

MEMORANMUM

TO: Selectboard
FROM: Susan Lamb
RE: 2016 Health Insurance Plan
DATE: October 14, 2015

Beginning in 2016, the Town of Williston must purchase its health insurance plan through the Vermont Health Connect. This is a requirement of the Affordable Care Act. There are ten plans available, from the Platinum to the Bronze with several variations. After analyzing the various plans, the Town staff recommends enrolling in a plan called the "Blue Rewards Gold CDHP" health insurance plan.

Our goals in choosing a plan were to keep Town cost increases to a minimum and to protect Town employees from significant out of pocket increases. The Gold CDHP plan is similar to the one currently offered and best meets these goals. The Town costs include both the insurance premiums and money paid to the employees to help offset the plan's high deductible. With the Gold CDHP plan and a change in the deductible funding mechanism, the total 2016 Town costs for health insurance will increase by about two percent and the employees' out of pocket exposure will not increase.

Premiums for 2016 will be four percent higher than those in our current plan. The plan also has higher out of pocket costs for the employees. In order to keep the employees' out of pocket costs from rising and the Town's contributions from also increasing, Town staff recommends a change in the method of funding the Town's contribution to the employees' out of pocket costs. Currently, the Town contributes a flat amount to the employees' Health Savings Accounts. Switching to a Health Reimbursement Arrangement, the Town will contribute only the amount needed due to medical costs. Insurers have reported a 65% utilization rate with this system. Switching to a Health Reimbursement Arrangement with a cautious 70% utilization assumption, will save the Town about \$11,500 in these costs as compared to the current year design.

The combination of the four percent premium increase and the decrease in the cost of the deductible funding by using the Health Reimbursement Arrangement will result in a total increase in 2016 health insurance costs for the Town of about two percent, or about \$12,500.