



Administration

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MEMO

TO: County Commission

FROM: Tracy Peters, HR Director / Assistant County Administrator

DATE: June 28, 2024

SUBJECT: Changes to health care plan

In the fall of 2023, Cass County began working with benefits consultants Brown and Brown to identify areas within our healthcare plan where we could reduce costs while still maintaining a robust healthcare plan for our employees. In each of the last two years, we have seen a 12% increase in health insurance premiums and healthcare costs are continuing to rise.

In 2023, Brown and Brown recommended and the county implemented two changes (1) an increase to the amount of our “stop loss” and (2) a switch from a “percentage of claims” based fee to a “flat rate” fee to BCBS. This year, Brown & Brown has several recommended changes that would further reduce our overall costs, but some of them require the county to leave its current “grandfathered” plan. If you recall, when the Affordable Care Act was enacted in 2010, any existing healthcare plans were exempt from the ACA mandates and maintained “grandfathered” status so long as certain conditions were met. Cass County has maintained a “grandfathered” plan since 2010.

The County formed a working group to explore the changes recommended. After several meetings with Brown and Brown, the working group is bringing forward two recommended changes for 2025.

1. Eliminate “employee plus spouse” tier of coverage. This tier is typically a very high-cost tier. Given the cost of this tier, it would make sense that Cass County requires the rate of a “family” plan for those currently in the “employee plus spouse” tier.

This change would not affect our “grandfathered” status.

2. Increase the maximum out of pocket as follows:
Employee only: \$1,100 to \$5,000
Employee plus dependent(s): \$1,650 to \$7,500
Employee plus family: \$2,200 to \$10,000

This change would require we leave our “grandfathered” plan.

One other suggestion made was to increase employee co-insurance from 10% to 20%. The working group is not recommending that change at this time. We expect to review the overall cost in subsequent years to ensure we are moving toward the goal of a more sustainable fund balance.

SUGGESTED MOTION: Eliminate the “employee plus spouse” tier of coverage and increase the maximum out of pocket maximums for employee only to \$5,000, employee plus dependent(s) to \$7,500, and employee plus family to \$10,000 to the County’s health insurance plan effective January 1, 2025.