

Board of Supervisors

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County Administrator

Finance, Audit & Budget Committee Meeting Agenda

April 5, 2016 - 12:00 Noon
Conference Room A/B/C - Second Floor

| Agenda Item | |
|-------------|------------------|
| 1. | Health Insurance |
| 2. | FY2017 Budget |
| 3. | Fire and Rescue |
| 4. | Audit |
| | |

FAB04052016



BOARD OF SUPERVISORS

Agenda Item



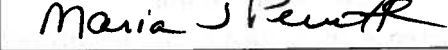
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| Meeting Date: | April 5, 2016 |
| Title: | Authorize the County Administrator to Execute a Contract with Anthem Blue Cross/Blue Shield for Health Insurance Coverages |
| Department: | Human Resources |
| Staff Contact: | Shannon Wagner, HR Manager |
| Board Committee/ Other BACC: | Finance, Audit and Budget Committee |
| Staff Recommendation: | Approval |
| Fiscal Impact: | Included in the FY2017 proposed budget |
| Time Sensitivity: | Open enrollment begins May 2, 2016 |

ATTACHMENTS:

| | | | |
|----|-----------------------------|----|--------------------------------|
| 1. | Background Report | 3. | Summary of Changes and Process |
| 2. | Proposed Resolution R16-111 | | |

| | | | | | |
|--------------------------|-----------------------|--------------------------|-----------------------|-------------------------------------|----------------------------|
| <input type="checkbox"/> | Consent Agenda | <input type="checkbox"/> | Other Business | <input checked="" type="checkbox"/> | Unfinished Business |
| <input type="checkbox"/> | Discussion | <input type="checkbox"/> | Presentation | <input type="checkbox"/> | Work Session |
| <input type="checkbox"/> | New Business | <input type="checkbox"/> | Public Hearing | <input type="checkbox"/> | Add-On |

REVIEW:

| | | |
|---|----------------------|--|
| X | County Administrator |  |
| X | County Attorney |  |
| X | Finance and Budget |  |

| | |
|------------------|-----|
| DISTRICT: | N/A |
|------------------|-----|

BACKGROUND REPORT

The County's health insurance contract with Anthem Blue Cross/Blue Shield (Anthem) expires in 2016. As a result of the Shared Services Study with Stafford County Public Schools (SCPS) and a desire to work towards aligning our benefits, the County spearheaded a joint Request for Proposal (RFP) process with SCPS in order to facilitate a strategic, shared health insurance contract that creates opportunities to enhance efficiencies and reduce costs while maintaining a quality plan for all employees.

This joint insurance process has been underway for several months. Staff's primary goal is to provide high quality and competitive health and dental insurance for County and SCPS employees, while making choices that are sustainable within the County and SCPS' overall budget. Staff is striving to maximize available dollars for a better overall compensation package, and collaborating towards aligning the benefit plans between the County and SCPS. Continued alignment of plan pricing and employee premiums between the County and SCPS is a high priority over the next few years. The proposed health benefits package would achieve each of these goals.

Below is a summary of the outcome of this proposal.

- One of the top factors when evaluating vendor proposals was to select a vendor with a large network of doctors and to minimize any disruption in service for employees. Staff proposes that the County and SCPS select Anthem as its vendor for all benefits (medical, dental, prescription, and stop-loss coverage) for FY2017.
 - Each benefit type is contracted for separately and each of the contracts is proposed for one year, with the option to renew for an additional five years.
- The benefit plans recommended would be competitive in the market at a lower cost to employees than the average market price.
- More options for health insurance coverage would be available to allow employees to make the best choices for themselves and their families:
 - Employees would have a choice of three medical plans – Premium PPO, Core PPO and a completely new option, a High Deductible Health Plan (HDHP).
 - The HDHP would include a \$500 annual employer contribution to a health savings account (HSA).
 - Employees would have a choice of two dental plans. Currently the County only offers one dental plan. Premium dental plan would include orthodontic benefits and the core dental plan would not include orthodontic benefits.
 - An additional “Employee + Children” tier would be added to the medical and dental plan options, to align the County benefits offerings with those of SCPS. These County employees are currently paying the higher “Family” tier contributions.
- Employee contribution rates for the Premium PPO plan would remain flat or decrease slightly compared to FY2016 rates.
 - Some of the budget-to-budget savings for the proposed health insurance plans would be reinvested into the benefits plans to fund the reduction in premiums.
- Employee total compensation would increase as a result of the proposed 2% pay increase, market adjustments to compensation for some employees, and flat/decreased health insurance rates for the Premium PPO Plan.

