



2008 Budget				
Employee Benefits and Other Voluntary Programs	2008 Original Budget	2008 Revised Budget	2008 General Fund Revised Budget	% of Revised Budget that is General Fund
Medical	\$38,855,308	\$36,459,220	\$18,239,979	50%
Dental	\$3,109,305	\$2,933,217	\$1,487,008	51%
Life Insurance	\$295,053	\$279,839	\$143,961	51%
Employee Assistance Pgm	\$122,076	\$114,970	\$58,463	51%
	\$42,381,742	\$39,787,246	\$19,929,411	50%

- All 2008 Budget figures shown in this report are reflective of the budget figures after the cuts made in July 2008.
- About half of all health care related expenses are attributable to the general fund; therefore we will show anticipated savings across all funds, and the general fund only.

2008 Projections					
Employee Benefits and Other Voluntary Programs	2008 Revised Budget	2008 Projections (based on Performance 9/5/08)	Over (+) Under (-) 2008 Revised Budget	General Fund Over/Under Based on 2008 Original Budget	General Fund Over/Under Revised 2008 Budget (based on Performance 9/5/08)
Medical	\$36,459,220	\$35,374,804	-\$1,084,416 (-3%)	-\$824,678 (-4%)	+\$362,997 (+2%)
Dental	\$2,933,217	\$2,950,408	-\$17,191 (-0.6%)	-79,802 (-5%)	+\$18,936 (+1.2%)
Life Insurance	\$279,839	\$325,245	\$45,406 (+16%)	+17,209 (+11%)	+\$20,774 (+14%)
Employee Assistance Pgm	\$114,970	\$101,197	-\$13,773 (-12%)	-\$12,235 (-20%)	-\$8,439 (-14%)
	\$39,787,246	\$38,751,654	-1,035,592 (-3%)	\$875,036 (-2%)	\$411,146 (+2%)

- Projections are based on average 2008 enrollment levels through August 2008.
- **Medical:** The 2008 Original Budget was developed using the Anthem rates from 2007. With the plan changes made available through Humana in 2008 and the associated shift in employee enrollment, the 2008 projections based on the original budget for the general fund are running about 4% below budget. However, this expenditure level has already been provided for based on the revised budget.
- **Life Insurance:** The fact that 2008 Projections for Life Insurance are over budget can be attributed, in part, to the application of the vacancy rate reduction. Because life insurance is calculated based on salary, when the salary line item was reduced through the vacancy reduction, the life insurance budget was also reduced.
- **2008 Dependent Eligibility Audit Impact:** Exact details of the impact of the Dependent Care Audit are not yet available. However, with 86% of the results available, Hamilton County has had 144 dependents deleted from coverage, resulting in 30 employees dropping their coverage level (e.g., from double to single or family to double). This equates to approximately \$40K in savings beginning in September 2008, and continuing for the remainder of 2008 and \$130K in savings for 2009. We expect more savings to be identified when the results are finalized.
- **Healthy Start Impact:** Some Hamilton County employees meet income eligible requirements for the Healthy Start Program, a federally funded program which provides medical coverage for children and expectant mothers. Employees who enroll their dependent children in coverage under this plan may drop from Family to Single or Double Coverage, or from Double to Single coverage resulting in decreased covered members on the Hamilton County medical plan. The exact number of employees making enrollment changes is not yet known, therefore the financial outcome of the initiative is not yet known.



2009 Estimates with No Changes to Existing Plan:

Includes 7% Cap Increase on Medical, and 3% on Superior Dental

Employee Benefits and Other Voluntary Programs	2008 Revised Budget	2009 Estimate	2009 Budget Impact	2009 General Fund Impact
	Medical	\$36,459,220	\$36,744,278	\$285,058 (+ <1%)
Dental	\$2,933,217	\$2,938,457	\$5,240 (+ <1%)	\$6,489
Life Insurance	\$279,839	\$325,245	\$45,406 (+16%)	\$23,410
Employee Assistance Pgm	\$114,970	\$114,970	\$0 (0%)	\$0
	\$39,787,246	\$40,122,731	\$335,704 (+1%)	\$219,700 (+.6%)

