

Compensation & Benefits

Joint Committee on Appropriations

Fiscal Year '24 Budget Hearing

February 8, 2023

BHR Team (p.1)

- ❑ Darin Seeley, Commissioner
- ❑ Ellen Zeller, Director Centers of Excellence
- ❑ Judy Stulken, Director of Benefits
- ❑ Rachel Williams, Director of Finance (BFM)
- ❑ Mary Keeler, Accountant (BFM)
- ❑ Sarah Delaney, Vice-President, Analytical Services (MarshMcLennan Agency)

Agenda

□ Benefits

- ✓ FY22 Plan Results
- ✓ FY23 Projections to Date
- ✓ FY24 Projections
- ✓ Financial Update

□ Compensation

- ✓ Salary Policy and Targeted Increases
- ✓ Governor's FY24 Budget Recommendation

Benefits

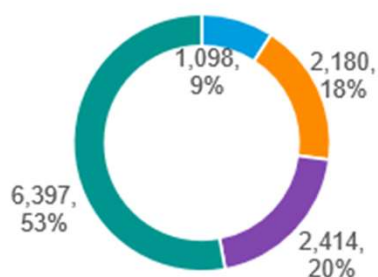
SEHP FY2022 Financial

	ORIGINAL ESTIMATE	
	LEGISLATIVE ADOPTED DECREASE \$937	ONE-TIME DECREASE \$1,256
Employer Rate	\$10,809-\$937 \$9,872 Estimated FY 2022	\$9,872-\$1,256 \$8,616 Actual FY 2022
EMPLOYER	\$123,005,120	\$108,088,484
COBRA	\$899,300	\$910,330
EMPLOYEE	\$14,322,710	\$14,503,028
REBATES	\$10,682,282	\$8,894,358
ADMINISTRATIVE FEE	\$0	\$125,793
COVID-19 - CRF FUNDS	\$2,082,000	\$2,304,472
INTEREST	\$550,000	\$458,733
TOTAL REVENUE	\$151,541,412	\$135,285,198
 MEDICAL/RX CLAIMS	 \$133,641,944	 \$135,075,430
ADMINISTRATION	\$21,687,786	\$21,573,660
TOTAL EXPENSES	\$155,329,730	\$156,649,090
 Current Year Over/(Underrecovery)	 (\$3,788,318)	 (\$21,363,892)
 Reserve	 \$48,826,677	 \$31,251,103

Plan Enrollment is Changing

Roosevelt Plan

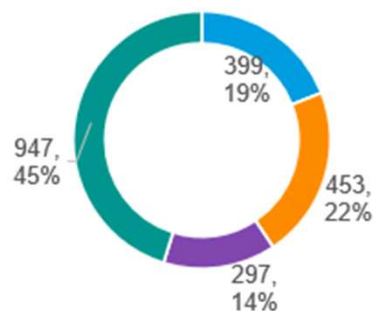
\$0 deductible plan with fixed copays on all services



Initial Enrollment
July 2021

Jefferson Plan

Standard PPO \$1750 deductible w/fixed copays and coinsurance



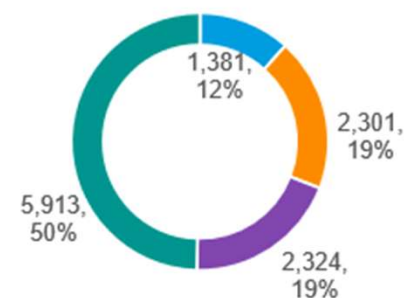
New Hire Enrollment
July '21 to Dec '22

Lincoln Plan

\$3,000 deductible HSA compatible HDHP

Washington Plan

\$5,500 deductible HSA compatible HDHP
"Free Plan"