Shown below and on the following page are two charts that summarize the primary benefits proposed under the medical, prescription, and dental plan options compared to the benefits offered currently. This information is the same as was presented to the Finance, Audit, and Budget Committee (FAB), and jointly to the Board and School Board. The County and SCPS are still discussing the possibility of altering the proposed benefit for Emergency Room (ER) visits.

| Medical | Current Plans | | Proposed Plans | | |
|---|-----------------------------------|------------------|--|----------|-------------|
| | Stafford County Government | | Stafford County Government & Public Schools | | |
| Type of Plan | KeyCare 15+ - PPO | KeyCare 30 - PPO | Premium PPO | Core PPO | HDHP w/Fund |
| Plan Design | | | | | |
| Single Deductible | \$0 | \$1,000 | \$200 | \$1,000 | \$1,500 |
| Family Deductible | \$0 | \$2,000 | \$400 | \$2,000 | \$3,000 |
| Single Out-of-Pocket Maximum | \$2,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| Family Out-of-Pocket Maximum | \$4,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 |
| Inpatient Hospital - Copay | \$300 + 20% | 20% | \$400 + 20% | 20% | 20% |
| Office Visit Copay/Coinsurance - Primary Care | \$15 | \$30 | \$20 | \$30 | 20% |
| Office Visit Copay/Coinsurance - Specialist | \$30 | \$30 | \$40 | \$30 | 20% |
| Urgent Care - Copay/Coinsurance | \$15 | \$30 | \$20 | \$30 | 20% |
| Emergency Room - Copay/Coinsurance | \$150 | 20% | 20% | 20% | 20% |
| Pharmacy | | | | | |
| RETAIL | | | | | |
| Tier 1 Copay or Coinsurance (Generic) | \$10 | \$10 | \$10 | \$10 | \$10 |
| Tier 2 Copay or Coinsurance (Formulary) | \$20 | \$20 | \$30 | \$30 | 20% |
| Tier 3 Copay or Coinsurance (Non-Formulary) | \$35 | \$35 | \$50 | \$50 | 40% |
| Tier 4 Copay or Coinsurance (Specialty) | | | \$150 | \$150 | \$200 |
| MAIL ORDER | | | | | |
| Tier 1 Copay or Coinsurance (Generic) | \$20 | \$20 | \$20 | \$20 | \$20 |
| Tier 2 Copay or Coinsurance (Formulary) | \$40 | \$40 | \$60 | \$60 | 20% |
| Tier 3 Copay or Coinsurance (Non-Formulary) | \$70 | \$70 | \$100 | \$100 | 40% |
| Tier 4 Copay or Coinsurance (Specialty) | | | \$300 | \$300 | \$400 |
| Actuarial Value | 88.5% | 78.6% | 82.4% | 78.2% | 80.6% |

| Dental | Current Plan Stafford County Government | Proposed Plans Stafford County Government & Public Schools | |
|------------------------------|---|--|----------|
| Type of Plan | PPO | Premium PPO | Core PPO |
| Plan Design | | | |
| Single Deductible | \$50 | \$50 | \$50 |
| Family Deductible | \$150 | \$150 | \$150 |
| Preventative Services | 100% | 100% | 100% |
| Basic Services | 100% | 80% | 80% |
| Major Services | 50% | 50% | 50% |
| Calendar Year Maximum | \$1,250 | \$1,250 | \$1,250 |
| Orthodontic Lifetime Maximum | \$1,500 | \$1,500 | N/A |

Changes are recommended to the Board's current strategy for health insurance contributions for FY2017.

- The Premium PPO plan would continue to have a contribution strategy of the employee paying 15% for employee only premiums and 20% for all premiums above the employee only premium.
- The Core PPO would continue to have a contribution strategy of the employee paying 5% for employee only premiums and 10% for all premiums above the employee only premium.
- The HDHP is proposed with a contribution strategy of the employee paying 5% for employee only premiums and 10% for all premiums above the employee only premium. Employees who enroll in this plan would receive a \$500 employer contribution to a HSA.
- Dental plan options would be selected separately from medical plans and therefore, would have a separately designated contribution strategy. The recommended strategy would be the employee paying 15% for employee only premiums and 20% for all premiums above the employee only premium.

A chart summarizing the employee premiums for FY2016 and the proposed premiums for FY2017 is included below. It is important to note that in order to compare "apples to apples," the FY2017 rates assume enrollment in the Premium PPO plan and the Premium dental plan. These rates have been revised slightly since the March 15, 2016 joint Board/School Board meeting.

| Premium PPO <i>Rated Together with SCPS</i> | Employee Cost FY2016 Monthly (Key Care 15+) | Employee Cost FY2017 Monthly |
|--|--|---------------------------------|
| Employee Only | \$ 97.00 | \$97.00 |
| Employee + Child | \$ 164.00 | \$164.00 |
| Employee + Children | N/A | \$205.00 |
| Employee + Spouse | \$ 238.00 | \$224.00 |
| Family | \$ 344.00 | \$322.00 |

| Core PPO <i>Rated Together with SCPS</i> | Employee Cost FY2016 Monthly (Key Care 30) | Employee Cost FY2017 Monthly |
|--|--|--|
| Employee Only | \$ 30.00 | \$34.00 |
| Employee + Child | \$ 60.00 | \$69.00 |
| Employee + Children | N/A | \$87.00 |
| Employee + Spouse | \$ 92.00 | \$102.00 |
| Family | \$ 140.00 | \$144.00 |

| HDHP w/ HSA <i>Rated Together with SCPS</i> | Employee Cost FY2016 Monthly | Employee Cost FY2017 Monthly |
|---|--|--|
| Employee Only | N/A | \$32.00 |
| Employee + Child | N/A | \$65.00 |
| Employee + Children | N/A | \$82.00 |
| Employee + Spouse | N/A | \$96.00 |
| Family | N/A | \$136.00 |

The approval and finalization of all of the contracts is time sensitive. The County's open enrollment period begins on May 2, 2016. Employees will have through May 27, 2016, to make decisions on which health benefits plans best meet their needs and the needs of their families. These choices would be effective July 1, 2016. With the changes and additions to plan design, in particular the addition of the HDHP, it is important to give employees as much time as possible to make these decisions. Also, staff is working on implementing an online enrollment portal for employees to use during open enrollment. A delay in finalizing the benefits plans could cause a delay for this implementation until FY2018.

