

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING
100 RIBAUT ROAD
POST OFFICE DRAWER 1228
BEAUFORT, SOUTH CAROLINA 29901-1228
TELEPHONE: (843) 255-1000
FAX: (843) 255-9401
www.bcgov.net

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AGENDA COMMUNITY SERVICES COMMITTEE Thursday, March 27, 2014 4:00 p.m. Executive Conference Room Administration Building, Government Center

Committee Members:

William McBride, Chairman
Tabor Vaux, Vice Chairman
Rick Caporale
Gerald Dawson
Steve Fobes
Laura Von Harten

Staff Liaison:

Morris Campbell, Division Director

1. CALL TO ORDER – 4:00 P.M.
2. REVIEW OF FISCAL YEAR 2015 HEALTH INSURANCE BENEFIT PROPOSALS
A. Gallagher Associates ([backup](#))
3. ADJOURNMENT

2014 Strategic Plan: Committee Assignments

Daufuskie Island Ferry: Outside Report and Direction

Parks and Leisure Services Organization/Programs: Evaluation and Direction





Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Beaufort County Medical Renewal Analysis

MARCH 27, 2014



Today's Agenda

- Medical Marketing Summary
- Plan Design Summary
 - Fully Insured / Minimum Premium Options
 - Cigna Minimum Premium Cost Breakdown
- Self-Funded Analysis
- Employee Cost Share Analysis
- Provider Disruption
- 3 Year Wellness / Plan Design Strategy
- Interactive Budget Model
- Appendix
 - Beaufort Memorial Plan Design



July 1, 2014 Medical Marketing Summary

Market Summary & Compensation Disclosure: Beaufort County

Medical Carriers

| Carrier | RFP Responses | Gallagher Compensation | Gallagher Supplemental Compensation |
|-------------------|--|------------------------|-------------------------------------|
| BCBS SC | Renewal Received 3/18/14, Revised 3/20/14 | Fee Based | \$0 |
| CIGNA | Quote Received on Minimum Premium, Declined to Quote Fully Insured | Fee Based | \$0-\$18 PEPY |
| United Healthcare | Quote Received on Fully Insured, Declined to Quote Minimum Premium | Fee Based | TBD - Not Finalized |

Stop-Loss Carriers

| Carrier | RFP Responses | Gallagher Compensation | Gallagher Supplemental Compensation |
|-------------------|-------------------------------|------------------------|-------------------------------------|
| BCBS SC | Quote Received 3/18/14 | Fee Based | \$0 |
| CIGNA | Declined to Quote Self-Funded | Fee Based | Included with Medical |
| United Healthcare | Quote Received | Fee Based | TBD - Not Finalized |

Pharmacy Benefit Managers

| Carrier | RFP Responses | Gallagher Compensation | Gallagher Supplemental Compensation |
|-------------------|--|------------------------|-------------------------------------|
| BCBS SC | Included in ASO, but did not provide specifics on the contract | Fee Based | \$0 |
| CIGNA | Declined to Quote Self-Funded | Fee Based | Included with Medical |
| United Healthcare | Quote Received | Fee Based | TBD - Not Finalized |

While GBS does not guarantee the financial viability of any health insurance carrier or market, it is an area we recommend that clients closely scrutinize when selecting a health insurance carrier or HMO. There are a number of rating agencies that can be referred to including, A.M. Best, Fitch, Moody's, Standard & Poor's, and Weiss Ratings (TheStreet.com). Generally, agencies that provide ratings of U.S. Health Insurers, including traditional insurance companies and other managed care (e.g., HMO) organizations, reflect their opinion based on a comprehensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile. However, these ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.