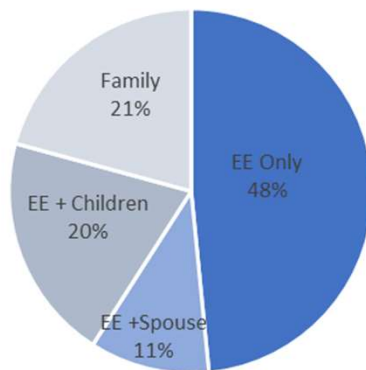


Total Enrollment
December 2022

Enrollment by Tier

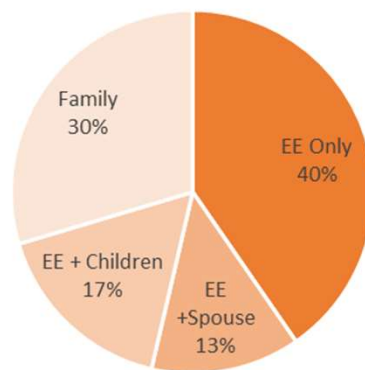
Roosevelt Plan

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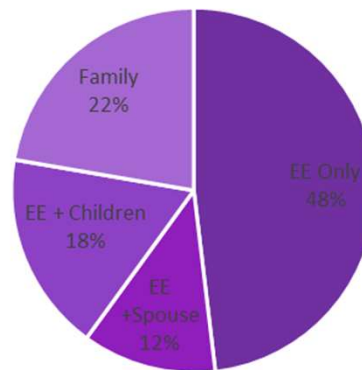
Jefferson Plan

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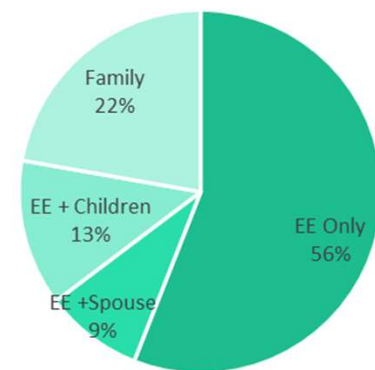
Lincoln Plan

\$3,000 deductible HSA compatible HDHP



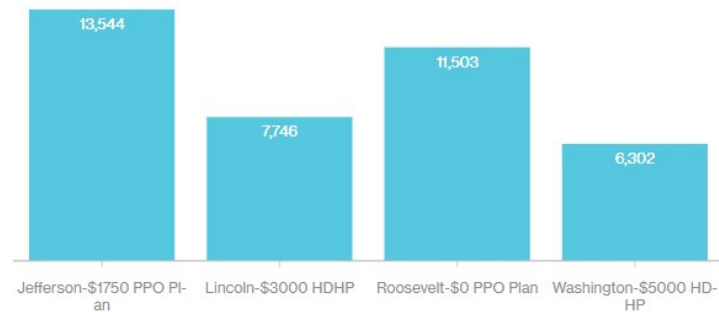
Washington Plan

\$5,500 deductible HSA compatible HDHP
"Free Plan"

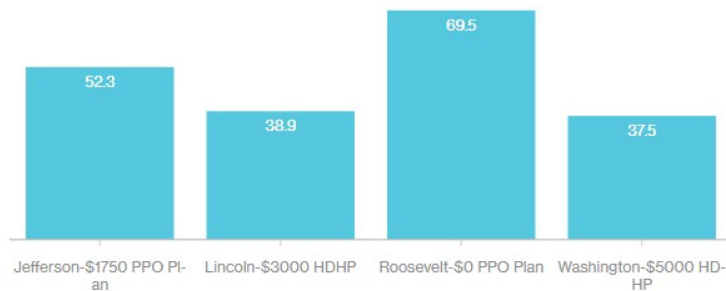


Drivers of Selection and Cost ^{1 of 2}

Per 1k Rx Scripts (HCG)