The School Board intends to vote on the proposed contract at its meeting on April 12, 2016.

Staff recommends approval of proposed Resolution R16-111, which authorizes the County Administrator to execute contracts with Anthem for the provision of medical, dental, prescription, and stop-loss insurance coverage, and to approve the employee contribution strategy.

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 5th day of April, 2016:

MEMBERS:

Robert “Bob” Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of _____, seconded by _____, which carried by a vote of _____, the following was adopted:

A RESOLUTION AUTHORIZING THE COUNTY ADMINISTRATOR
TO EXECUTE A CONTRACT WITH ANTHEM BLUE CROSS/BLUE
SHIELD FOR HEALTH BENEFITS, AND ADOPTING THE
EMPLOYEE HEALTH INSURANCE CONTRIBUTION STRATEGY

WHEREAS, the Board desires to offer competitive, sustainable, and affordable health benefits to its employees; and

WHEREAS, the Board desires to align health benefits with the Stafford County Public Schools (SCPS); and

WHEREAS, Anthem Blue Cross/Blue Shield (Anthem) submitted proposals to provide medical, dental, prescription, and stop-loss insurance coverage in response to a joint Request for Proposal (RFP) by the County and SCPS; and

WHEREAS, staff for the County and the SCPS evaluated the proposals, and found that the proposals were reasonable for the scope of services proposed to be provided; and

WHEREAS, the Board considered the recommendations of County and SCPS staff; and

WHEREAS, an update to the employee health insurance contribution strategy is proposed as a result of the proposed health benefit changes;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 5th day of April, 2016, that the County Administrator be and he hereby is authorized to execute contracts with Anthem Blue Cross/Blue Shield for the provision of medical, dental, prescription, and stop-loss insurance coverage, for a term of one-year with optional renewal provisions; and

BE IT FURTHER RESOLVED that the following employee health insurance contribution strategy is adopted:

| | Premium PPO | Core PPO | HDHP | Premium Dental | Core Dental |
|----------------|-------------|----------|------|----------------|-------------|
| Employee Cost | 15% | 5% | 5% | 15% | 15% |
| Dependent Cost | 20% | 10% | 10% | 20% | 20% |

; and

BE IT STILL FURTHER RESOLVED that the High Deductible Health Plan (HDHP) shall include a \$500 annual employer contribution to a Health Savings Account (HSA) for any employee who selects the HDHP.

AJR:SW

FY2017 Proposed Health Insurance Plans

| | |
|---|--|
| Primary Goals | <ul style="list-style-type: none"> ▪ To provide a benefits package that is: <ul style="list-style-type: none"> ○ Competitive in the market. ○ Sustainable and affordable to both employees and the County. ○ Aligned with Stafford County Public Schools (SCPS) |
| | Key Facts |
| Some Changes Would Have Occurred in FY2016 | <ul style="list-style-type: none"> ▪ Two of the proposed changes would have occurred outside of the Request for Proposal (RFP) process and the joint health insurance initiative. <ul style="list-style-type: none"> ○ These changes were proposed by Anthem to occur in FY2016, but given the upcoming RFP process the County decided to delay these changes until FY2017 so that employees could have one more year with no benefit changes. ▪ These two changes include: <ul style="list-style-type: none"> ○ Increase in out of pocket maximum from \$2,000 for an individual to \$3,000 and from \$4,000 for a family to \$6,000. This increase is a result of the Affordable Care Act (ACA) requirements to include prescription costs in the out of pocket maximum. ○ Addition of a fourth tier in the prescription benefit plan for specialty medications. These medications are very expensive and will have an increased cost for those employees who utilize them. Four-tier drug programs are now standard in the industry and within Anthem benefit plans. |
| Additional Plan Changes | <ul style="list-style-type: none"> ▪ Addition of a small deductible on the Premium PPO plan to adjust for rising costs and market trends. ▪ Emergency room visit changed from a \$150 co-payment to 20% co-insurance. ▪ Small increases to co-payments (including office visits and prescription tiers). |
| More Options | <ul style="list-style-type: none"> ▪ 3 medical plans: Premium PPO, Core PPO, and a High Deductible Health Plan (HDHP) with Health Savings Account (HSA) and \$500 annual employer contribution. ▪ 2 dental plans: with and without orthodontia coverage. ▪ Additional employee and children tier added to plan options. ▪ Employees will be able to select medical coverage, dental coverage, or both. |
| Premiums and Savings | <ul style="list-style-type: none"> ▪ Cost avoidance and savings total \$1.7M. <ul style="list-style-type: none"> ○ Budget savings passed along to employees through premium reductions. ○ FY2016 premiums artificially low through use of one-time funds in a health insurance reserve. ▪ Contribution rates to employees for Premium Plan will be flat or decrease slightly compared to current KeyCare15. ▪ Employee compensation will increase with salary increases, market adjustments and flat health insurance costs. |
| Process and Next Steps | <ul style="list-style-type: none"> ▪ Joint Request for Proposal with SCPS released in November and reviewed by a team of County and Schools representatives. <ul style="list-style-type: none"> ○ Focused on network access and disruption, benefits offered, tools available, and cost. ▪ Have recommended to the Board and the School Board to award all benefits to Anthem BCBS for FY2017 ▪ Requesting Board action next week so we can begin open enrollment planning. ▪ During open enrollment, there will be numerous presentations, handouts and meetings with HR and Anthem to explore new options so employees can make choices best for them. |