- **Overall:** If no changes are made to the existing benefit plans the 2009 anticipated expenditures are roughly 1% (\$425K) higher than the 2008 budgeted figures. (Assumes enrollment similar to 2008). However, this amount will be reduced by savings identified through the dependent eligibility audit and the Healthy Start initiatives described on the first page.
- **Medical:** If we were to continue with the existing plan options for 2009, there is a pre-negotiated 7% cap on rates. (This 7% cap is guaranteed unless there is a greater than 10% shift in enrollment.) As described above, actual medical enrollment costs are down for 2008 as compared to the budget. Therefore, even after applying the 2009 7% cap increase the County's cost for 2009 is expected to be within 1% of the 2008 budgeted level.
- **Dental:** There are two Dental plans. The more popular of the two plans, Dental Care Plus, will not see a cost increase in 2009. The other plan option, Superior Dental, will see a 3% increase. The anticipated cost impact to the county for the changes as compared to the 2008 budget is less than 1%.
- **Life Insurance:** The rates are based on employee salaries, and assuming comparable salary budget, there is not expected to be a change in the life insurance rates. The increase noted is reflected because 2008 Projections are running higher than 2008 Budget, as described on the previous page.
- **Employee Assistance Program:** There are no rate changes for 2009.

Employee Impact – Medical				
	2008 % Enrolled	2008 Bi-Weekly EMPLOYEE Premium	2009 Bi-Weekly Employee Premium with 7% Increase	Bi-Weekly Employee Impact
Cvg First 2500	20%			
Single	8%	\$9.71	\$10.39	\$0.68
Double	4%	\$19.42	\$20.78	\$1.36
Family	8%	\$30.10	\$32.20	\$2.11
Cvg First 1000	32%			
Single	11%	\$19.59	\$20.96	\$1.37
Double	7%	\$39.18	\$41.93	\$2.74
Family	14%	\$60.73	\$64.98	\$4.25
Nat! POS 250	7%			
Single	3%	\$49.77	\$53.25	\$3.48
Double	2%	\$99.54	\$106.50	\$6.97
Family	2%	\$154.28	\$165.08	\$10.80
HMO	41%			
Single	18%	\$55.96	\$59.87	\$3.92
Double	10%	\$111.91	\$119.74	\$7.83
Family	13%	\$173.46	\$185.60	\$12.14

Employee Impact - Dental				
	2008 % Enrolled	2008 Bi-Weekly EMPLOYEE Premium	2009 Bi-Weekly Employee Premium with Increase	Bi-weekly Employee Impact
DCP	84%	0% increase for 2009		
Single	28%	\$3.38	\$3.38	\$0.00
Double	23%	\$5.79	\$5.79	\$0.00
Family	33%	\$11.59	\$11.59	\$0.00
Superior	16%	3% increase for 2009		
Single	8%	\$1.80	\$1.85	\$0.05
Double	3%	\$3.86	\$3.97	\$0.12
Family	5%	\$5.66	\$5.83	\$0.17



2009 Options - Cost Analysis and Estimated Savings

In an effort to provide savings for employee benefit expenses in 2009, numerous options were reviewed. Below is a summary of these options and the estimated associated savings. Details of the options outlined below are contained in the subsequent pages, including the impact of such efforts.

Plan	OPTIONS	ESTIMATED General Fund SAVINGS
EAP	A. Eliminate Employee Assistance Program	\$58,245
Life Insurance	A. Eliminate the Guaranteed Life Insurance Program	\$165,825
Dental Insurance	A. Eliminate the Dental Benefit and/or Require 100% Employee Contribution	\$1,479,525
	B. Reduce Employer Contribution to 50% of the total monthly premium.	\$507,597
	C. Implement a 3 month waiting period for New Hires to Obtain Dental Coverage	\$19,960 - \$29,917
Medical Insurance	A. Implement a 3 month waiting period for New Hires to Obtain Medical Coverage	\$244,551 - \$366,552
	B. Implement a spousal surcharge of \$20/pay period	\$716,147
	C. Increase the Employee Contributions to existing plans.	\$1,000,000
	D. Eliminate the HMO Plan Option and replace it with a High Deductible Health Plan (HDHP) Option AND Increase Employee Contributions	\$998,293
	E. Increase the Prescription Drug Co-Pays by \$5 per prescription. (*estimates only)	\$240,500 - \$481,500



