

BROWN COUNTY

BCBS/TAC

2017-2018 RENEWAL

PAINTER AND JOHNSON  
FINANCIAL

July 3, 2017

(Exhibit #3)



June 23, 2017

Honorable Ray West  
Brown County Judge  
200 S Broadway  
Brownwood, TX 76801

Dear Judge West:

The Texas Association of Counties Health and Employee Benefits Pool (TAC HEBP) is pleased to enclose the group health renewal packet for your upcoming plan anniversary date. Here are some highlights of your 2017-18 Plan Year renewal (explanations below):

- 1) Projected Pool needed amount for claims and operational expenses for Plan Year 2018: +7%**
- 2) Brown County Renewal Rate change(s):**
  - a. Health Plan: + 11%
  - b. Dental Plan: Not Applicable.
  - c. Life/AD&D, STD/LTD: Not Applicable
- 3) Your County's Reserved Surplus Distribution from 2015 Fiscal Year: \$20,592**
- 4) Deadline for returning signed renewal documents to TAC HEBP: July 31, 2017**
- 5) Your Employee Benefits Consultant: Kathy Davenport (kathyd@county.org);(800) 456-5974**

**1) Pool Performance.** The Pool has stayed below the national average for health plan rate increases for the past twelve years. This year, the needed amount for Plan Year 2018 pool-wide is increasing by 7%, which is consistent with projected medical and pharmacy cost trends at the state and national levels.

**2) Renewal Rates.** Rates are set annually using a comprehensive process which determines the actuarial needs of the Pool for the coming year. We then evaluate each individual group based on a combination of the group's size, claims experience over the past 12-36 months, average member age, and geographic area.

**3) Surplus Distribution.** At the end of 2016, due to a significant spike in high claims, the Pool did not recognize a surplus. Your Board of Directors voted, however, to reserve a portion of the surplus from 2015 operations, with half of the reserved amount to be distributed with the 2017 renewal and half with the 2018 renewal. The 2017 distribution includes 2% interest.

**4) Deadline to Return Renewal:** Please sign and return renewal signature page by this date.

**5) Questions and Concerns.** Because you are currently using a grandfathered plan, we have included 2 alternate plan options for you, the 'G' and 'G2' plans. Both of these are grandfathered plans, so adopting one of them would not change your ACA grandfathered status. If you have questions about your renewal, are interested in the impact of changes to your plan, or are considering changes to your personnel policies that will affect benefits (e.g.;

adding/dropping retiree benefits, changing waiting period, etc.), please be sure to discuss this with your Employee Benefits Consultant so we can coordinate the changes with your renewal.

**Other important items to note for the upcoming plan year:**

**Electronic Renewal:** You will be completing your Renewal Notice and Benefits Confirmation (RNBC) online through the OASys system. After completing the form online, save and print it, sign the signature page (the last page of the form: "TAC HEBP Member Contact Designation"), and send it to TAC HEPB via email, or fax to (512) 481-8481.

**Affordable Care Act Fees:** The HEBP Board voted to pay 2017 ACA fees on behalf of Pooled groups; see attached 'Health Care Reform Updates' document for details.

**Dental Plans:** There will not be Open Enrollment for dental coverage this year.

**Open Enrollment Toolkit:** This will be sent via email and contains the forms and notices your group will need to process employee benefit renewals.

**ACTION REQUIRED:** Please present the renewal to the Commissioners Court for approval, have your authorized OASys user complete the Renewal Notice and Benefit Confirmation forms online, and

**scan and email or fax the signed document to TAC no later than July 31, 2017.**

TAC HEBP understands how valuable medical coverage is for your employees and their families. We appreciate your partnership with the Pool, and want to continue helping Brown County offer this important benefit. Again, we thank you for your membership in the Pool and look forward to working with you for the upcoming plan year.