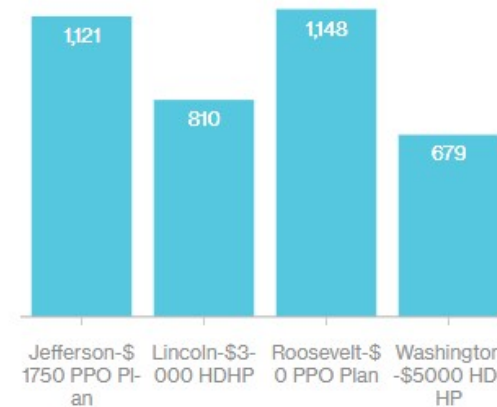
Per 1k Urgent Care Visits



Per 1k PCP Visits



Per 1k Specialist Visits



Drivers of Selection and Costs 2 of 2

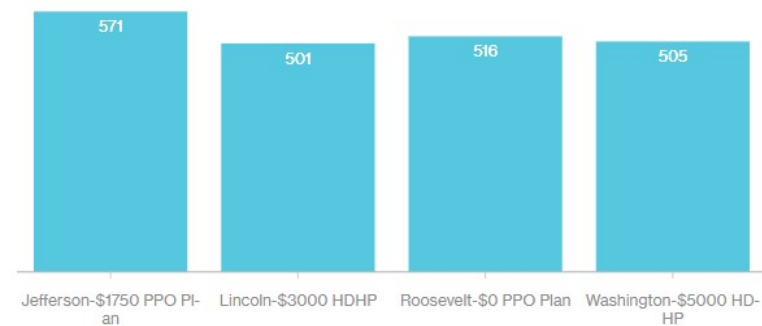
Per 1k Emergency Visits

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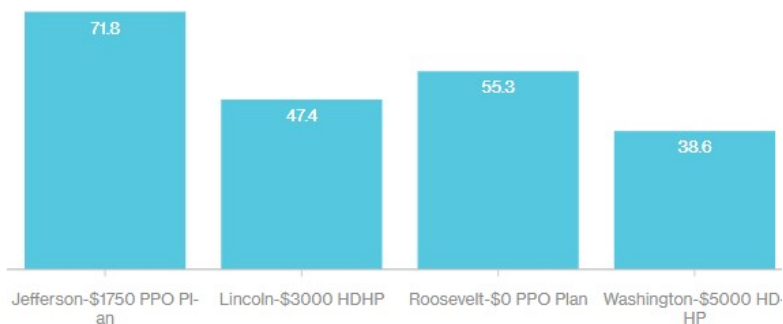


Per 1k Preventive Visits

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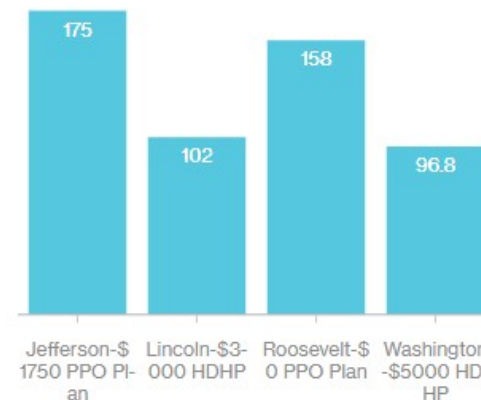


Per 1k Inpatient Admits



Per 1k Outpatient Surgeries

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Claims Over Time

	FY19	FY20	FY21	FY22	FY23
Medical Incurred	\$97,522,896	\$94,266,907	\$104,171,837	\$97,305,317	\$101,595,968
Rx Incurred	\$31,965,410	\$33,464,526	\$36,901,389	\$36,329,174	\$39,312,763
Total	\$129,488,306	\$127,731,433	\$141,073,226	\$133,634,491	\$140,908,731
Medical PEPM	\$640.31	\$623.02	\$697.38	\$672.76	\$710.61
RX PEPM	\$209.88	\$221.17	\$247.04	\$251.18	\$274.97
Total PEPM	\$850.19	\$844.19	\$944.42	\$923.94	\$985.58
Medical Trend		-2.70%	11.94%	-3.53%	5.63%
Rx Trend		5.38%	11.69%	1.68%	9.47%
Total Trend		-0.70%	11.87%	-2.17%	6.67%

FY22 included changes to TPA vendor, plan design and premium contribution

FY2023 YTD and Projection

	FY2023 YTD Jul - Dec	FY2023 Projected Jul - Jun
Medical Claims	\$37,748,902	\$101,595,968
Medical IBNR	\$9,345,052	\$0
Rx Claims	\$17,887,421	\$39,312,763
Rx IBNR	\$165,358	\$0
Total Claims Expense	\$65,146,731	\$140,908,731

FY2023 YTD and Projection

	FY 22 (Jul-Jun)	FY 22 (Jul-Dec)	FY 23 (Jul-Dec)
Claims Over \$100,000	208	61	68
Claims \$ Over \$100,000	\$38,174,484	\$10,217,078	\$11,955,904
Primary Diagnoses	Pharmaceuticals Hereditary Disorders Cancers	Pharmaceuticals Hereditary Disorders Cancers	Pharmaceuticals Cancers Cardiac Disorders
Enrollee Type (% of \$)	Employee = 63% Spouse = 22% Dependent 15%	Employee = 63% Spouse = 24% Dependent =13%	Employee = 69% Spouse = 20% Dependent = 11%