Employee Assistance Program			
Option A:	Eliminate the Program.		
Current Strategy:	Employees are currently able to access the employee assistance program. This program is beneficial for employees who may be experiencing some kind of stress on the job or at home.		
Possible Strategy:	Eliminate the program. Employees would have to utilize medical plan for these types of services.		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	Cost of Program	\$114,751	\$58,245
Pros:	<ul style="list-style-type: none"> Most employees will not be impacted by elimination of the program. 		
Cons:	<ul style="list-style-type: none"> Research suggests that eliminating an Employee Assistance Program may increase medical insurance costs, since employees may seek the use of these types of services through practitioners covered by the medical insurance plan. We are seeing increased utilization of this program due to the difficult economic times and the increased stress that causes families. The EAP is an excellent tool for supervisors, providing them the option to refer employees to the program. 		
Recommendation:	Not Recommended		

Guaranteed Life Insurance			
Option A:	Eliminate the Program.		
Current Strategy:	The County provides Life Insurance to all county employees at no cost at the rate of 1x the employee's annual salary, up to the policy maximum.		
Possible Strategy:	Eliminate the program. The County would continue to offer the supplemental life insurance program, currently offered through The Hartford, where employees have the option of purchasing supplemental life insurance coverage for a nominal fee.		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	Cost of Program	\$325,245	\$165,875
Pros:	<ul style="list-style-type: none"> The County could continue to offer the supplemental life insurance, for which the county does not pay anything. Approximately 35% of county employees participate in the supplemental life insurance program in 2008. 		
Cons:	<ul style="list-style-type: none"> Most employers offer some level of life insurance to employees. Eliminating this program would mean employees would no longer "automatically" have the base amount of life insurance of 1x current salary. This coverage provides excellent protection for the family to deal with final expenses in case of an employee death. 		
Recommendation:	Not Recommended		



Dental Insurance			
Option A:	Eliminate the Dental Benefit and/or Require 100% Employee Contribution		
Current Strategy:	The County currently has more than 5,300 employees (or 91% of eligible employees) covered by one of the two Dental Plans. The County pays a portion of the monthly premium for covered employees, varying by plan.		
Possible Strategy:	Eliminating the coverage would mean employees would not have access to dental insurance coverage through the County. Requiring 100% employee contribution would mean the County would not pay any portion of the premium, but would still offer the plan(s).		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	Total Cost of Dental	\$2,925,734	\$1,479,525
Pros:	<ul style="list-style-type: none"> Eliminating this single benefit makes significant gains in financial savings. 		
Cons:	<ul style="list-style-type: none"> 91% of workforce would be impacted by change. There is research that suggests good dental health is tied to good overall health, and by eliminating the dental benefit there could be a negative impact on the overall health, and ultimately medical expenses for County employees. Changing the plan to 100% employee paid would cause the dental vendors to re-rate the plan and would result in higher premiums for employees. 		
Recommendation:	Not Recommended		



Dental Insurance																																																	
Option B:	Pay only 50% of the total monthly premium.																																																
Current Strategy:	The County pays a different portion of the cost for the two different dental plans offered, averaging about 78% of the total monthly premium.																																																
Possible Strategy:	Changing the contribution strategy to match the health insurance options of paying a given percentage for the base plan, <u>and</u> by reducing our contribution from 78% to 50% of the total monthly premium.																																																
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	Savings	\$1,004,175	\$512,129																																														
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Pros:	<ul style="list-style-type: none"> • Reducing this benefit makes significant gains in financial savings to the general fund. • According to the Mercer National Survey of Employer Sponsored Health Plan for 2007, 90 percent of employers offer dental coverage. On average employees with single coverage pay 56% of the cost of the insurance while employees with family coverage pay an average of 59% of the cost of insurance. This means that our movement to 50% would still keep us better than the national average. 																																																
Cons:	<ul style="list-style-type: none"> • 91% of workforce would be impacted by change. • There is research that suggests good dental health is tied to good overall health, and by eliminating the dental benefit there could be a negative impact on the overall health, and ultimately medical expenses for County employees. • The increased contributions may cause some employees to stop participating in the plan. 																																																
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Dental Insurance			
Option C:	Implement a 3 month waiting period for New Hires to Obtain Dental Coverage		
Current Strategy:	Employees are currently eligible for dental coverage beginning the first of the month upon completion of 30 days of service.		
Possible Strategy:	Change the waiting period for employees to be eligible for dental coverage to three months. Hamilton County would forego paying an additional two months of the monthly premium for all new hires. <i>(Note: to determine the savings associated with this strategy, the turnover rate was used as a basis to determine the number of new hires in a given year. Under the BOCC, the rate is approximately 12%, however, a lower 8% estimate was also calculated. It is estimated that the savings will be somewhere between the 8% and 12% figure shown below.)</i>		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	12% Turnover Rate Assumption	\$58,661	\$29,917
	8% Turnover Rate Assumption	\$39,138	\$19,960
Pros:	<ul style="list-style-type: none"> This change does not harm existing employees. 		
Cons:	<ul style="list-style-type: none"> Implementing a waiting period of this length could have a negative impact on the ability to recruit well qualified applicants to work for Hamilton County. 		
Recommendation:	Recommended		

