Memorandum

To: Cynthia Mares, Director Administrative Services
Webb County

CC: None

From: Roger Garza, LHIC, LUTF
Valley Risk Consulting

Date: 08-16-15

Re: Mid-Year plan review/changes

Pursuant to our phone conversion and recent Federal Court rulings, Webb County Commissioners will have to make some necessary adjustments to the plan document and summary of benefits. As you know, the County offers one (1) tier plan design only. The benefits included are 10% coinsurance amount with a deductible amount of $500 and a $1500 per family maximum. The total out of pocket amount for each employee is $2000 and the family out of pocket amount is $6000 with no lifetime limits. Pharmacy benefits are payable at 100% after a copayment amount of $7 generic, $25 brand and $40 non formulary. Dental benefits are included in the package of benefits. However, plan funding and expected claims continue to outpace the structure of the plan. Therefore, I recommend changes to the current plan structure (see attachment);

- Adjust the coinsurance amount to 80/20
- Adjust the Individual Out of Pocket limit to $2,500
- Adjust the family out of pocket to $7,500
- Offer same-sex benefits (Federal Court mandate)

These adjustments would fair very well in comparisons to other counties and cities in South Texas that offer similar medical plans.

Summary: Webb County offers a very competitive benefit package to employees/retirees and dependents. Since the county is self-insured, these adjustments are necessary in order to make the plan structured to funding. These adjustments will reduce exposure to the plan with a potential amount of approximately $595,000. The county will still have to address the hospital provider issue regarding charges. It's my opinion that the cost are unreasonable in comparisons to the national average. In addition, we must use the abundance of caution when making contribution adjustment to employees and retirees. We must take into consideration the mandates under the Affordable Care Act (ACA).

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