Stafford County and Stafford County Public Schools

Prepared by Aon

Aon Hewitt | Health & Benefits

Presentation to Stafford County and Stafford County Public Schools | April 5, 2016



Stafford County/Stafford County Public Schools Health Plan Bid Objectives

- Align benefit strategies and maximize marketplace leverage through combined purchasing power and shared services
- Maintain a competitive benefit package and premium cost with Stafford County/SCPS comparator groups and the marketplace
- Provide valuable options so that employees may select a plan that best meets their needs
- Maximize budget resources to meet compensation **and** sustainable benefits goals
- Select a cost effective vendor who has the resources and technology to enable long-term strategy implementation

Stafford County/SCPS Medical Benefit Change Summary

- **Some plan design changes would have occurred with or without a competitive bid**
 - ✓ *Increased out of pocket maximum to align with marketplace levels based on ACA required changes*
 - ✓ *Added fourth tier for specialty prescription drugs (County only) to offset escalating costs*
- **Introduced moderate cost sharing features that are consistent with marketplace trends and designed to temper utilization levels**
 - ✓ *Converted Emergency room flat deductible to coinsurance*
 - ✓ *Adjusted overall deductible levels to counter inflationary effect and align with the marketplace*
 - ✓ *Minimal increase to office visit copays to mitigate trend*
- **Added a new plan deemed attractive to a specific employee segment**
 - ✓ *High deductible health plan with option to add Health Savings Account providing more selection for employees*
- **Marketplace trend to increase deductible and out of pocket levels. Per Aon 2015 survey results for public sector entities:**
 - ✓ *Average deductible \$500/\$1000*
 - ✓ *Average Out of Pocket maximum \$2000/\$4000*

Proposed Changes to Emergency Room Visit

- Some of the feedback we have heard from our employees is a concern about the change from a flat co-pay for ER visits to a 20% co-insurance
 - Specifically, the unknown impact of the co-insurance has been the chief concern on this matter
 - SCPS current plans already have a 20% co-insurance for ER visits
- We wanted to be responsive to this concern and staff have had multiple conversations with SCPS, Aon, and Anthem
 - We discussed whether a 20% co-insurance with a maximum out-of-pocket would be a compromise to give employees a little reassurance. Anthem's systems are unable to work with a separate out-of-pocket maximum for individual benefits
 - We also discussed whether a higher co-payment would be an acceptable alternative
- Staff recommends that we retain the proposed 20% co-insurance benefit for ER visits
 - This option will result in an employee cost that is proportional to the amount of services needed
 - It is also more sustainable as it will allow for inflationary increases in costs over time

Proposed Plan Options—Medical

| Medical | Current Plans Stafford County Government | | Proposed Plans Stafford County Government & Public Schools | | |
|---|---|---------------------|---|-------------|----------------|
| | KeyCare 15+ - PPO | KeyCare 30 - PPO | Premium PPO | Core PPO | HDHP w/Fund |
| Type of Plan | | | | | |
| Plan Design | | | | | |
| Single Deductible | \$0 | \$1,000 | \$200 | \$1,000 | \$1,500 |
| Family Deductible | \$0 | \$2,000 | \$400 | \$2,000 | \$3,000 |
| Single Out-of-Pocket Maximum | \$2,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| Family Out-of-Pocket Maximum | \$4,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 |
| Inpatient Hospital - Copay | \$300 + 20% | 20% | \$400 + 20% | 20% | 20% |
| Office Visit Copay/Coinsurance - Primary Care | \$15 | \$30 | \$20 | \$30 | 20% |
| Office Visit Copay/Coinsurance - Specialist | \$30 | \$30 | \$40 | \$30 | 20% |
| Urgent Care - Copay/Coinsurance | \$15 | \$30 | \$20 | \$30 | 20% |
| Emergency Room - Copay/Coinsurance | \$150 | 20% | 20% | 20% | 20% |
| Pharmacy | | | | | |
| RETAIL | | | | | |
| Tier 1 Copay or Coinsurance (Generic) | \$10 | \$10 | \$10 | \$10 | \$10 |
| Tier 2 Copay or Coinsurance (Formulary) | \$20 | \$20 | \$30 | \$30 | 20% |
| Tier 3 Copay or Coinsurance (Non-Formulary) | \$35 | \$35 | \$50 | \$50 | 40% |
| Tier 4 Copay or Coinsurance (Specialty) | | | \$150 | \$150 | \$200 |
| MAIL ORDER | | | | | |
| Tier 1 Copay or Coinsurance (Generic) | \$20 | \$20 | \$20 | \$20 | \$20 |
| Tier 2 Copay or Coinsurance (Formulary) | \$40 | \$40 | \$60 | \$60 | 20% |
| Tier 3 Copay or Coinsurance (Non-Formulary) | \$70 | \$70 | \$100 | \$100 | 40% |
| Tier 4 Copay or Coinsurance (Specialty) | | | \$300 | \$300 | \$400 |
| Actuarial Value | 88.5% | 78.6% | 82.4% | 78.2% | 80.6% |