Medical Insurance			
Option A:	Implement a 3 month waiting period for New Hires to Obtain Medical Coverage		
Current Strategy:	Employees are currently eligible for coverage beginning the first of the month upon completion of 30 days of service.		
Possible Strategy:	Change the waiting period for employees to be eligible for medical coverage to three months. Hamilton County would forego paying an additional two months of the monthly premium for all new hires. <i>(Note: to determine the savings associated with this strategy, the turnover rate was used as a basis to determine the number of new hires in a given year. Under the BOCC, the rate is approximately 12%, however, a lower 8% estimate was also calculated. It is estimated that the savings will be somewhere between the 8% and 12% figure shown below.)</i>		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	12% Turnover Rate Assumption	\$733,104	\$366,552
	8% Turnover Rate Assumption	\$489,112	\$244,551
Pros:	<ul style="list-style-type: none"> This change does not harm existing employees. 		
Cons:	<ul style="list-style-type: none"> Implementing a waiting period of this length could have a negative impact on the ability to recruit well qualified applicants to work for Hamilton County. 		
Recommendation:	Recommended		



Medical Insurance			
Option B:	Implement a spousal surcharge of \$20/pay period		
Current Strategy:	Hamilton County employees who elect medical coverage pay the same amount regardless of whether or not the employee's spouse can get coverage elsewhere.		
Possible Strategy:	Hamilton County employee's with medical coverage who have a spouse who is eligible for medical coverage through his/her employer would be required to pay an additional \$20 per pay period fee for the coverage.		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	Additional Revenue Generated by Surcharge	\$396,371	\$198,185
	Reduction in Expenses after Assumed Shift in Coverage Levels	\$1,035,923	\$517,962
	<p>The impact of this change would include both figures above, and we have made some assumptions to help quantify the data:</p> <ol style="list-style-type: none"> 1. 25% of those employees with either double or family coverage would be required to pay the surcharge, because they have a spouse who is eligible for coverage through his/her employer. This would generate revenue. 2. Some employees will shift their coverage level based on the requirement to pay a spousal surcharge. This would decrease expenses. For this example, we assumed the following: <ul style="list-style-type: none"> • 5% of those with Family Coverage will Drop to Double Coverage • 5% of those with Double Coverage will Drop to Single Coverage 		
Pros:	<ul style="list-style-type: none"> • Hamilton County continues to cover existing employees. Only those, who have other coverage available for the spouse, would be required to pay an additional fee. • This practice of requiring a spousal surcharge is common in the marketplace. Local firms include: Ford, General Cable, Humana, Kroger, Milacron, P&G, St. Elizabeth, Tri-Health, and University of Cincinnati with surcharges ranging from \$15 to \$69 bi-weekly. 		
Cons:	<ul style="list-style-type: none"> • Some employees will be faced with an additional financial burden. • There are limited resources (staff, time) available to effectively monitor whether or not the spousal surcharge needs to be paid. Hamilton County would have to rely on the "honor system" and/or occasionally conduct an audit. 		
Recommendation:	Recommended		