Sincerely,



Quincy Quinlan, Director  
Health and Benefits Services Department  
Texas Association of Counties

Enclosures:

- Renewal Checklist
- Renewal Calendar
- Renewal Notice and Benefit Confirmation (RNBC)
- 2016-17 Plan Year Claims Reports
- Health Care Reform Updates for 2017-18 Plan Year
- Grandfathered Plan FAQs
- HEBP Territory Map and Contact Info



TEXAS ASSOCIATION OF COUNTIES  
HEALTH AND EMPLOYEE BENEFITS POOL

# Pool Group 12 Month Medical

Metrics : (Medical Paid, Paid, Pharmacy Paid, Total Contribution, Total Paid PEP, Total Paid PMPM, Unique Members, Unique Subscribers, Contribution PEP, Loss Ratio, Medical PEP, Pharmacy PEP)

Rows : (Paid Date)

Columns : (Metrics)

Paid Date : Last 12 TimeMonths

Account : (000094500 - POOLED)

Coverage Type : (Medical)

Group : (036896 - BROWN COUNTY OFFICIALS & EMPLOYEES/TAC)

Paid Date	Unique Subscribers	Unique Members	Total Contribution	Contribution PEP	Medical Paid	Medical PEP	Pharmacy Paid	Pharmacy PEP	Paid	Total Paid PEP	Total Paid PMPM	Loss Ratio
May 2016	171	392	\$212,972.58	\$1,245.45	\$214,261.33	\$1,252.99	\$45,820.45	\$267.96	\$260,081.78	\$1,520.95	\$663.47	122.12%
Jun 2016	169	388	\$209,843.28	\$1,241.68	\$186,410.40	\$1,103.02	\$34,541.39	\$204.39	\$220,951.79	\$1,307.41	\$569.46	105.29%
Jul 2016	167	384	\$208,101.14	\$1,246.11	\$168,970.95	\$1,011.80	\$36,860.94	\$220.72	\$205,831.89	\$1,232.53	\$536.02	98.91%
Aug 2016	167	387	\$205,665.42	\$1,231.53	\$348,867.84	\$2,089.03	\$39,368.89	\$235.74	\$388,236.73	\$2,324.77	\$1,003.20	188.77%
Sep 2016	165	383	\$204,633.24	\$1,240.20	\$292,712.17	\$1,774.01	\$38,584.66	\$233.85	\$331,296.83	\$2,007.86	\$865.00	161.90%
Oct 2016	165	390	\$217,600.18	\$1,318.79	\$147,431.85	\$893.53	\$31,196.75	\$189.07	\$178,628.60	\$1,082.60	\$458.02	82.09%
Nov 2016	167	391	\$218,663.30	\$1,309.36	\$275,638.07	\$1,650.53	\$35,279.31	\$211.25	\$310,917.38	\$1,861.78	\$795.19	142.19%
Dec 2016	171	392	\$219,377.68	\$1,282.91	\$274,264.90	\$1,603.89	\$39,168.26	\$229.05	\$313,433.16	\$1,832.94	\$799.57	142.87%
Jan 2017	169	387	\$221,172.08	\$1,308.71	\$232,346.85	\$1,374.83	\$41,509.61	\$245.62	\$273,856.46	\$1,620.45	\$707.64	123.82%
Feb 2017	170	388	\$219,377.68	\$1,290.46	\$186,179.74	\$1,095.17	\$43,132.43	\$253.72	\$229,312.17	\$1,348.90	\$591.01	104.53%
Mar 2017	169	383	\$220,092.06	\$1,302.32	\$178,275.02	\$1,054.88	\$33,487.32	\$198.15	\$211,762.34	\$1,253.03	\$552.90	96.22%
Apr 2017	172	392	\$221,886.46	\$1,290.04	\$182,377.53	\$1,060.33	\$43,563.31	\$253.28	\$225,940.84	\$1,313.61	\$576.38	101.83%
<b>Total: Selected Filter(s)</b>	<b>201</b>	<b>459</b>	<b>\$2,579,385.10</b>	<b>\$1,275.66</b>	<b>\$2,687,736.65</b>	<b>\$1,329.25</b>	<b>\$462,513.32</b>	<b>\$228.74</b>	<b>\$3,150,249.97</b>	<b>\$1,557.99</b>	<b>\$676.45</b>	<b>122.13%</b>