Plan Design Summary – In-Network

| | BCBS SC ¹ Renewal Premium Plan | BCBS SC ¹ Renewal Base Plan | BCBS SC Alternate Premium Plan | BCBS SC Alternate Base Plan | CIGNA Premium Plan | CIGNA Base Plan | CIGNA Alternate Premium Plan | CIGNA Alternate Base Plan |
|--|---|---|---|---|--|--|--|---|
| Deductible (Single/Family) | \$350/\$700 | \$500/\$1,000 | \$500/\$1,000 | \$750/\$1,500 | \$350/\$700 | \$500/\$1,000 | \$500/\$1,000 | \$750/\$1,500 |
| Coinsurance Max (Single/Family) | \$2,000/\$4,000 | \$3,000/\$6,000 | \$3,000/\$6,000 | \$5,000/\$10,000 | \$2,000/\$4,000 | \$3,000/\$6,000 | \$3,000/\$6,000 | \$5,000/\$10,000 |
| Out-of-Pocket Max (Single/Family) | \$6,350/\$12,700 <i>(includes Deductibles & Copays)</i> | \$6,350/\$12,700 <i>(includes Deductibles & Copays)</i> | \$6,350/\$12,700 <i>(includes Deductibles & Copays)</i> | \$6,350/\$12,700 <i>(includes Deductibles & Copays)</i> | \$2,000/\$4,000 <i>(includes Deductibles & Copays)</i> | \$3,000/\$6,000 <i>(includes Deductibles & Copays)</i> | \$3,000/\$6,000 <i>(includes Deductibles & Copays)</i> | \$5,000/\$10,000 <i>(includes Deductibles & Copays)</i> |
| Coinsurance | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| Preventive Care (ACA Compliant) | 100% (No Copay) | 100% (No Copay) | 100% (No Copay) | 100% (No Copay) | 100% (No Copay) | 100% (No Copay) | 100% (No Copay) | 100% (No Copay) |
| PCP Office Visit | \$20.00 | \$30.00 | \$20.00 | \$30.00 | \$20.00 | \$30.00 | \$20.00 | \$30.00 |
| Specialist Office Visit | \$30.00 | \$50.00 | \$30.00 | \$50.00 | \$30.00 | \$50.00 | \$30.00 | \$50.00 |
| Urgent Care | \$25 Copay (waived if admitted) then plan pays 80% | \$30 Copay (waived if admitted) then plan pays 80% | \$25 Copay (waived if admitted) then plan pays 80% | \$30 Copay (waived if admitted) then plan pays 80% | \$25 Copay (waived if admitted) and Deductible; then plan pays 100% | \$30 Copay (waived if admitted) and Deductible; then plan pays 100% | \$25 Copay (waived if admitted) and Deductible; then plan pays 100% | \$30 Copay (waived if admitted) and Deductible; then plan pays 100% |
| Emergency Room | \$75 Copay (waived if admitted) and Deductible; then plan pays 80% | \$75 Copay (waived if admitted) and Deductible; then plan pays 80% | \$75 Copay (waived if admitted) and Deductible; then plan pays 80% | \$75 Copay (waived if admitted) and Deductible; then plan pays 80% | \$75 Copay (waived if admitted) and Deductible; then plan pays 100% | \$75 Copay (waived if admitted) and Deductible; then plan pays 100% | \$75 Copay (waived if admitted) and Deductible; then plan pays 100% | \$75 Copay (waived if admitted) and Deductible; then plan pays 100% |
| Inpatient Hospitalization | \$100 Copay then 20% Coinsurance | \$100 Copay then 20% Coinsurance | \$100 Copay then 20% Coinsurance | \$100 Copay then 20% Coinsurance | \$100 Copay then Ded & Coinsurance | \$100 Copay then Ded & Coinsurance | \$100 Copay then Ded & Coinsurance | \$100 Copay then Ded & Coinsurance |
| Outpatient Facility | \$25 Copay then 20% Coinsurance | \$30 Copay then 20% Coinsurance | \$25 Copay then 20% Coinsurance | \$30 Copay then 20% Coinsurance | \$25 Copay then Ded & Coinsurance | \$30 Copay then Ded & Coinsurance | \$25 Copay then Ded & Coinsurance | \$30 Copay then Ded & Coinsurance |
| Prescription Drugs (31 day supply) | \$10/\$35/\$55/\$100 (\$20/\$80/\$140 MO) | \$10/\$35/\$55/\$100 (\$20/\$80/\$140 MO) | \$10/\$35/\$55/\$100 (\$20/\$80/\$140 MO) | \$10/\$35/\$55/\$100 (\$20/\$80/\$140 MO) | \$10/\$35/\$55/\$200 <i>(\$20/\$80/\$140 MO)</i> | \$10/\$35/\$55/\$200 <i>(\$20/\$80/\$140 MO)</i> | \$10/\$35/\$55/\$200 <i>(\$20/\$80/\$140 MO)</i> | \$10/\$35/\$55/\$200 <i>(\$20/\$80/\$140 MO)</i> |

Fully Insured/Minimum Premium Rates

| | Premium Enrolled | Base Enrolled | BCBS SC Renewal Premium Plan | BCBS SC Renewal Base Plan | BCBS SC Alternate Premium Plan ² | BCBS SC Alternate Base Plan ² | CIGNA Premium Plan | CIGNA Base Plan | CIGNA Alternate Premium Plan | CIGNA Alternate Base Plan |
|--|------------------|---------------|---------------------------------|------------------------------|--|---|-----------------------|--------------------|---------------------------------|------------------------------|
| Employee | 215 | 316 | \$583.87 | \$522.68 | \$562.56 | \$501.43 | \$532.81 | \$520.70 | \$515.75 | \$495.03 |
| Employee + Spouse | 68 | 86 | \$1,248.35 | \$1,113.95 | \$1,202.79 | \$1,068.67 | \$1,118.50 | \$1,093.08 | \$1,084.85 | \$1,041.31 |
| Employee + Child(ren) | 52 | 114 | \$1,058.99 | \$945.47 | \$1,020.34 | \$907.04 | \$1,012.00 | \$989.02 | \$981.38 | \$942.00 |
| Employee + Family | 97 | 163 | \$1,698.72 | \$1,514.72 | \$1,636.72 | \$1,453.15 | \$1,597.71 | \$1,561.42 | \$1,550.47 | \$1,488.28 |
| Monthly Premium | 432 | 679 | \$430,263 | \$615,650 | \$414,559 | \$590,623 | \$398,214 | \$625,806 | \$386,083 | \$595,960 |
| Annual Premium | | | \$5,163,158 | \$7,387,794 | \$4,974,703 | \$7,087,480 | \$4,778,568 | \$7,509,670 | \$4,633,001 | \$7,151,517 |
| \$ Combined Difference to Current | | | \$12,550,952 | | \$12,062,183 | | \$12,288,238 | | \$11,784,518 | |
| % Combined Difference to Current | | | 14.9% | | 10.4% | | 12.5% | | 7.8% | |

¹ The current (2013-2014) plan design with BCBS South Carolina does not have the Deductible and Copays aggregating to the out of pocket maximum for ACA compliance. Since this is required for the 2014-2015 plan year, BCBS SC added an Out-of-Pocket Maximum of \$6,350/\$12,700, and changed the prior OOP Max to a Coinsurance Max. Both CIGNA and UHC include the Deductible and Copays in the OOP Max for ACA compliance.