Medical Insurance						
Option C:	Reduce the Employer Contributions on the Existing Plans by increasing the Employee Contributions.					
Current Strategy:	Hamilton County currently pays 87% of the monthly plan premium of the base medical plan (Coverage First 1000). Hamilton County then pays an equal dollar amount for the other plans, so employees can “buy-up”, or “buy-down”.					
Possible Strategy:	Hamilton County would offer the same medical plan options, but reduce its contribution to 77% of the monthly plan premium of the base medical plan (Coverage First 1000), and continue to pay an equal dollar amount for the other plans, so employees can “buy-up” or “buy-down”.					
Anticipated Savings:		Total Anticipated Savings		Anticipated General Fund Savings		
		\$2,000,000		\$1,000,000		
Impact/Explanation:	This option also includes some assumptions for plan shifting based on the significant increased employee contributions for the HMO. Details of those shifts are explained in the last column below. Employees would see a significant increase in their monthly payroll deduction, ranging from \$32 to \$188 increase each month, depending on the plan chosen.					
		2008 Percent Enrolled	2008 Bi-Weekly EMPLOYEE Premium	Anticipated 2009 Employee Bi-Weekly Premium	INCREASE in Employee Bi-Weekly Contribution from 2008 to 2009	Anticipated Change in Enrollment
	Cvg First 2500	20%				
	Single	8%	9.71	24.65	14.94	+3%
	Double	4%	19.42	49.31	29.88	+1%
	Family	8%	30.10	76.41	46.32	+2%
	Cvg First 1000	32%				
	Single	11%	19.59	35.12	15.53	-3%
	Double	7%	39.18	70.25	31.07	-1%
	Family	14%	60.73	108.88	48.15	-5%
	Natl POS 250	7%				
	Single	3%	49.77	69.91	20.14	4%
	Double	2%	99.54	139.82	40.29	2%
	Family	2%	154.28	216.72	62.44	3%
	HMO	41%				
Single	18%	55.96	83.98	28.02	-4%	
Double	10%	111.91	167.96	56.05	-3%	
Family	13%	173.46	260.34	86.88	-2%	
Pros:	<ul style="list-style-type: none"> The significant cost increase on the HMO (the most expensive plan) could cause some employees to shift to different plan options, to help maintain existing “take-home” pay. 					
Cons:	<ul style="list-style-type: none"> Assuming the existing coverage levels are maintained by all employees, the average employee would see an increase in monthly payroll deduction of approximately \$89. (36% of employees would face an increase of \$100 or more per month, if maintaining family coverage). 					
Recommendation:	Not Recommended.					



Medical Insurance																																																																						
Option D:	Eliminate the HMO Plan Option and replace it with a High Deductible Health Plan (HDHP) Option.																																																																					
Current Strategy:	Hamilton County currently offers 4 medical plans, the most popular being the HMO, with more than 40% of enrolled employees. The HMO is the most expensive plan.																																																																					
Possible Strategy:	Eliminate the HMO and replace it with a High Deductible (\$3000) Health Plan (HDHP) <u>And</u> Change the Employer Contribution Strategy to 75% of the base medical plan option (Coverage First 1000).																																																																					
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		\$1,996,585	\$998,293																																																																			
Impact/Explanation:	<p>This option also includes some assumptions for plan shifting based on the HMO plan change and the differences in the employee contributions for the other plans. This plan would require the 41% of the current enrollees (those in the HMO) to elect new coverage. A majority of employers no longer offer HMO type plans as they are the most expensive. Offering a HDHP would also require the implementation of a Health Savings Account (HSA) program, which differs from a Flexible Spending Account option already in place. Humana would administer the HSA.</p>																																																																					
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Family	2%	\$233.28	\$79.00																																																																			
HDHP	41%																																																																					
Single	N/A – HMO 18%	\$10.68	Not previously offered																																																																			
Double	N/A – HMO 10%	\$21.36	Not previously offered																																																																			
Family	N/A – HMO 13%	\$33.10	Not previously offered																																																																			
Pros:	<ul style="list-style-type: none"> Implementing a high-deductible health plan means Hamilton County is moving in the direction of the market. HMO's are becoming less prevalent, and being replaced with HDHPs. 																																																																					
Cons:	<ul style="list-style-type: none"> With open enrollment set to begin in October, the County has limited time to become educated on the plan and develop appropriate communications to effectively educate employees on a HDHP implementation a plan in 2009. 																																																																					
Recommendation:	Not Recommended for 2009. Recommend consideration of a HDHP for 2010.																																																																					