# Large Claimant Report Renewal PY 2018

**Paid Band :** Total (\$10,001 - \$30,000, \$30,001 - \$50,000, \$50,001 - \$75,000, \$75,001 - \$100,000, \$100,001 - \$150,000, \$150,001 - \$200,000, \$200,001 - \$250,000, \$250,001 - \$300,000, \$300,001 - \$400,000, \$400,001 - \$500,000, \$500,000+)

**Metrics :** (Paid)

**Account :** (000094500 - POOLED)

**Group :** (036896 - BROWN COUNTY OFFICIALS & EMPLOYEES/TAC)

**Paid Month :** May 2016 - Apr 2017

**Service Category :** Exclude (Dental)

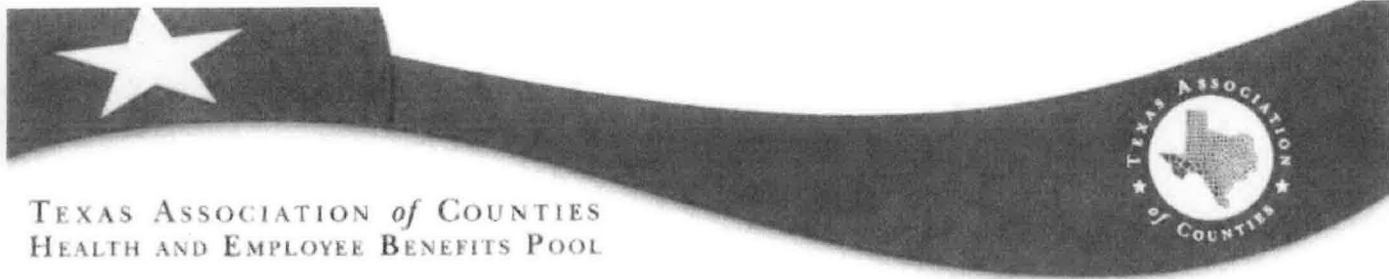
**Paid :** descending

Encrypted Member ID	Member Status	Medical Paid	Pharmacy Paid	Paid
3040619803	Active	\$617,690.92	\$39,787.42	\$657,478.34
3058080774	Active	\$387,604.46	\$2,088.04	\$389,692.50
16240122892	Active	\$168,502.01	\$8,205.08	\$176,707.09
3040619933	Active	\$128,772.72	\$9,781.19	\$138,553.91
13720365036	Active	\$117,101.56	\$534.69	\$117,636.25
3330140867	Active	\$82,887.03	\$5,228.18	\$88,115.21
17130400266	Active	\$6,853.12	\$52,453.07	\$59,306.19
16000105114	Active	\$53,583.78	\$4,606.47	\$58,190.25
3040619792	Active	\$56,627.74	\$484.41	\$57,112.15
3150208003	Active	\$1,787.28	\$52,612.71	\$54,399.99
7490063129	Active	\$42,651.75	\$669.67	\$43,321.42
17740178706	Active	\$39,960.56	\$2,745.78	\$42,706.34
3070522071	Active	\$22,340.65	\$13,567.86	\$35,908.51
16990366598	Active	\$31,090.70	\$746.66	\$31,837.36
3062389851	Active	\$21,454.68	\$6,353.49	\$27,808.17
16480083417	Active	\$18,659.18	\$7,399.72	\$26,058.90
3150193760	Active	\$26,048.83	\$0.00	\$26,048.83
3061938380	Active	\$22,267.65	\$2,563.42	\$24,831.07
3040619783	Active	\$13,560.93	\$10,471.91	\$24,032.84
3060558519	Active	\$22,594.10	\$66.09	\$22,660.19
3049784205	Active	\$21,760.71	\$0.00	\$21,760.71
17350395441	Active	\$18,866.94	\$2,847.62	\$21,714.56
13870500924	Active	\$19,842.65	\$988.76	\$20,831.41