² BCBS SC gave a verbal adjustment factor to the Alternate Plan designs, and has not provided a written confirmation. Therefore, the above rates may vary slightly once we received the formal offer.

Cigna Minimum Premium Rate Breakdown

| Basic Plan | Expected Enrollment | Expenses (Residual) 5.18 % | Claim Bank Account Liability 81.84 % | Reserve Liability 12.98 % | Total Experience Rate | Pool Rate \$200,000 Level | Network Access Fee | Total Rate |
|--------------------------|---------------------|-------------------------------|---|------------------------------|-----------------------|------------------------------|--------------------|-------------|
| Employee | 316 | \$24.03 | \$379.80 | \$60.11 | \$463.94 | \$41.02 | \$15.75 | \$520.71 |
| Emp + Spouse | 86 | \$51.35 | \$811.43 | \$128.42 | \$991.20 | \$86.14 | \$15.75 | \$1,093.09 |
| Emp + Child(ren) | 114 | \$46.38 | \$732.95 | \$116.00 | \$895.33 | \$77.94 | \$15.75 | \$989.02 |
| Emp + Family | 163 | \$73.69 | \$1,164.59 | \$184.32 | \$1,422.60 | \$123.06 | \$15.75 | \$1,561.41 |
| Monthly Premium Subtotal | 679 | \$29,308 | \$463,184 | \$73,307 | \$565,800 | \$49,314 | \$10,694 | \$625,808 |
| Annual Premium Subtotal | | \$351,700 | \$5,558,211 | \$879,684 | \$6,789,596 | \$591,772 | \$128,331 | \$7,509,699 |

| Premium Plan | Expected Enrollment | Expenses (Residual) 5.18 % | Claim Bank Account Liability 81.84 % | Reserve Liability 12.98 % | Total Experience Rate | Pool Rate \$200,000 Level | Network Access Fee | Total Rate |
|--------------------------|---------------------|-------------------------------|---|------------------------------|-----------------------|------------------------------|--------------------|-------------|
| Employee | 215 | \$24.68 | \$389.72 | \$62.06 | \$476.46 | \$40.59 | \$15.75 | \$532.80 |
| Emp + Spouse | 68 | \$52.70 | \$832.28 | \$132.53 | \$1,017.51 | \$85.24 | \$15.75 | \$1,118.50 |
| Emp + Child(ren) | 52 | \$47.61 | \$751.81 | \$119.71 | \$919.13 | \$77.12 | \$15.75 | \$1,012.00 |
| Emp + Family | 97 | \$75.64 | \$1,194.37 | \$190.18 | \$1,460.19 | \$121.77 | \$15.75 | \$1,597.71 |
| Monthly Premium Subtotal | 432 | \$18,703 | \$295,333 | \$47,027 | \$361,063 | \$30,345 | \$6,804 | \$398,212 |
| Annual Premium Subtotal | | \$224,431 | \$3,543,994 | \$564,328 | \$4,332,753 | \$364,141 | \$81,648 | \$4,778,542 |

| Total | Expected Enrollment | Expenses (Residual) | Claim Bank Account Liability | Reserve Liability | Total Experience Rate | Pool Rate \$200,000 Level | Network Access Fee | Total Rate |
|-----------------|---------------------|---------------------|------------------------------|-------------------|-----------------------|------------------------------|--------------------|--------------|
| Monthly Premium | 1,111 | \$48,011 | \$758,517 | \$120,334 | \$926,862 | \$79,659 | \$17,498 | \$1,024,020 |
| Annual Premium | | \$576,132 | \$9,102,205 | \$1,444,012 | \$11,122,349 | \$955,913 | \$209,979 | \$12,288,241 |