Medical Insurance

Option E:	Increase the Prescription Drug Co-Pays by \$5 each.		
Current Strategy:	The Current Prescription drug plan is \$10/25/\$45/25%.		
Possible Strategy:	Increase the prescription drug co-pays by \$5 at each level to a new tier structure of \$15/\$30/\$50/25%. And, Hamilton County would offer the same medical plan options using the current contribution strategy.		
Anticipated Savings:		Total Anticipated Savings	Anticipated General Fund Savings
	Estimates Only.	\$481,000	\$240,500
Impact/Explanation:	<p>The Mercer National Survey of Employer Sponsored Health Plans for 2007 (the most recent available) shows the average (over all employers) a drug co-pay structure of \$10/\$25/\$45. The Milliman Mid-Market Survey showed the same results for 2007. Milliman also shows 2008 median co-pay structure for Cincinnati of \$20/\$30/50 (note this includes many mid-size rather than large employers).</p> <p>It is expected that the premiums will change if this option is implemented; however details were not yet available from Humana.</p>		
Pros:	<ul style="list-style-type: none"> Raising the Prescription Drug Co-Pays reduces the monthly premium, which would benefit both the employee and the employer. 		
Cons:	<ul style="list-style-type: none"> Increased cost to employees utilizing medications. According to Humana each member in the plan averages 10.3 prescriptions per year. Though some members may have zero prescriptions and others significantly more than the average, the average annual cost of this adjustment is \$51.50 for a single, \$103.00 for a double, and \$200.85 for a family, per year. 		
Recommendation:	Recommended.		



2009 Recommendation

The savings shown below are based on the 2009 Rates after applying any contractual increases (7% medical, 3% Superior Dental), and are not reductions based on the 2008 budget. The cuts compared to the 2008 Budget are identified on the next page.

Plan	OPTIONS	ESTIMATED General Fund SAVINGS from 2009 General Fund Estimate with no Plan Changes.
Dental Insurance	Implement a 3 month waiting period for New Hires to Obtain Dental Coverage	\$19,960 - \$29,917
	Pay only 50% of the monthly premium	\$512,129
Medical Insurance	Implement a 3 month waiting period for New Hires to Obtain Medical Coverage	\$244,551 - \$366,552
	Implement a spousal surcharge of \$20/pay period	\$716,147
	Increase Employee Rx Co-Pays by \$5 each.	\$240,500
Total Anticipated 2009 General Fund Savings		\$1,733,287 – \$1,865,245

2009 Recommendation – Impact to Employees

Employee Impact – Medical				
	2008 % Enrolled	2008 Bi-Weekly EMPLOYEE Premium	Bi-Weekly Increase to Employee with 7% Cap in 2009	Total Bi-Weekly Increase with Spouse Surcharge in 2009
Cvg First 2500	20%			
Single	8%	\$9.71	\$0.68	n/a
Double	4%	\$19.42	\$1.36	\$21.36
Family	8%	\$30.10	\$2.11	\$22.11
Cvg First 1000	32%			
Single	11%	\$19.59	\$1.37	n/a
Double	7%	\$39.18	\$2.74	\$22.74
Family	14%	\$60.73	\$4.25	\$24.25
Natl POS 250	7%			
Single	3%	\$49.77	\$3.48	n/a
Double	2%	\$99.54	\$6.97	\$26.97
Family	2%	\$154.28	\$10.80	\$30.80
HMO	41%			
Single	18%	\$55.96	\$3.92	n/a
Double	10%	\$111.91	\$7.83	\$27.83
Family	13%	\$173.46	\$12.14	\$32.14

Employee Impact - Dental			
	2008 % Enrolled	2008 Bi-Weekly EMPLOYEE Premium	Bi-Weekly Increase to Employee
DCP	84%		
Single	28%	\$3.38	\$4.15
Double	23%	\$5.79	\$8.83
Family	33%	\$11.59	\$9.60
Superior	16%		
Single	8%	\$1.80	\$3.24
Double	3%	\$3.86	\$6.25
Family	5%	\$5.66	\$8.49