Proposed Plan Options–Dental

| Dental | Current Plan Stafford County Government | Proposed Plans Stafford County Government & Public Schools | |
|---|--|---|----------|
| Type of Plan | PPO | Premium PPO | Core PPO |
| Plan Design | | | |
| Single Deductible | \$50 | \$50 | \$50 |
| Family Deductible | \$150 | \$150 | \$150 |
| Preventative Services | 100% | 100% | 100% |
| Basic Services | 100% | 80% | 80% |
| Major Services | 50% | 50% | 50% |
| Calendar Year Maximum | \$1,250 | \$1,250 | \$1,250 |
| Orthodontic Lifetime Maximum ⁽¹⁾ | \$1,500 | \$1,500 | N/A |

(1) Benefits are covered at 50% up to \$1,500 maximum.

Proposed Plan Option–Vision

| Vision | Current Plan Stafford County Government | Proposed Plans Stafford County Government & Public Schools |
|------------------------------------|--|---|
| Type of Plan | PPO | PPO |
| Plan Design | | |
| Frequency | Exam every calendar year | Exam every calendar year Glasses, which include lenses and frames, every calendar year |
| Exam | \$15 copay | \$15 copay |
| Lenses | Covered in full | \$25 copay then covered in full...single, bifocal, trifocal |
| Frame | \$100 allowance then 20% of balance | \$130 allowance then 20% off remaining balance |
| Cosmetic Contacts Lenses | \$100 allowance then 15% of balance | In lieu of glasses; \$130 allowance, child under age 19 formulary |
| Other | 40% discount off second pair glasses | \$15 for tints, UV |
| Medically Necessary Contact Lenses | Covered | Up to \$600 |

Peer Group Comparison—Medical (County)

| | PCP | Specialist | Emergency | In-Patient Hospital | Out-of-Pocket Max | Deductible | Pharmacy |
|----------------|------|------------|-----------|---------------------|--------------------|----------------|----------------------------|
| Albemarle | \$15 | \$30 | \$200 | 10% | \$3,000 / \$6,000 | \$500 / \$1000 | \$7 / \$30 / \$50 |
| Fauquier | \$15 | \$30 | \$100+20% | \$300 + 20% | \$5,500 / \$11,000 | \$0 | \$10/ \$20/20% \$150 ded. |
| Hanover | \$25 | \$50 | \$125 | \$150 / DAY | \$5,500 / \$11,000 | \$0 | \$10 / \$30 / \$50 |
| Loudoun | \$20 | \$35 | \$150 | \$100 + 10% | \$4,000 / \$8,000 | \$0 | \$7 / \$28 / \$50 |
| Prince William | \$20 | \$35 | \$200 | \$350 | \$2,500 / \$5,000 | \$0 | \$10 / \$35 / \$70 |
| Spotsylvania | \$20 | \$40 | \$100+20% | \$400+20% | \$3,000 / \$6,000 | \$0 | \$10 / \$20 / \$35 |
| SC—Proposed | \$20 | \$40 | 20% | \$400 + 20% | \$3,000 / \$6,000 | \$200 / \$400 | \$10 / \$30 / \$50 / \$150 |

Peer Group Comparison—Medical (County/Schools)

Average Annual Deductible—County

| | |
|------------|-------|
| Individual | \$80 |
| Family | \$160 |

Average Annual Out-of-Pocket Maximum—County

| | |
|------------|--------|
| Individual | \$3900 |
| Family | \$7800 |

Average Annual Deductible—Schools

| | |
|------------|-------|
| Individual | \$170 |
| Family | \$325 |

Average Annual Out-of-Pocket Maximum—Schools

| | |
|------------|--------|
| Individual | \$3000 |
| Family | \$5900 |

Peer Group Employee Contribution Comparison—Medical

- **Average Employee Only** **\$87 per month**
- **Average Family Plan** **\$475 per month**

Based on current County government comparator group plan offerings

- **Average Employee Only** **\$81 per month**
- **Average Family Plan** **\$549 per month**

Based on current SCPS comparator group plan offerings

- **Average Employee Only** **\$84 per month**
- **Average Family Plan** **\$517 per month**