Self-Funded Analysis

| | | 2013-14 | | 2014-15 | | | |
|--|---|-----------------------|------------------------|-------------------------|------------------------------|-------------------------------|------------------------------|
| Fixed Costs | Medical/RX Administration Network | BCBSSC Insured BCBSSC | BCBSSC Insured BCBSSC | BSBS SC BCBS | | United Healthcare Choice Plus | |
| | TPA Set-up Fees (One Time Charge) | \$0 | \$0 | | | None | |
| | Enrolled Employees (BCBSSC EE's Only) | 1111 | 1111 | 1111 | | 1111 | |
| | Medical Claims Administration (pepm) | Insured | Insured | \$37.00 | | \$34.00 | |
| | Network Access Fees (pepm) | | | \$55.76 | | Included | |
| | Pharmacy Processing and Management (pepm) | | | Included | | Included | |
| | Other PBM Interface (pepm) | | | TBD | | \$0.00 | |
| | Utilization Management (pepm) | | | Included | | Included | |
| | Case & Disease Management (pepm) | | | Basic Included | | Included | |
| | OOA Network (% of Savings) | | | 10% Blue Card | | 25% | |
| | Stop Loss Interface Fee | | | TBD | | Included | |
| | COBRA/HIPAA Certificate of Credible Coverage | | | Included | | Included | |
| | Transitional Reinsurance Fee | | | \$4.50 | | \$4.50 | |
| | Total Medical/RX Administration (pepm) | | | \$97.26 | | \$38.50 | |
| | Annual Admin Cost | | | \$1,296,670 | | \$513,282 | |
| Stop-Loss Carrier | Insured | Insured | BCBSSC | | United Healthcare | | |
| Specific Stop-Loss Deductible | | | \$150,000 ⁴ | | \$150,000 | | |
| Contract Type | | | 12/12 | | 12/12 | | |
| Premium (pepm) | | | \$44.95 | | \$58.19 | | |
| Annual Stop-Loss Premium | | | | | \$599,273 | | \$775,789 |
| Aggregate Stop-Loss Attachment Point | | | \$889.45 | | \$1,002.61 | | |
| Contract Type | | | 12/12 | | 12/12 | | |
| Annual Agg Premium | | | | | \$28,206 | | \$49,195 |
| Annual Admin & Stop-Loss Cost | | | \$1,924,150 | | \$1,338,266 | | |
| Claims Costs | Paid Medical Claims | \$8,129,211 | \$8,457,525 | \$8,457,525 | | \$8,457,525 | |
| | Medical Carrier Out-of-Network Paid Claims | \$57,982 | \$63,223 | \$63,223 | | \$63,223 | |
| | Total In-Network Charges | \$8,071,229 | \$8,520,748 | \$8,520,748 | | \$8,520,748 | |
| | | | | Carrier Reported | Conservative Estimate | Carrier Reported | Conservative Estimate |
| | Carrier Network Discount ¹ | 47.6% | 47.6% | 47.60% | 47.60% | 46.80% | 43.80% |
| | Carrier Network Guarantee? | No | No | TBD | | Yes - 43.8% | |
| | Run-out Claims through Current Carrier | N/A | N/A | \$0 | \$0 | \$0 | \$0 |
| | Claims under new TPA & Network ² | N/A | N/A | \$8,520,748 | \$8,520,748 | \$8,588,914 | \$8,844,536 |
| | Total Net Paid Medical Claims | \$8,071,229 | \$8,520,748 | \$8,520,748 | \$8,520,748 | \$8,588,914 | \$8,844,536 |
| | Total Rx Claims³ | \$1,756,960 | \$2,031,264 | \$2,031,264 | \$2,031,264 | \$2,031,264 | \$2,031,264 |
| Total Claims | | | \$10,552,011 | \$10,552,011 | \$10,620,177 | \$10,875,800 | |
| Totals | Total Claims & Fixed Cost | \$10,926,896 | \$12,550,952 | \$12,476,161 | \$12,476,161 | \$11,958,444 | \$12,214,066 |
| | Run-out Claims Administration | N/A | N/A | \$0 | \$0 | \$0 | \$0 |
| | Total Claims & Fixed Cost | \$10,926,896 | \$12,550,952 | \$12,476,161 | \$12,476,161 | \$11,958,444 | \$12,214,066 |
| | (\$ Savings)/Increase from Current | | \$1,624,056 | \$1,549,265 | \$1,549,265 | \$1,031,547 | \$1,287,170 |
| | % Difference from Current | | 14.9% | 14.2% | 14.2% | 9.4% | 11.8% |

Notes:

¹Current discounts derived from BlueDataConnect

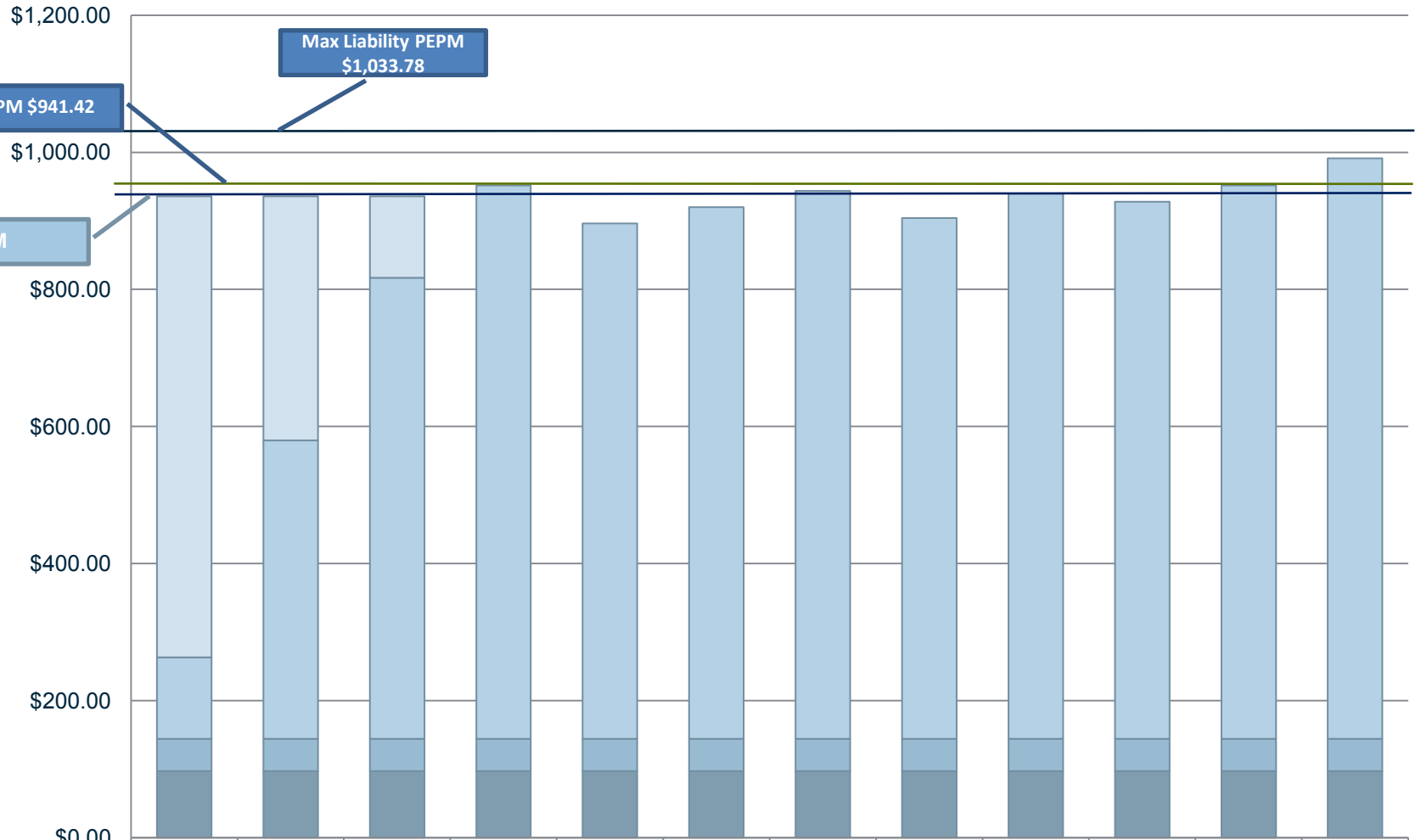
² Run-out claims are \$0 as Beaufort County is currently fully insured. Claims under new TPA/Network are on a mature basis (actual will be approximately 85% of expected for 2014-2015)

³ Rx claims were assumed to be the same for BCBSSC and UHC for this analysis. We will provide detailed analysis and negotiation on the PBM contract terms once the TPA has been decided upon.

⁴ BCBSSC lasered one member at \$360,000.

* CIGNA Declined to quote ASO, only a minimum premium option.

Monthly Cost Accumulation Example - BCBSSC Self-Funded



Fully Insured PEPM \$941.42

Max Liability PEPM \$1,033.78

Expected PEPM

| | January | February | March | April | May | June | July | August | September | October | November | December |
|-----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|
| Reserve | \$672.76 | \$356.17 | \$118.72 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Claims | \$118.72 | \$435.31 | \$672.76 | \$807.31 | \$751.91 | \$775.65 | \$799.39 | \$759.82 | \$795.44 | \$783.57 | \$807.31 | \$846.88 |
| Stop Loss | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 | \$47.07 |
| Admin | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 | \$97.26 |

Employee Cost Share Analysis

| Medical/RX Administration Network | 2013-14 | | 2014-15 | |
|-----------------------------------|--------------------------|----------------|-------------------------------|---|
| | BCBSSC Insured BCBSSC | Actual Per BDC | BCBSSC Insured | CIGNA |
| | | | BCBSSC | Open Access Plus |
| Discount Reporting | | | Estimated based on historical | Carrier Reported Conservative Estimate |
| Carrier Network Discount | 47.6% | | 47.6% | 47.5% 44.5% |
| Copays | \$875,656 | | \$875,656 | \$875,656 \$875,656 |
| Deductible | \$375,157 | | \$375,157 | \$375,157 \$375,157 |
| Coinsurance ¹ | \$718,532 | | \$801,163 | \$801,964 \$825,999 |
| Total Employee Expense | \$1,969,345 | | \$2,051,976 | \$2,052,777 \$2,076,812 |
| % Difference to Current | | | 4.2% | 4.2% 5.5% |

**Analysis assumes that CIGNA and UHC are matching the current plan design. A change in discounts would only affect the coinsurance as the Copays and Deductible are fixed amounts.*

¹ *Assumed 11.5% trend for the coinsurance to coincide with the medical trend used in the other analysis in this report.*

| Discount by Service Category | BCBSSC (actual 2013) | CIGNA (self reported) |
|------------------------------|-------------------------|--------------------------|
| Inpatient | 39.5% | 44.1% |
| Outpatient | 45.3% | 48.1% |
| Professional | 54.4% | 48.9% |

Provider Disruption Analysis

Current: BCBS South Carolina Network: BCBS

| | Total Providers | % of Providers | Billed Charges | % of Claims | Total Claimants | % of Members |
|-----------------------------|-----------------|----------------|----------------|-------------|-----------------|--------------|
| Not Considered | 0 | 0.0% | \$0 | 0.0% | 0 | 0.0% |
| In-Network ¹ | 68 | 100.0% | \$13,330,780 | 100.0% | 5689 | 100.0% |
| Out-of-Network ¹ | 0 | 0.0% | \$0 | 0.0% | 0 | 0.0% |
| | 68 | 100% | \$13,330,780 | 100% | 5689 | 100.0% |

