



June 4, 2021

To: Town Council

CC: David Andrews, Town Manager

From: Julie Eckenrode, HR Director

RE: Employee Medical Insurance Plan

For the 2021-22 benefit year (which corresponds with the Town's fiscal year), the Town will move to a high deductible health plan (HDHP) with our long-time medical insurance provider Blue Cross Blue Shield NC (BCBSNC) and bring in a 3rd party administrator, Nonstop Wellness (NSW), for a medical expense reimbursement plan (MERP).

Background

Over the past several years, the Town has incurred steep medical insurance rate increases. Staff has worked diligently with our broker to make as minor plan changes as possible to maintain a strong medical insurance plan while doing our best to control costs. In August 2020, Town staff along with our insurance broker, Mike Beck with AJ Gallagher & Co., began conversations with Nonstop Wellness to understand the program, how it interacts with our BCBSNC plan and what advantages the program would have for the Town and our employees. Over the next several months, all three parties worked together to ensure this change was a sound choice for the Town and our employees. In early May we began moving forward with this plan. As stated in your budget presentation, the Town will save over \$500,000 by moving to this plan, employees will retain the exact same coverage as the previous year, and maximum medical expenses for employees as well as payroll deductions will also decrease.

Medical Insurance Details

With the change to a HDHP, Town employees maintain the vast in-network provider pool offered by BCBSNC. There are no changes in covered services and/or prescription medications from last year's plan and employees will see a large decrease in their out-of-pocket (OOP) maximum costs that can be incurred with the new plan as well as moderate decreases in payroll deductions. In the 2020-21 benefit year, an individual employee's (EE) OOP maximum was \$2750 and any EE with dependents on the plan had an OOP maximum of \$5500. With the BCBSNC + NSW plan for 2021-22, individuals have a \$1000 max OOP and employees + dependents will have a \$2000 max OOP.

Each employee will receive a Nonstop Wellness Visa card preloaded with either \$6000 (EE) or \$12,000 (EE + dependents). This card will be used to cover all eligible medical and pharmaceutical expenses from day one of the plan. Once these cards are used fully, employee's will be responsible for the last \$1000 (EE) or \$2000 (EE + dep.) if needed. Based on past claims data, we project many employees will have \$0 OOP medical expenses in the coming year.



Open Enrollment + Continuing Education

Open Enrollment (OE) began on May 17 and concluded on June 2. The Town hosted three webinar meetings which were attended by about 80% of employees. Years past have seen about 50% attend OE meetings. The meetings included Mike Beck and the VP of training from NSW. Employees questions were recorded and answered during each session. The HR Department was also available during the entire OE period for 1-on-1 phone calls or meetings to discuss any benefits question.

Overall, there has been a very positive response from employees. Several employees asked great questions during the OE meetings which either our broker or the NSW representative were able to answer.

Moving forward, there is a digital library on the Town's intranet page that employees can access at any time to find resource documents related to Town benefits including the new NSW plan.

Staff also vetted the customer service provided by all providers including NSW and found them to be extremely accessible and helpful by phone.

HR staff are working with NSW to provide two continuing education meetings in August and September of this year. This will allow employees some time to figure out the new program and bring any questions to a webinar or simply see the overview of the program similar to what was presented at the OE meetings.

Lastly, the Town's HR team is proud to provide outstanding customer service to our employees and will be available as needed as this new program is implemented and throughout the entire benefit year.