

# Archuleta County Board of County Commissioners

## AGENDA ITEM SUBMISSION

**NAME:** Use of CIGNA premium surplus refund

**WORKFLOW:** Agenda Item Submission

**SUGGESTED MEETING DATE:** 3-16-2021

**START TIME:**

### DESCRIPTION:

Due to the premium surplus refund provision in our medical/Rx and vision insurance each year there's an excess in the premiums we submitted to cover our claims, 66% of that amount comes back to the County. This year in April we will be receiving \$333,244 (+/- 2%).

These funds were deducted for purpose of funding employee benefits the premium funding surplus needs to be funneled back into employee benefit related services.

Where each year we have the potential to receive a premium surplus refund I would like to establish an internal service fund for use of those funds.

If approved with this year's refund I would like to:

- Use 66% (est. \$222,695.26) to establishing a safety net fund to help absorb potential future health insurance rate increases.
- Use 30% (est. \$100,000) to establish an ongoing employee wellness program. (overview attached)

Where we have a partially self-funded health insurance plan, the healthier our employees are the lower our claims and the lower the cost of the plan.

An employee interest survey was sent out as requested to 170 employees with 38% (64) responding.

- 62 yes, 1 possibly and 1 no –responded they would participate in the wellness program to improve their overall health.

With 62 employees participating a maximum payout would be \$27,900. If half of the employees, 85, participated the maximum payout would be \$35,250.

- 64 yes and 1 said no - responded they perceived an employee health & wellness program to be beneficial to their health and overall well-being
- 46 yes, 2 no and 16 maybe – responded they would spend more time focusing on their health if programs were offered through work

Out of these funds we would also need to pay for the bio-metric screenings, last year those were \$110/each for 62 employees = \$6,820. If half of the employees, 85, participated the cost would be \$9,350. This does not include dependents.

Any HRA related fees would come out of these funds as well as behavioral health & wellness seminars, such as – balancing work & life, from smoker to smoke free, get moving, an introduction to exercise, opioids, understanding the dangers, mental health awareness.... An estimated cost would be \$295.00

Based on the responses of the employees who responded an estimated first year cost would be \$37,545.00

- For 2021 – add major dental services (crown, implants, dentures & bridges) to the dental plan effective April 1.

The benefit I receive the most complaints about is the lack of major services in our dental plan, with a portion of the premium surplus refund it would be possible to add those benefits without impacting the current budget.

An employee interest survey was sent out, asking the employees if they would be willing to pay slightly more in monthly premiums for the enhanced plan (crown, implants, dentures & bridges) effective April 1. The responses were 59 yes and 5 no,

If the County picked up the total cost of the increase it would be \$10,584.74

If the employees picked up their portion of the increase the County's portion would be \$6,430.84

For 2022 the estimated cost for the year will be \$14,131, this benefit will need to be added to budget.

We are requesting the BoCC:

1. Approve establishing an internal service fund to receive premium surplus refund checks from CIGNA.
2. Designate the funds in the internal service fund to:
  - A safety net fund to help absorb potential future health insurance rate increases.
  - Establish an ongoing employee wellness program. (overview attached)
  - Other employee benefit related services as approved by the BoCC
  - For 2021 add major dental services (crown, implants, dentures & bridges) to the dental plan effective April 1.

**PRESENTER:** Robert Smith – Human Resources Administrator

**PRESENTER'S TITLE:** Same as above.

**ATTACHED FILES:**

- Wellness Program Overview