CIGNA Network: CIGNA

| | Total Providers | % of Providers | Billed Charges | % of Charges | Total Members | % of Members |
|----------------|-----------------|----------------|----------------|--------------|---------------|--------------|
| Not Considered | 0 | 0.0% | \$0 | 0.0% | 0 | 0.0% |
| In-Network | 63 | 92.6% | \$13,019,288 | 97.7% | 5327 | 93.6% |
| Out-of-Network | 5 | 7.4% | \$311,492 | 2.3% | 362 | 6.4% |
| | 68 | 100% | \$13,330,780 | 100% | 5689 | 100.0% |

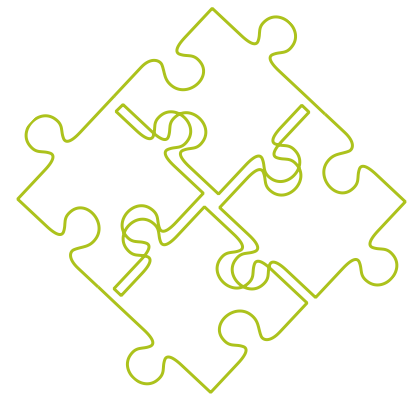
United Healthcare Network: UHC

| | Total Providers | % of Providers | Billed Charges | % of Charges | Total Members | % of Members |
|----------------|-----------------|----------------|----------------|--------------|---------------|--------------|
| Not Considered | 2 | 2.9% | \$13,677 | 0.1% | 12 | 0.2% |
| In-Network | 61 | 89.7% | \$13,096,986 | 98.2% | 5282 | 92.8% |
| Out-of-Network | 5 | 7.4% | \$220,117 | 1.7% | 395 | 6.9% |
| | 68 | 100% | \$13,330,780 | 100% | 5689 | 100.0% |

The claims and members accessing a provider are based on all Inpatient Facility providers, all Outpatient Facility providers, and the top 30 Professional providers for Calendar Year 2013.

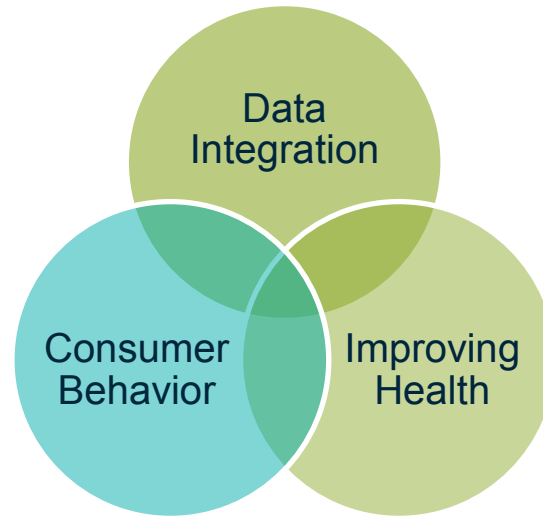


3 YEAR STRATEGY



Wellness Planning Keys to Success

Establishing a successful Wellness plan should be linked closely to an employer-sponsored health plan.



Given the importance of connecting the health plan with the Wellness plan, we should closely explore the following:

- 1) Selecting the appropriate wellness vendor?
- 2) Do we need to change our medical plan design?
- 3) What tools and resources can we deploy to make our employees more engaged & better consumers?
- 4) What meaningful incentives can we implement to effect change and improve health?

3 Year Wellness Plan

Developing a long-term strategy will prove to be crucial in creating an effective wellness plan. The timeline below suggests requiring employees (and possibly spouses) to have the biometric screenings and health risk assessment done in order to receive funds into their Health Reimbursement Account (i.e. \$500 added to their HRA for completing).

| 2014 | |
|----------------------|---|
| Strategic Initiative | Shop for new carrier/wellness vendor for data integration & consumer engagement tools |
| | Require biometric screenings & Health Risk Assessment in Q1 (2015) to get incentive dollars on July 1, 2015 |
| | Big employee communication campaign & one-on-one meetings |
| | Identify local champions to own program within each department |
| Outcomes | Will identify the best TPA to help with strategic direction. |
| | Large increase in Wellness participation due to incentives |
| | Establish a baseline with the screenings and more complete data set |

| 2015 | |
|----------------------|---|
| Strategic Initiative | Move to new carrier/wellness vendor for better data integration & consumer engagement tools. |
| | 7/1/15 Implement new Consumer Driven medical plan with incentives tied only to <u>completing biometrics & HRA</u> in Q1 of 2015 |
| | Notice to employees that beginning 7/1/16 incentives in Personal Health Account will be tied to outcomes (i.e. BMI, Blood Pressure, Cholesterol, Tobacco use, etc.) |
| | Build Wellness support programs to help achieve desired outcomes |
| Outcomes | Improved data integration for more effective patient interaction |
| | Increased use of on-site programs and resources to help improve scores |
| | Better consumerism via medical plan design |
| | Reduces exposure to healthcare reform penalties |

| 2016 | |
|----------------------|---|
| Strategic Initiative | 7/1/16 Personal Health Accounts funded based on outcomes |
| | Continue requiring biometric screenings & Health Risk Assessment |
| | Company like Bravo Health to handle all appeals, reasonable accommodation, etc. |
| | Create unit on-site to begin doing disease management outreach |
| Outcomes | Stronger member accountability towards improving health |
| | Increased use of on-site programs and resources to help improve scores |
| | Expected to see a big improvement with risk scores within the employee population |
| | Limits time and liability for Beaufort Co when engaging 3 rd party to handle any employee appeals, etc |
| | Reduces exposure to healthcare reform penalties |