Reflects average of combined comparator groups

Stafford County/SCPS Proposed Medical/Vision Rates—Combined

| Coverage Tier | Combined (Eff. 7/1/2016) 5 Tier Option | | | | | |
|------------------------|--|--------------|--------|-------------|--------|---------------------|
| | Enroll | Premium PPO | Enroll | Core PPO | Enroll | HDHP |
| Employee Only | 1022 | \$ 622.01 | 663 | \$ 576.65 | 102 | \$ 539.19 |
| Employee and Spouse | 221 | \$1,224.59 | 42 | \$1,210.97 | 23 | \$1,132.30 |
| Employee and One Child | 142 | \$ 933.02 | 76 | \$ 864.99 | 33 | \$ 808.79 |
| Employee and Children | 41 | \$1,119.62 | 54 | \$1,037.98 | 41 | \$970.54 |
| Employee and Family | 471 | \$1,691.09 | 152 | \$1,556.97 | 94 | \$1,455.81 |
| Annual Expected Total | 1897 | \$22,574,703 | 987 | \$9,499,551 | 293 | \$3,412,424 |
| Expected Total: | | | | | | \$35,486,678 |

Stafford County/SCPS Dental Rates

| County Current | |
|-------------------|---------------------|
| Employee | Included in medical |
| Employee+Spouse | Included in medical |
| Employee+Child | Included in medical |
| Employee+Children | Not Offered |
| Family | Included in medical |

| Schools Current | |
|-------------------|---------|
| Employee | \$30.68 |
| Employee+Spouse | \$57.35 |
| Employee+Child | \$58.88 |
| Employee+Children | \$64.41 |
| Family | \$95.07 |

| County Proposed | |
|-----------------|---------|
| Premium | Core |
| \$30.46 | \$25.89 |
| \$56.95 | \$48.41 |
| \$61.22 | \$52.03 |
| \$67.00 | \$56.95 |
| \$94.41 | \$80.25 |

| Schools Proposed | |
|------------------|---------|
| Premium | Core |
| \$30.46 | \$25.89 |
| \$56.95 | \$48.41 |
| \$61.22 | \$52.03 |
| \$67.00 | \$56.95 |
| \$94.41 | \$80.25 |

Employee Cost Comparison (County) **

FY2016–FY2017 Proposed

| Premium PPO | Employee Cost FY2016 | Employee Cost FY2017 |
|-------------------|------------------------|----------------------|
| | Monthly (Key Care 15+) | Monthly |
| Employee Only | \$97.00 | \$97.00 |
| Employee+Child | \$164.00 | \$164.00 |
| Employee+Children | N/A | \$208.00 |
| Employee+Spouse | \$238.00 | \$224.00 |
| Family | \$344.00 | \$322.00 |

| Core PPO | Employee Cost FY2016 | Employee Cost FY2017 |
|-------------------|-----------------------|----------------------|
| | Monthly (Key Care 30) | Monthly |
| Employee Only | \$30.00 | \$33.00 |
| Employee+Child | \$60.00 | \$67.00 |
| Employee+Children | N/A | \$90.00 |
| Employee+Spouse | \$92.00 | \$102.00 |
| Family | \$140.00 | \$142.00 |

| HDHP w / HSA | Employee Cost FY2016 | Employee Cost FY2017 |
|-------------------|----------------------|----------------------|
| | Monthly | Monthly |
| Employee Only | N/A | \$31.00 |
| Employee+Child | N/A | \$63.00 |
| Employee+Children | N/A | \$85.00 |
| Employee+Spouse | N/A | \$96.00 |
| Family | N/A | \$134.00 |

** Costs include both medical and dental rates. Dental assumed as the high option plan.

Employee Cost Comparison (Schools) **

FY2016–FY2017 Proposed

| Premium PPO | Employee Cost FY2016 | Employee Cost FY2016 | Employee Cost FY2017 |
|--------------------------|-----------------------|------------------------|----------------------|
| | Monthly (Key Care 15) | Monthly (Key Care 100) | Monthly |
| Employee Only | \$31.18 | \$121.33 | \$79.19 |
| Employee+Child | \$250.25 | \$396.19 | \$205.02 |
| Employee+Children | 430.46 | \$609.91 | \$293.19 |
| Employee+Spouse | \$623.21 | \$837.19 | \$408.06 |
| Family | \$758.94 | \$1,026.24 | \$607.23 |

| Core PPO | Employee Cost FY2016 | Employee Cost FY2017 |
|--------------------------|-----------------------|----------------------|
| | Monthly (Key Care 30) | Monthly |
| Employee Only | \$16.67 | \$50.76 |
| Employee+Child | \$114.52 | \$138.63 |
| Employee+Children | \$259.37 | \$231.66 |
| Employee+Spouse | \$422.41 | \$343.79 |
| Family | \$501.17 | \$471.20 |

| HDHP w / HSA | Employee Cost FY2016 | Employee Cost FY2017 |
|--------------------------|----------------------|----------------------|
| | Monthly | Monthly |
| Employee Only | N/A | \$49.16 |
| Employee+Child | N/A | \$133.04 |
| Employee+Children | N/A | \$213.26 |
| Employee+Spouse | N/A | \$324.62 |
| Family | N/A | \$494.66 |