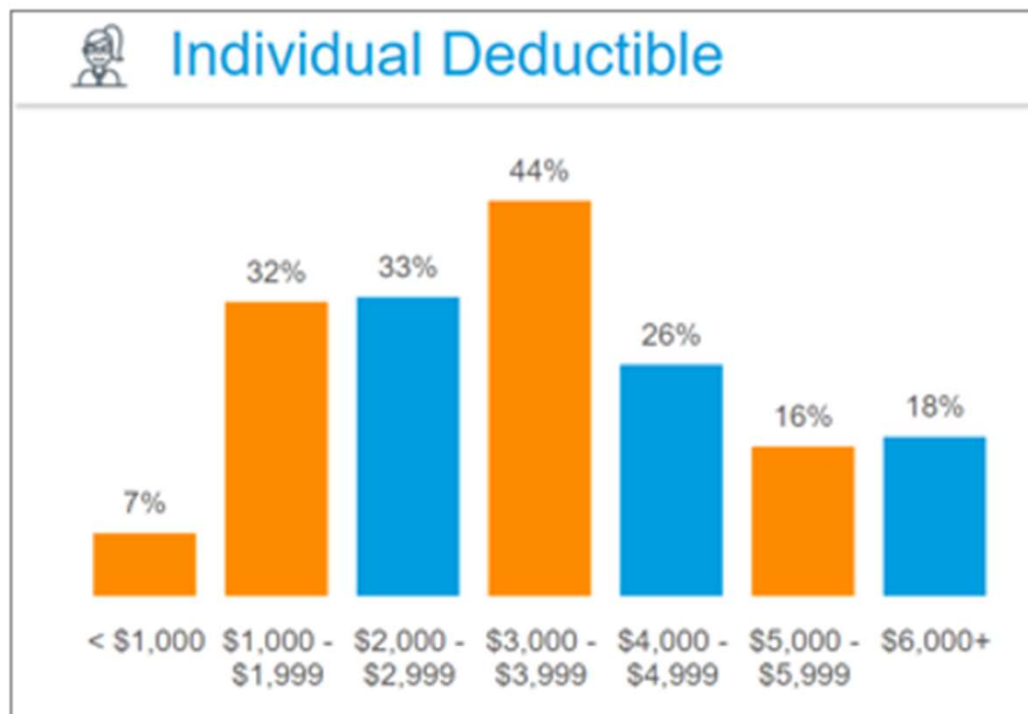
FY2024 Projection

In Budget	FY2023 YTD Jul - Aug	FY2023 Projected Jul - Jun	FY 2024 Projected Jul - Jun
Medical Claims	\$6,569,226	\$101,595,968	\$111,375,152
Medical IBNR	\$8,432,577	\$0	\$0
Rx Claims	\$5,546,747	\$39,312,763	\$44,170,914
Rx IBNR	\$156,932	\$0	\$0
Total Claims Expense	\$20,705,482	\$140,908,731	\$155,546,066

Local Benefit Trends

- Employee premium changes instead of benefit plan changes
- Employee premium increases are tracking with inflationary adjustments
- Employers are planning for the projected increase in claims expense with inflation impacting the cost of medical goods and services in addition to the potential for pent-up demand post-COVID.

