



MID-OHIO REGIONAL
MORPC
PLANNING COMMISSION

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Memorandum

TO: MORPC Benefits & Compensation Committee

FROM: Shawn Hufstedler
Chief of Staff & Director of Operations

DATE: July 17, 2019

SUBJECT: Summary of MORPC Health Care Benefits - 2019

Background:

MORPC enjoys the benefit of participating in the Franklin County benefit program. Franklin County, by ORC requirement, holds MORPC bank accounts and makes payments on MORPC's behalf. As a result of the arrangement, Franklin County also treats MORPC similar to a County agency in terms of providing benefits.

MORPC therefore participates in the Franklin County incentives program (ThriveOn) and adds additional incentives for MORPC team members.

As MORPC's health care costs are a significant portion of MORPC's budget, we periodically perform due diligence, with a deeper dive this year.

Current Benefits:

Primarily through Franklin County's program, MORPC offers a strong health care benefits program to its employees. The package includes medical, dental, optical, prescription, and life insurances in addition to EAP services. (The package includes all the above, with additional life as an option. Participants cannot choose medical but not dental, etc.)

The plan costs a blended rate of \$22,176 per employee that takes the insurance package. (MORPC is required to pay that rate for each employee selecting the insurance, regardless of whether the employee selects Employee-only insurance or Family insurance. MORPC historically has a higher percentage of employees selecting Employee-only insurance than the Franklin County total population, therefore requiring MORPC to pay more for services than if payment were made based on type of insurance selected.)

MORPC enjoys a richer plan than we would be able to obtain on our own for the same costs as a result of the economies of scale the County program affords. (Alternatives such as health care consortiums have not been recently evaluated as an alternative.)

The County plan also affords the administration of the plan at the County level, meaning that less staffing is required at MORPC to administer benefits programs at MORPC.

William Murdock, AICP
Executive Director

Rory McGuinness
Chair

Karen J. Angelou
Vice Chair

Erik J. Janas
Secretary

Facts and Figures:

As mentioned, the blended rate in 2019 is \$22,176 per employee that takes the insurance package. The calculated cost for Employee-only coverage is around \$12K and the calculated Family coverage cost is over \$28K. These figures include the full insurance package defined above (i.e. health care, dental, optical, etc.), approximately 91.5% of which is health care, prescription costs, and related administration. (The health care only blended rate is around \$20K, the employee-only rate is around \$11K, and the family coverage rate is around \$26K in 2019.)

The health care benefits package costs MORPC a net \$1.24 MM (\$1.61 MM gross, with employees contributing \$368K annually in premiums) based on the 2019 budget. This costs MORPC an additional 25% of wages and makes up 7% of all MORPC's total budget of ~\$19MM.

Employees are paying on average 7.5% of their wages on health care premiums. (This includes some that pay \$0 and some that pay as much as 22% of their wages on the health care package premiums.)

Based on the Blended Rate: The blended rate increased nearly 72% over the past 10 years (2010 vs. 2019), and average of around 6.3% per year. A market report by the Henry J. Kaiser Family Foundation found that between 2008 and 2018 the average Family coverage premium has increased by 55%. MORPC's premium rates increased by over 76% the same period.

Nationally, premium increases across the country are far outpacing the increases in employee wages. For example, from 2013 to 2018, family coverage premiums on average increased by 20%, with wages increasing by 12% over the same period. This was closer than either of the two preceding 5 year periods where family coverage premiums increased by 29% with just 12% increases in wages from 2008-2013 and 40% premium increase vs. 17% wage increase from 2003-2008.

Costs and premium percentages are not the only items to consider. The Franklin County provided health care package is also much richer than the national averages, providing for an attractive employee benefit for hiring and retention that boasts low deductibles. In fact, of the 79 benefit eligible employees, all but 5 take the health care package, offered by MORPC through Franklin County. Of those 74 that take the insurance, 16 of them have spouses that could be on their own insurance but MORPC employees pay an additional premium to have them on MORPC's insurance instead.

As seen on the excerpt from the County's Spotlight newsletter, the incentivized plan generally has copays of only \$0 - \$20, deductibles of \$200 for individuals and \$500 for families, and out of pocket maximums of \$1,000 per individual and \$2,500 for maximums, all of which are much better than the national averages. Average deductibles nationwide in 2018 were significantly higher at nearly \$1,500 for individuals and nearly \$2,800 for families. Based on the 2016 United Benefits Advisors Health Plan Survey of employer-provided plans, average out of pocket maximums were \$4,400 for individuals and \$9,000 for families.

Summary and Assessment:

Franklin County and MORPC value health care support and stability for employees. In this exploration of options with the MORPC Benefits and Compensation Committee, MORPC seeks to maintain attractive and effective health care for employees.

MORPC's health care costs are higher than average companies and local government premiums, and MORPC employees pay higher than average shares of the premiums compared to other central

Ohio local governments. However, the plan is still clearly a strong and sought-after plan by employees, who, when given the chance to choose another plan option, remain on MORPC's plan.

Next Steps:

After dialogue about the above and other plan considerations with MORPC Benefits and Compensation Committee, next steps should be considered including:

- Exploration of Franklin County plan expectations for the future
- Suggestions for Franklin County consideration
- Other market options
- Other approaches to controlling costs while providing high-valued health care