** Costs include both medical and dental rates. Dental assumed as the core option plan.

Stafford County/Stafford County Public Schools Health Plan Bid Results

- Realized fixed dollar cost savings of approximately \$1.3M on pharmacy with additional reductions on medical/dental administrative fees and medical stop loss premium rates
 - Individual stop Loss
 - Current Weighted Average: \$ 95.17 PEPM
 - New Combined: \$ 77.70 PEPM
 - Administrative Fee (Medical)
 - Current Weighted Average: \$15.33 PEPM
 - New Combined: \$6.10 PEPM
 - Administrative Fee (Dental)
 - Current Weighted Average: \$3.52 PEPM
 - New Combined: \$2.95 PEPM
- Combined insurance risk provided opportunity to eliminate Aggregate Stop Loss (County) and implement a higher (lower premium offsets increased risk) individual stop loss level (Schools)
- Maintained a competitive benefit package and premium cost with Stafford County/SCPS comparator groups and aligned with marketplace trends
- Negotiated implementation, financial and ongoing services performance guarantees

Stafford County/SCPS Health Plan–Next Steps

- Execute final contracts with Anthem for medical, dental, prescription, and stop loss coverage
- Continue employee communications including focus groups and employee meetings
- Prepare implementation calendar and corresponding roles
- Develop open enrollment strategy with onsite vendors that includes in-person meetings for respective effective dates of County (7/1/16) and Schools (10/1/16)
- Board action is time sensitive:
 - Open enrollment communication materials and planning need to be finalized in order to meet the scheduled start date of May 2, 2016
 - Staff are working on an option to provide employees with an online enrollment portal for open enrollment. Benefit options need to be finalized in order to be able to design the system for FY2017

Board of Supervisors

Robert "Bob" Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

Anthony J. Romanello, ICMA-CM
County Administrator

MEMORANDUM

To: Anthony J. Romanello, ICMA-CM
County Administrator

From: Maria Perrotte, Chief Financial Officer *M Perrotte*

Subject: FY17 Proposed Budget Update

Date: April 5, 2016

Here are the FY17 Proposed Budget topics for discussion at the April 5th FAB meeting:

Ups/downs

An ups/downs sheet will be provided at the meeting that will show the most up to date budget information.

Victim/Witness

We have recently been informed by the Department of Criminal Justice that the County's Victim/Witness grant funding has been increased by \$111,993. We had expected some additional funding and had included \$11,000 in the proposed budget to fund a part-time conversion. The Commonwealth's Attorney recommends we use the additional money to fund another full-time position to meet the growing demands in the Victim/Witness program. This is a reimbursement grant to enhance services in the Victim/Witness program. It cannot be used to supplant local funding for services already in place.

Aquia Town Center TIF

The County's MOA with Mosaic Realty Partners calls for annual payments to the developer of 75% of the incremental increases in the previous year's tax collection on the commercial property at Aquia Town Center. It is possible that commercial activity at the Town Center will be sufficient that this payment stream will begin in FY17. The proposed budget does not address this potential new revenue and expenditure. We recommend that the appropriations resolution include language authorizing the County Administrator to increase appropriations for this item.



This would be consistent with the way we handle other restricted revenues realized throughout the year which we cannot accurately project during the budget process. Once we have established a history of Aquia Town Center revenue, we will include this in the regular budget process each year.

R-Board Debt Service

Because the R-Board does not have the authority to incur debt, the County (and City of Fredericksburg) borrowed funds on their behalf to construct the new cell, with the understanding that the R-Board will pay the annual debt service with landfill user fees. We have been recently told by our auditors that the proper way to account for the debt service payments is for the County (and City) to pay the debt service and record the R-Board payments as revenue. The ups/downs sheet shows an equal revenue and expenditure amount of \$280,000 to accomplish this.

One-Time Payment for Health Insurance

The proposed changes to the County's health insurance are expected to increase out of pocket medical expenses for most employees. The new plan goes into effect on July 1st, which gives employees a short time to plan for the potential increased costs should they have an illness soon after the plan changes take effect.

We recommend using some of our health insurance reserve to provide a one-time payment of \$300 to all regular full-time and part-time County employees. This would provide an amount, after taxes, to meet the new deductible amount included in the premium plan. Employees could also opt to use the payment to increase flexible spending or health savings accounts. We are projecting that our health insurance reserve will be sufficient to cover the \$250k cost of the one-time payments. We recommend making the payment in FY16 so that the money will be available to employees on July 1st.

We further recommend keeping the balance of the reserve intact until after the midyear review. If the implementation of the new plan goes as expected, we may feel comfortable recommending that we send the balance of the health insurance reserve to the OPEB trust in compliance with the Board's financial policies.