Local Benchmark Plans



188	463
Count of Peers	Count of Plans



Average PPO Plan Deductible

\$2,320

Average PPO Out-of-Pocket Maximum

\$5,080

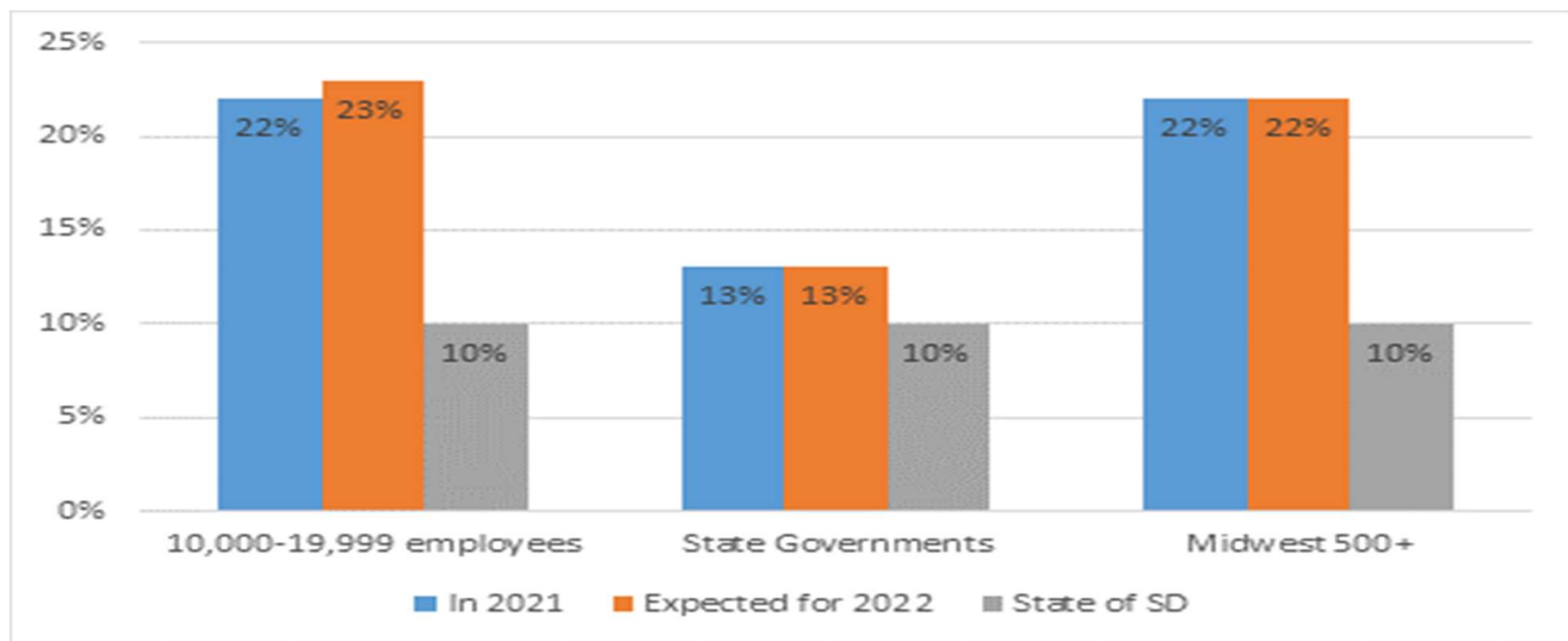
Average HDHP Plan Deductible

\$3,993

Average HDHP Out-of-Pocket Maximum

\$5,168

Comparing Premiums



FY24 Varied Premium Increases

Washington Plan - \$5,500 Deductible w/HSA (49.6% of employees)

Plan / Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$0.00	0%	\$0.00	\$0.00
Employee + Spouse	\$96.04	8%	\$7.68	\$103.72
Employee + Children	\$42.63	1%	\$0.43	\$43.06
Employee + Family	\$119.67	5%	\$5.98	\$125.65

Jefferson Plan - \$1,750 Deductible (19.3% of employees)

Plan / Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$89.79	10%	\$8.98	\$98.77
Employee + Spouse	\$290.24	10%	\$29.02	\$319.26
Employee + Children	\$180.57	5%	\$9.03	\$189.60
Employee + Family	\$361.64	8%	\$28.93	\$390.57

Lincoln Plan - \$3,000 Deductible w/HSA (19.3% of employees)

Plan / Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$24.49	7%	\$1.71	\$26.20
Employee + Spouse	\$149.00	9%	\$13.41	\$162.41
Employee + Children	\$80.25	3%	\$2.41	\$82.66
Employee + Family	\$185.66	6%	\$11.14	\$196.80

Roosevelt Plan - \$0 Deductible (11.6% of employees)

Plan / Level	Current Premium	Inc %	Inc \$	New Premium
Employee Only	\$114.28	12%	\$13.71	\$127.99
Employee + Spouse	\$343.20	12%	\$41.18	\$384.38
Employee + Children	\$218.19	7%	\$15.27	\$233.46
Employee + Family	\$427.64	10%	\$42.76	\$470.40