INTERACTIVE BUDGET MODEL

Budget Model—Fully Insured/MP

Beaufort County

2014-15 Fully Insured/Minimum Premium Rate & Contributions

Medical & Dental Combined

| 2013-14 Fully Insured Premium <small>(assumes February 2014 enrollment is constant whole year)</small> | | 2014-15 Projected Costs | % Change over 2013-14 |
|--|--------------|-------------------------|-----------------------|
| Total Premium (inc. \$9.12 for ACA) | \$11,577,558 | \$12,712,859 | 9.8% |
| Beaufort County Contributions | \$9,624,643 | \$10,759,945 | 11.8% |
| EE Contributions | \$1,952,915 | \$1,952,915 | 0.0% |
| EE Cost Share | 16.9% | 15.36% | |

Projected Health/Rx/Dental Costs for BCSSC Alt Plan

| Basic Plan 2014-15 | EE Contribution - Increase over Current | | Medical and Dental Premium | Beaufort County Cost | Employee Contributions | | | |
|------------------------|---|---|----------------------------|----------------------|------------------------|------------------------|---------------------|--------|
| | | | | | EE Contribution | Bi-Weekly Contribution | Bi-Weekly \$ Impact | |
| Single (Employee Only) | ◀ | ▶ | 0.00% | \$528.99 | \$462.44 | \$32.59 | \$15.04 | \$0.00 |
| Employee Plus Spouse | ◀ | ▶ | 0.00% | \$1,122.37 | \$912.09 | \$162.93 | \$75.20 | \$0.00 |
| Employee Child Small | ◀ | ▶ | 0.00% | \$966.28 | \$805.88 | \$103.87 | \$47.94 | \$0.00 |
| Employee Child Large | ◀ | ▶ | 0.00% | \$966.28 | \$799.77 | \$109.98 | \$50.76 | \$0.00 |
| Family Small | ◀ | ▶ | 0.00% | \$1,535.78 | \$1,262.44 | \$205.70 | \$94.94 | \$0.00 |
| Family Large | ◀ | ▶ | 0.00% | \$1,535.78 | \$1,250.22 | \$217.92 | \$100.58 | \$0.00 |

| Premium Plan 2014-15 | EE Contribution - Increase over Current | | Medical and Dental Premium | Beaufort County Cost | Employee Contributions | | | |
|-------------------------|---|---|----------------------------|----------------------|------------------------|------------------------|---------------------|--------|
| | | | | | EE Contribution | Bi-Weekly Contribution | Bi-Weekly \$ Impact | |
| Single (Employee Only) | ◀ | ▶ | 0.00% | \$590.12 | \$464.06 | \$91.00 | \$42.00 | \$0.00 |
| Employee Plus Spouse | ◀ | ▶ | 0.00% | \$1,256.49 | \$895.19 | \$311.66 | \$143.84 | \$0.00 |
| Employee Child Small | ◀ | ▶ | 0.00% | \$1,079.58 | \$770.86 | \$250.25 | \$115.50 | \$0.00 |
| Employee Child Large | ◀ | ▶ | 0.00% | \$1,079.58 | \$745.82 | \$275.29 | \$127.06 | \$0.00 |
| Family Small | ◀ | ▶ | 0.00% | \$1,719.35 | \$1,266.42 | \$382.20 | \$176.40 | \$0.00 |
| Family Large | ◀ | ▶ | 0.00% | \$1,719.35 | \$1,227.74 | \$420.88 | \$194.25 | \$0.00 |

| | Basic | Premium |
|------------------------|-------|---------|
| Single (Employee Only) | 316 | 215 |
| Employee Plus Spouse | 86 | 68 |
| Employee Child Small | 79 | 31 |
| Employee Child Large | 35 | 21 |
| Family Small | 118 | 73 |
| Family Large | 45 | 24 |
| Total | 679 | 432 |

| | |
|--------------------------|-------------------------------|
| <input type="checkbox"/> | BCBS Renewal |
| <input type="checkbox"/> | BCBS Alt: Plan Design |
| <input type="checkbox"/> | CIGNA MP Current: Plan Design |
| <input type="checkbox"/> | CIGNA MP Alt: Plan Design |

