach out to that provider to review eligibility to become part of the network.
- A change in stop loss carrier is required with this move to Aetna; the rate for the new carrier is less than the proposed rate from the current carrier.

New ID cards will be mailed to all plan members due to the change in PPO.

2. Pharmacy benefit will now have an out-of-pocket maximum. Staff recommended, and EBAC supported, adding an out-of-pocket maximum to the Pharmacy benefit as a means to comply with the requirement under the Affordable Care Act.

An Affordable Care Act requirement for plan renewing in the 2015 plan year, plans must now begin accruing benefits administered by another service provider, such as a pharmacy benefit manager to the out-of-pocket maximum. Therefore all copayments and coinsurance for prescription drugs must accrue to the out-of-pocket maximum for the health plan. This would result in increased cost to the plan. Staff recommended, and EBAC supported, creating a separate out-of-pocket maximum for the plan's pharmacy benefit. This solution will help to minimize the financial impact to the plan while also maintaining a similar level of benefits for the majority of the plan members. Those members impacted by the change, those who reach the out-of-pocket maximum, will have an increased benefit as the plan will pay 100% of pharmacy claims after they have reached the out-of-pocket maximum. The out-of-pocket maximum recommended is \$1200 (individual)/\$3600 (family).

3. Retiree and COBRA health plan rate alignment. The main goals for the health plan rates for 2015/16 plan year were to apply a dental rate option for retirees, bring the retiree and COBRA rates into alignment, and to comply with State and Federal requirements. Staff recommended, and EBAC supported, the health plan rates for retirees and COBRA members for plan year 2015/16.

Exhibit A

**Changes to Deschutes County Employee Benefit Plan for 2015/16 Plan Year**  
**Changes effective 8/1/2015**

<b>Plan Section</b>	<b>Current</b>	<b>New as of 8/1/2015</b>	<b>Reason for Change</b>
Plan Exclusions	Court Ordered treatment expenses excluded.	Remove exclusion #6 Court Ordered treatment expenses.	Mental Health Parity and Addiction Act
Alternative Care Exclusions	Residential treatment facility excluded under Alternative Care.	Remove the Residential Treatment facility exclusion.	Mental Health Parity and Addiction Act
Plan Exclusions	Speech Therapy must follow a sickness other than a learning or mental disorder.	Remove the exclusion “other than a learning or mental disorder.”	Mental Health Parity and Addiction Act
Schedule of Benefits	Naturopath only covered under Alternative Care Benefit.	Medical Provider definition will include Naturopaths. Naturopath coverage will fall under the same criteria for payment as a physician for same scope of work as a physician.	Oregon State Benchmark Plan for 2015
Schedule of Benefits	Transplant donor maximum is \$30,000 donor maximum per transplant procedure.	Remove the transplant donor maximum.	Oregon State Benchmark Plan for 2015
Covered Charges (Amendment #14)	Breast pumps purchased at a retail store is covered as an out of network provider.	Breast pumps purchased at a retail store will be payable at the in-network/participating provider level.	Oregon State Benchmark Plan for 2015
Routine Well Baby Care	Circumcision is covered when performed at a hospital.	Circumcision is covered when performed within 2 weeks of birth or if medically necessary.	Local hospital no longer performs the procedure. It is provided through the pediatrician’s office.
Eligibility (Amendment #14)	No language for on-call or variable hour employees.	On-call and variable hour positions will be eligible for coverage if they work an average of 30 hours per week over a 12 month period.	Affordable Care Act
Schedule of Benefits	Pharmacy co-payments and coinsurance does not have an out-of-pocket maximum.	Pharmacy co-payments and coinsurance will accumulate towards an out-of-pocket maximum of \$1200 (individual)/ \$3600 (family). The plan will pay 100% after the out-of-pocket maximum is met.	Affordable Care Act
Schedule of Benefits – Participating Providers	The Plan Utilizes First Choice Health as the Participating Provider Organization (PPO)	The Plan will Utilize Aetna as the Participating Provider Organization (PPO)	Improved PPO access for plan members and cost reduction for plan.