Please Note: Premium rate per month

FY2023 and FY2024 Projection

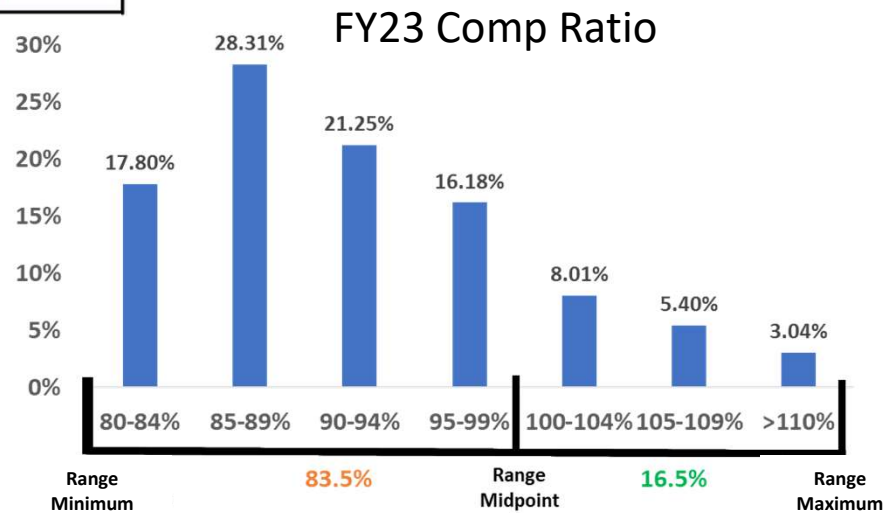
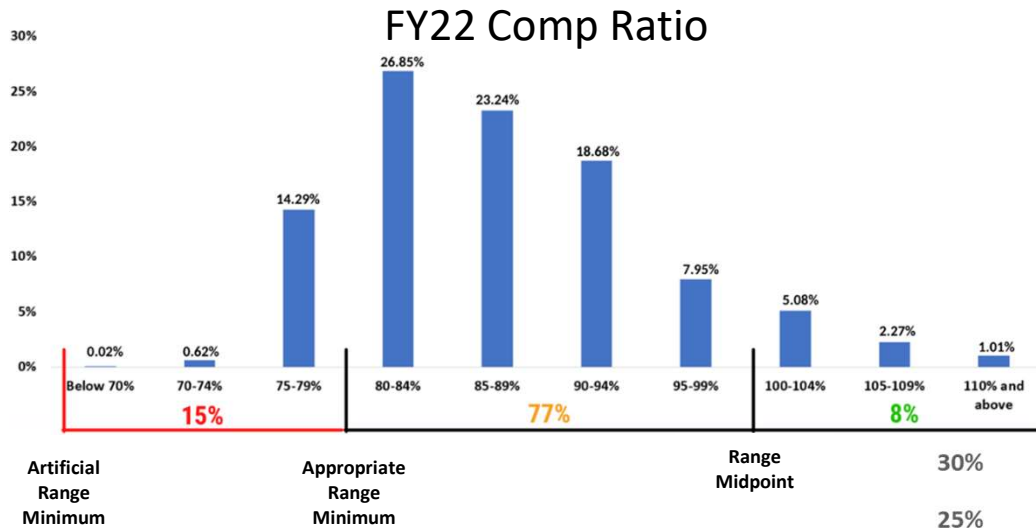
	ONE-TIME DECREASE \$1,256	LEGISLATIVE ADOPTED NO INCREASE	GOVERNOR RECOMMENDED INCREASE OF \$2,152
	\$9,872-\$1,256		\$9,872+\$2,152
Employer Rate	\$8,616	\$9,872	\$12,024
	Actual	Estimated	Estimated
	FY 2022	FY 2023	FY 2024
EMPLOYER	\$108,088,484	\$122,462,160	\$122,462,160
EMPLOYER INCREASE			\$26,695,560
COBRA	\$910,330	\$970,735	\$970,735
EMPLOYEE	\$14,503,028	\$14,927,655	\$14,927,655
EMPLOYEE PREMIUM INCREASE			\$1,109,563
REBATES	\$8,894,358	\$9,020,249	\$9,020,249
ADMINISTRATIVE FEE	\$125,793	\$125,800	\$125,800
COVID-19 - CRF FUNDS	\$2,304,472	\$0	\$0
INTEREST	\$458,733	\$300,000	\$300,000
TOTAL REVENUE	\$135,285,198	\$147,806,599	\$175,611,722
MEDICAL/RX CLAIMS	\$135,075,430	\$142,211,731	\$155,546,066
ADMINISTRATION	\$21,573,660	\$17,139,250	\$16,807,700
PAID FAMILY LEAVE			\$3,000,000
ADOPTION BENEFIT			\$250,000
TOTAL EXPENSES	\$156,649,090	\$159,350,981	\$175,603,766
Current Year Over/(Underrecovery)	(\$21,363,892)	(\$11,544,382)	\$7,956
Reserve	\$31,251,103	\$19,706,721	\$19,714,677