Budget Model—Self-Funded

Beaufort County

2014-15 Self-Funded Rates & Contributions

Medical & Dental Combined

| | 2013-14 Fully Insured Premium (assumes February 2014 enrollment is constant whole year) |
|-------------------------------------|---|
| Total Premium (inc. \$9.12 for ACA) | \$11,577,558 |
| Beaufort County Contributions | \$9,624,643 |
| EE Contributions | \$1,952,915 |
| EE Cost Share | 16.9% |

| | 2014-15 Projected Costs | % Change over 2013-14 |
|-----------------------------------|-------------------------|-----------------------|
| Projected Medical/Rx/Dental Costs | \$12,726,428 | 9.5% |
| Beaufort County Contributions | \$10,773,513 | 11.9% |
| EE Contributions | \$1,952,915 | 0.0% |
| EE Cost Share | 15.35% | |

| Basic Plan 2014-15 | EE Contribution - Increase over Current | | Premium Equivalent (Medical) | Medical and Dental Premium | Beaufort County Cost | Employee Contributions | | |
|------------------------|---|-------|------------------------------|----------------------------|----------------------|------------------------|------------------------|---------------------|
| | | | | | | EE Contribution | Bi-Weekly Contribution | Bi-Weekly \$ Impact |
| Single (Employee Only) | <input type="text"/> | 0.00% | \$495.03 | \$522.59 | \$462.44 | \$32.59 | \$15.04 | \$0.00 |
| Employee Plus Spouse | <input type="text"/> | 0.00% | \$1,075.02 | \$1,128.72 | \$912.09 | \$162.93 | \$75.20 | \$0.00 |
| Employee Child Small | <input type="text"/> | 0.00% | \$909.75 | \$968.99 | \$805.88 | \$103.87 | \$47.94 | \$0.00 |
| Employee Child Large | <input type="text"/> | 0.00% | \$909.75 | \$968.99 | \$799.77 | \$109.98 | \$50.76 | \$0.00 |
| Family Small | <input type="text"/> | 0.00% | \$1,468.14 | \$1,550.77 | \$1,262.44 | \$205.70 | \$94.94 | \$0.00 |
| Family Large | <input type="text"/> | 0.00% | \$1,468.14 | \$1,550.77 | \$1,250.22 | \$217.92 | \$100.58 | \$0.00 |

| Premium Plan 2014-15 | EE Contribution - Increase over Current | | Premium Equivalent (Medical) | Medical and Dental Premium | Beaufort County Cost | Employee Contributions | | |
|------------------------|---|-------|------------------------------|----------------------------|----------------------|------------------------|------------------------|---------------------|
| | | | | | | EE Contribution | Bi-Weekly Contribution | Bi-Weekly \$ Impact |
| Single (Employee Only) | <input type="text"/> | 0.00% | \$555.06 | \$582.62 | \$464.06 | \$91.00 | \$42.00 | \$0.00 |
| Employee Plus Spouse | <input type="text"/> | 0.00% | \$1,206.85 | \$1,260.55 | \$895.19 | \$311.66 | \$143.84 | \$0.00 |
| Employee Child Small | <input type="text"/> | 0.00% | \$1,021.11 | \$1,080.35 | \$770.86 | \$250.25 | \$115.50 | \$0.00 |
| Employee Child Large | <input type="text"/> | 0.00% | \$1,021.11 | \$1,080.35 | \$745.82 | \$275.29 | \$127.06 | \$0.00 |
| Family Small | <input type="text"/> | 0.00% | \$1,648.62 | \$1,731.25 | \$1,266.42 | \$382.20 | \$176.40 | \$0.00 |
| Family Large | <input type="text"/> | 0.00% | \$1,648.62 | \$1,731.25 | \$1,227.74 | \$420.88 | \$194.25 | \$0.00 |

| | Basic | Premium |
|------------------------|------------|------------|
| Single (Employee Only) | 316 | 215 |
| Employee Plus Spouse | 86 | 68 |
| Employee Child Small | 79 | 31 |
| Employee Child Large | 35 | 21 |
| Family Small | 118 | 73 |
| Family Large | 45 | 24 |
| Total | 679 | 432 |

| |
|--|
| <input checked="" type="checkbox"/> BCBS Self-Funded |
| <input type="checkbox"/> UHC Self-Funded |

| |
|---|
| <input type="checkbox"/> Current Plan Design |
| <input checked="" type="checkbox"/> Alternate Plan Design |



TIMELINE AND NEXT STEPS

Next Steps

- Internal Communication / Vote by County Council
- Decision on Carrier
- Decision on Plan Design (Current or Alternate)
- Contribution Strategy
- Open Enrollment Planning
- 3 Year Wellness / Plan Design Strategy

APPENDIX

Beaufort Memorial Hospital Plan Design

| | CIGNA Open Access Plus Plan |
|---|--|
| Deductible (Single/Family) | \$750/\$1,500 |
| Coinsurance Max (Single/Family) | \$2,700/\$5,400 |
| Out-of-Pocket Max (Single/Family) | \$3,450/\$6,900 (includes Deductibles & Copays) |
| Coinsurance | 70% |
| Preventive Care (ACA Compliant) | 100% (No Copay) |
| PCP Office Visit | Deductible + 30% |
| Specialist Office Visit | Deductible + 30% |
| Urgent Care | Deductible + 30% |
| Emergency Room | Deductible + 30% |
| Inpatient Hospitalization | Deductible + 30% |
| Outpatient Facility | Deductible + 30% |
| MH/SA Outpatient | Deductible + 30% |
| Prescription Drugs: <i>up to 90-day supply (Generic / Preferred Brand / Non-Preferred Brand / Self-administered injectables)</i> | 10% / Ded+30% / Ded+50% / Ded+30% |



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