BOARD OF SUPERVISORS

Agenda Item

| | |
|---|--|
| Meeting Date: | April 19, 2016 |
| Title: | Consider Volunteer Fire and Rescue Depts Utilizing a Portion of County Funds to Offset Capital Costs |
| Department: | Finance and Budget |
| Staff Contact: | Maria J. Perrotte, Chief Financial Officer |
| Board Committee/ Other BACC: | Finance, Audit and Budget Committee |
| Staff Recommendation: | Draft |
| Budget Impact: | |
| Time Sensitivity: | See background report |

ATTACHMENTS:

| | | | |
|----|-----------------------------|--|--|
| 1. | Background Report | | |
| 2. | Proposed Resolution R16-123 | | |

| | | | | | |
|---|-----------------------|--|-----------------------|--|----------------------------|
| | Consent Agenda | | Other Business | | Unfinished Business |
| X | Discussion | | Presentation | | Work Session |
| | New Business | | Public Hearing | | Add-On |

REVIEW:

| | | |
|---|----------------------|--|
| X | County Administrator | |
| X | County Attorney | |

| | |
|------------------|-----|
| DISTRICT: | N/A |
|------------------|-----|

BACKGROUND REPORT

Over the past several years, some volunteer Fire and Rescue organizations have expressed an interest in using a portion of their county budget allocation to pay for capital costs of real property, such as building expansions and mortgage payments for existing structures. There is some past history of this practice.

If there is interest in pursuing this, staff believes there should be formal processes, procedures and qualifications. Because the circumstances, needs and use of the funds may vary, actual agreements would need to reflect each particular situation. Having a process in place would provide guidance to volunteers should they wish to make a request.

The recommended process calls for volunteers to make a formal written request with documentation of the need, which could include bank statements, budgets and financial projections. The documentation would clearly demonstrate the reason why county funds are being requested. Additionally, the request would outline how the funds would be spent and could suggest what type of collateral, equity, lien or other mechanism would be used to protect the public funds should the use of the real estate change.

The County Administrator would be authorized to review the request and begin negotiations with the volunteer organization if warranted. The actual formal agreement would then go to the full Board for approval. The County would not pledge payments or in any way back a loan for the volunteers as this could affect the County's debt ratios and bond ratings.

Resolution R16-123 Authorizes the County Administrator to receive requests and begin negotiation of an agreement to be offered for Board consideration. Also, it provides guidance for the volunteers should they wish to make a request.

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 5th day of April, 2016:

MEMBERS:

Robert "Bob" Thomas, Jr., Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Wendy E. Maurer
Paul V. Milde, III
Gary F. Snellings

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO APPROVE A PROCESS FOR VOLUNTEER FIRE
AND RESCUE DEPARTMENTS TO UTILIZE A PORTION OF COUNTY
FUNDING TO OFFSET CAPITAL COSTS

WHEREAS, volunteer fire and rescue departments have on occasion expressed interest in using a portion of their county funding allocation to offset capital costs and investment in buildings and building expansions; and

WHEREAS, the County may find it advantageous to permit such use of funds;
and

WHEREAS, the County wishes to protect any investment made using these public funds;

NOW, THEREFORE, BE IT RESOLVED that Volunteer departments may request that the Board of Supervisors allow them to use a portion of their County funding for major capital improvements or debt service for capital projects; and

BE IT FURTHER RESOLVED that if the permission is granted, the County will obtain some means of security so that, if the building/asset is no longer used by the volunteers, the county's interest is protected and/or repaid. This could be either an equity/ partial ownership, a lien payable upon any transfer or change in use, or a loan agreement stating that the County funds would be repaid under certain circumstances. There will be no pledge by the County to make the funds available and no moral obligation or backing of any kind regarding any volunteer financing; and

BE IT FURTHER RESOLVED that to be considered, the volunteer department would need to make the request in conjunction with the annual budget allocation process and would be considered in the context of the department and volunteer budgets. The request would need to be made formally in writing and accompanied by documentation of the need (such as bank statements), budgets and future funding plans that demonstrate the necessity of using County funds, and a complete description of the planned use of the money; and

BE IT STILL FURTHER RESOLVED that the County Administrator is and hereby be authorized to negotiate an agreement in accordance with this resolution for future consideration by the Board of Supervisors should such a request be received.

AJR:MJP:dmo

Wendy A. Mallow

From: Anthony J. Romanello
Sent: Monday, April 04, 2016 7:25 AM
To: Wendy A. Mallow
Subject: FW: Shared Audit

Wendy - add-on for tomorrow's FAB. Thank you.

Anthony J. Romanello, ICMA-CM
County Administrator
1300 Courthouse Road | P. O. Box 339
Stafford VA 22555.0339
540.658.8612



George Washington's Boyhood Home

www.staffordcountyva.gov

Pursuant to the Virginia Freedom of Information Act, written correspondence including e-mails to and from County of Stafford officials and employees may be subject to disclosure as a public record.

From: Bruce Benson <bensonwb@staffordschools.net>
Date: Friday, April 1, 2016 at 9:39 AM
To: Anthony Romanello <aromanello@staffordcountyva.gov>, Maria Perrotte <MPerrotte@staffordcountyva.gov>, Lance Wolff <wolfflw@staffordschools.net>
Cc: Chris Fulmer <fulmercr@staffordschools.net>
Subject: Shared Audit

All,
Given the timing, lack of closure with our forensic audit, and the need to discuss a shared audit with the School Board, I think it best to continue with our current audit arrangement, at least for next year. That will give us more time to discuss and potentially jointly bid an RFP with specifics agreeable to all.

Bruce

W. Bruce Benson, Ed.D.

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