Compensation

Base Compensation Benchmarking

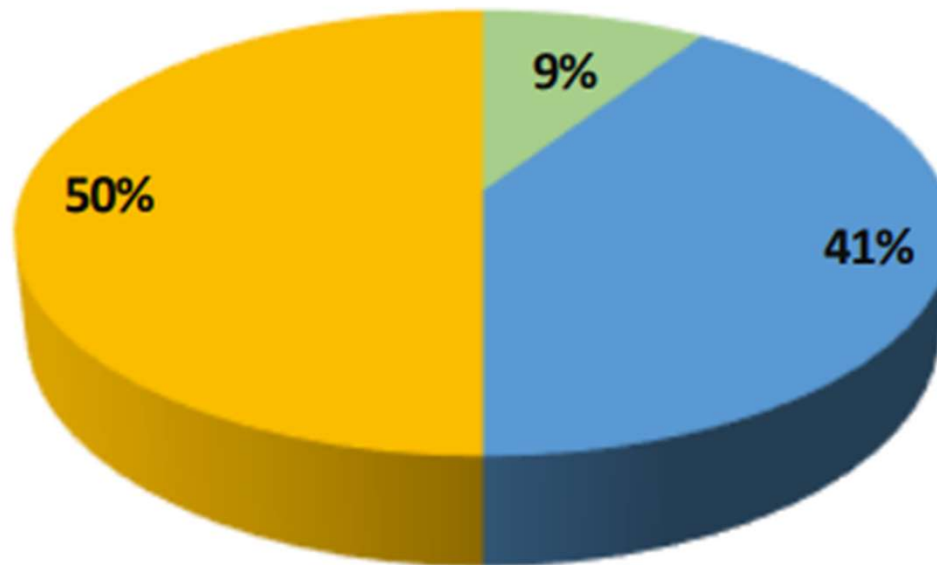


Pay Change Impacts



Targeted Increases Needed

Job Salary Competitiveness Level Dispersion



■ Potentially Misaligned (leading) ■ Competitive ■ Potentially Misaligned (lagging)

Targeted Positions

Clerical and Administrative

860 employees in targeted roles

Approximately 10% average targeted increase

Law Enforcement and Related

1,140 employees in targeted roles

Approximately 8% average targeted increase

Professions

950 employees in targeted roles

Approximately 9% average targeted increase

Specialists

1,925 employees in targeted roles

Approximately 11% average targeted increase

FY 2024 Governor's Recommended Budget

(BFM LRC Summary Brief p.2)

	General	Federal	Other	Total
Market Adjustment	\$23,154,375	\$9,938,897	\$25,364,411	\$58,457,683
Targeted Job and Equity Adjustments				
Employees Under the Purview of the Governor	\$8,518,336	\$9,328,646	\$13,778,750	\$31,625,732
Department of Legislative Audit	\$153,210	-	-	\$153,210
Unified Judicial System	\$1,382,227	\$3,677	\$40,816	\$1,426,720
Board of Regents	\$1,414,838	\$1,510,643	\$2,254,475	\$5,179,956
Total Targeted	\$11,468,611	\$10,842,966	\$16,074,041	\$38,385,618
Health Insurance	\$11,352,210	\$5,758,525	\$10,623,597	\$27,734,332
Total Increase	\$45,975,196	\$26,540,388	\$52,062,049	\$124,577,633