

**Lead Agency:** County Management

**Program Contact:** Caren Cox

**Program Offer Type:** Existing Operating

**Related Programs:**

**Program Characteristics:** In Target

**Executive Summary**

The Employee Benefits program manages a full range of affordable, comprehensive health, life, disability, and retiree benefits for County employees, retirees, and dependents. Annually the County, employees, and retirees spend \$65 million to purchase health plan and other coverages for more than 10,000 employees, retirees, and family members. The highly trained professional staff oversee administration of a complex array of benefit plans ensuring the County remains compliant with labor contracts, federal, state and local laws/mandates. The program provides sound fiscal management of the plans offered, research and recommendations for plan enhancements, changes, or additions, assistance with strategic planning, development and implementation of new programs and administrative enhancements to existing programs, develops/implements new programs as directed by County Management while obtaining the best benefit value for employees and the County. Internal administration of the County's benefit plans allows for tailoring administrative structures to County's unique requirements. The national average increase in costs to employers for benefit programs over the past 4 years has been 5.88%. The County's average has been 5%.

**Program Description**

The Benefits Program consults and coordinates with all County employees and departments to ensure timely enrollment in benefit plans, complete accurate payroll deductions, produces of user friendly benefit communication/educational materials, and acts as an effective liaison between employees and benefit providers to facilitate problem resolution. We work closely with County labor and management to structure benefit components that provide desirable benefit options within budgetary constraints. Benefit administration is standardized to ensure all employees receive the maximum value of their benefit plans. Plans are regularly reviewed for compliance with federal, state, and local laws governing plan administration. Vendors and internal records are regularly audited to verify County funds are being spent appropriately and in compliance with plan requirements. Remittances are made regularly and on time to take advantage of discounts and avoid penalties. Service contracts include performance guarantees to ensure service levels.

**Performance Measures**

Measure Type	Primary Measure	Previous Year Actual (FY09-10)	Current Year Purchased (FY10-11)	Current Year Estimate (FY10-11)	Next Year Offer (FY11-12)
Output	Number of new hire enrollments processed	338	400	460	400
Outcome	Percent of new members needing assistance	15.0%	15.0%	11.0%	15.0%
Quality		0	0	0	0
Efficiency	County's monthly per employee benefit cost - rate of increase	3.0%	3.0%	9.0%	5.0%

**Performance Measure - Description**

Efficiency: Actual dollar costs per FT employee 8/09 rate \$912, 9/10 rate \$942, Jan-Jun 2010 rate \$989, FY11 \$1080. Departmental contribution increased in FY11 to build health plan reserves to acceptable level. New federal benefit requirements will likely cause cost increases over the next few implementation years.

National annual % change in total health benefit cost per employee per MERCER National Survey of Employer Sponsored Health Plans: (rate of increase) 2007 = 6.1%, 2008 = 6.3%, 2009 = 5.5%, 2010 = 5.6%.

We are removing the prior quality measure - which was a new employee benefit survey. Results were consistently at 98% satisfaction rate. This validates the effectiveness of the new hire benefit enrollment process, documents, and service.

## Legal/Contractual Obligation

County labor contracts contain benefit mandates for active and retired members. Benefits are governed by a variety of federal/state/local laws and agencies, including Internal Revenue Service (IRS), Dept of Labor (DOL), Dept of Health and Human Services (HHS), COBRA, Working Families Tax Relief Act, Older Workers Benefit Protection Act, American Recovery and Reinvestment Act, Genetic Information Nondiscrimination act (GINA), HIPAA, Patient Protection and Affordable Care Act (PPACA), Health Care and Education Reconciliation Act (HCERA), CHIP, as well as civil rights and Equal Employment Opportunity laws.

## Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
<b>Program Expenses</b>	2011	2011	2012	2012
Personnel	\$0	\$855,691	\$0	\$1,099,991
Contracts	\$0	\$1,098,279	\$0	\$1,047,306
Materials & Supplies	\$0	\$75,615,367	\$0	\$74,017,109
Internal Services	\$0	\$164,032	\$0	\$178,473
Total GF/non-GF:	<b>\$0</b>	<b>\$77,733,369</b>	<b>\$0</b>	<b>\$76,342,879</b>
Program Total:	<b>\$77,733,369</b>		<b>\$76,342,879</b>	
Program FTE	0.00	8.12	0.00	9.17
<b>Program Revenues</b>				
Fees, Permits & Charges	\$0	\$70,738,138	\$0	\$69,166,698
Other / Miscellaneous	\$0	\$6,918,681	\$0	\$7,176,181
<b>Total Revenue:</b>	<b>\$0</b>	<b>\$77,656,819</b>	<b>\$0</b>	<b>\$76,342,879</b>

## Explanation of Revenues

Sources of revenue are: departmental contributions for health plan coverage, benefit administration charge (0.90% of gross payroll), employee payroll deductions (both pre and post tax) for benefit plan participation, premium payments from retirees and COBRA participants, operational refunds/rebates/performance guarantee penalties from vendors, tax credits due to ARRA subsidies. Revenues are collected under 705210 but pay for expenses recorded under 705200, 705211, 705212, 705213, 705216, 705217, 705218, 705230, 705240, 705245.

## Significant Program Changes

✔ Significantly Changed

**Last year this program was:** #72012, FRM - Employee Benefits

This program offer includes the balance from offer # 72027B ODS Flourish from FY 2011. Leave administration functions from 6 of the 8 County personnel offices: DCHS, DCS, Health, Library, DCM, IT were consolidated within Benefits this year. In FY 2011 an additional FTE was added to assist with handling this workload. Benefits staff will coordinate and handle most leave administration functions to focus on ensuring consistent, standardized, and legally compliant processing along with development of reporting tools senior management can use to evaluate presenteeism and manage absences.

A limited duration Asst. Manager position has been added as a training mechanism to ensure a seamless administrative transition when incumbent manager retires. Significant work has been added over the past 2 years including insourcing of COBRA administration, adding offer of Long Term Care insurance and ongoing administrative responsibilities, launching of online wellness coaching benefit, enhanced electronic services for employees, federal Early Retirement Reimbursement Program. Employers must have a well-trained competent benefit staff in order to stay abreast of changes to healthcare programs at the state and federal level, modify programs to retain legal compliance while maintaining the program's functionality and avoiding serious financial penalties imposed for non-compliance. To meet this goal Finance/Benefits has designed a succession plan to provide that result.