Employee Impact - Rx		
	Avg Rx Filled Per Year	2009 Average Annual Increase
Single	10.3	\$51.50
Double	20.6	\$103.00
Family	40.17	\$200.85



2009 Budget with Recommendations

Employee Benefits and Other Voluntary Programs	2008 Revised General Fund Budget	2009 General Fund Estimate with No Changes	2009 General Fund Estimate with Recommended Changes	General Fund Change from 2008 Revised Budget
Medical	\$18,239,979	\$18,372,139	\$17,170,941	-\$1,069,038
Dental	\$1,487,008	\$1,498,613	\$1,478,653	-8,355
Life Insurance*	\$143,961	\$165,875	165,875	21,914
Employee Assistance Pgm	\$58,463	\$51,610	\$51,610	-6,853
	\$19,929,411	\$20,088,237	\$18,867,079	-\$1,062,332

* Note: There is no rate increase for life insurance; however there is an increase in anticipated expenditures for 2009 when compared to the 2008 budget, since 2008 projections reflect spending ahead of schedule.

Flexible Spending Accounts	Increase the maximum amount that employees can contribute to the Flexible Spending Accounts from \$3000 to \$4000, assisting employees in paying for some of the increased expenditures with pre-tax dollars.	No Cost Impact to County
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RFP Process

Earlier this year, the County received a proposal from an independent consultant to offer a different health care option in 2009. At the July 16, 2008 BOCC meeting, the Human Resources Department was asked to start a formal Request for Proposal process to assist in identifying the various options available to reduce employee benefit program costs. The County received five responses to the RFP. (The proposals are listed in order from highest cost to lowest cost).

Firm	Brief Description of Proposal	Estimated Costs
Performance Benefit Solutions / J&K Consultants	<ul style="list-style-type: none"> ▪ Implementation of a spousal MERP (Medical Expense Reimbursement Plan). ▪ The consultant indicated that all information surrounding this program was proprietary. ▪ The Hamilton County Prosecuting Attorney has been working with this firm regarding outstanding legal issues. As of the date this document was prepared, requests for further information from firm were not satisfied. 	Firm indicated cost information is "proprietary" (protected trade secret)
Holmes Murphy & Associates	<ul style="list-style-type: none"> ▪ Assistance with negotiations with insurance carriers ▪ Evaluation of possible implementation of a High-deductible and/or consumer driver health plan with phase-in model development ▪ Cost/trend analysis ▪ Assistance with and participation in enrollment meetings and employee communications 	\$115,000
Watson Wyatt	<ul style="list-style-type: none"> ▪ Assistance with negotiations with insurance carriers; evaluation of plan designs ▪ Cost/trend analysis ▪ Assistance with and participation in enrollment meetings and employee communications ▪ Noted that timeline is tight limiting ability to make significant/carrier changes for 2009 	\$85,000 - \$90,000
Horan Associates	<ul style="list-style-type: none"> ▪ Review of plan design (HDHP with HSA) ▪ Vendor selection ▪ Utilization management/review ▪ Review of funding options ▪ Wellness programs ▪ Reducing covered population through spousal waivers. (Noted that the 7% cap is a bargain when compared to more realistic 20-30% increase that would have been realized absent the cap.) 	Estimated maximum of \$96,250
Wells Fargo (formerly Accordia)	<ul style="list-style-type: none"> ▪ Price negotiation with carriers ▪ Review of plan design ▪ Cost/Trend Analysis ▪ Wellness programs/education programs ▪ Employee communications/meetings ▪ Noted the quickest way to impact costs was to find ways to cover fewer members 	\$50,000



2010 Recommendations and/or Strategies

The County is expected to be faced with a significant increase in our medical coverage in 2010. Without the pre-negotiated 7% cap on the medical insurance for 2009, the County's preliminary renewal is a 27.8% increase in our medical expenses in 2009. In order to soften the impact of this impending increase, the Human Resources Department would like to explore a variety of options.

OPTIONS
High Deductible Health Plan (HDHP)
Self-Insurance
Wellness Initiatives
Prescription Drug Plan carve-out
Protective language that would reduce the number of people moving onto our plan
Means for reducing the number of covered members

In early 2009, we want to engage a consulting firm to assist with the development and analysis of these options. We recommend obtaining revised proposals from the firms who provided quotes for 2009 activities.