TEXAS ASSOCIATION of COUNTIES  
HEALTH AND EMPLOYEE BENEFITS POOL

18000906699	Active	\$19,476.48	\$200.86	\$19,677.34
3054362721	Active	\$19,506.91	\$136.79	\$19,643.70
16200160996	Active	\$19,155.73	\$209.15	\$19,364.88
10560125199	Active	\$1,201.33	\$16,391.65	\$17,592.98
11220398960	Active	\$15,331.82	\$570.43	\$15,902.25
16370886091	Active	\$14,998.45	\$669.40	\$15,667.85
13720365035	Active	\$5,584.77	\$9,409.44	\$14,994.21
11220398958	Active	\$14,822.84	\$2.61	\$14,825.45
17740128508	Active	\$13,892.94	\$0.00	\$13,892.94
10720138657	Active	\$13,739.26	\$0.00	\$13,739.26
14560045524	Active	\$13,147.55	\$571.88	\$13,719.43
17460967634	Active	\$13,424.16	\$228.24	\$13,652.40
17080448166	Active	\$7,335.33	\$6,079.88	\$13,415.21
3040619834	Active	\$9,836.88	\$3,384.13	\$13,221.01
16370068268	Active	\$11,413.60	\$1,607.27	\$13,020.87
16620488289	Active	\$8,754.44	\$3,939.06	\$12,693.50
17680353329	Active	\$4,818.54	\$7,364.50	\$12,183.04
3060634338	Active	\$11,124.84	\$785.03	\$11,909.87
17680353330	Active	\$11,315.80	\$0.00	\$11,315.80
3210536178	Active	\$3,668.87	\$7,591.41	\$11,260.28
3040619885	Active	\$8,561.57	\$2,693.95	\$11,255.52
11370177195	Active	\$10,895.64	\$3.92	\$10,899.56
4970190341	Active	\$3,743.31	\$6,648.95	\$10,392.26
3040619781	Active	\$8,785.10	\$1,477.73	\$10,262.83
3040619970	Active	\$10,117.64	\$0.00	\$10,117.64
<b>Query Total</b>	<b>48</b>	<b>\$2,217,163.75</b>	<b>\$294,168.52</b>	<b>\$2,511,332.27</b>
<b>Report Total</b>	<b>48</b>	<b>\$2,217,163.75</b>	<b>\$294,168.52</b>	<b>\$2,511,332.27</b>



TEXAS ASSOCIATION *of* COUNTIES  
HEALTH AND EMPLOYEE BENEFITS POOL

**2017 - 2018 Renewal Notice and Benefit Confirmation**

Group: 36896 - Brown County

Anniversary Date: 10/01/2017

Return to TAC by: 7/31/2017

Please initial and complete each section confirming your group's benefits and fill out the contribution schedule according to your group's funding levels. Fax to 1-512-481-8481 or email to [MelissaL@County.org](mailto:MelissaL@County.org).

For any plan or funding changes other than those listed below, please contact Melissa Lopez at 1-800-456-5974.

**MEDICAL**

**Medical:** Plan 700 \$25 Copay, \$500 Ded, 90%, \$2000 OOP Max

**RX Plan:** Option 5B \$10/30/50, \$100 Ded

Your % rate increase is: 11.00%

Your payroll deductions for medical benefits are: **Pre Tax**

Tier	Current Rates	New Rates Effective 10/1/2017	New Amount Employer Pays	New Amount Employee Pays	New Amount Retiree Pays (if applicable)
Employee Only	\$714.38	\$792.96	\$ _____	\$ _____	\$ _____
Employee + Child(ren)	\$1,794.40	\$1,991.78	\$ _____	\$ _____	\$ _____
Employee + Spouse	\$1,794.40	\$1,991.78	\$ _____	\$ _____	\$ _____
Employee + Family	\$1,794.40	\$1,991.78	\$ _____	\$ _____	\$ _____

\_\_\_\_\_ Initial to accept Medical Plan and New Rates.



TEXAS ASSOCIATION of COUNTIES  
HEALTH AND EMPLOYEE BENEFITS POOL

2017 - 2018 Alternate Plan Proposal

Group: 36896 - Brown County

Effective Date: 10/01/2017

	Current Plan Year	Renewal Rates	Option 1	Option 2
Plan:	700	700	700-G	700-G2
Option:	RX-5B	RX-5B	RX-5B-G	RX-5B-G2
<b>Rates</b>				
Employee Only	\$714.38	\$792.96	\$776.86	\$748.26
Employee + Child(ren)	\$1,794.40	\$1,991.78	\$1,950.36	\$1,876.74
Employee + Spouse	\$1,794.40	\$1,991.78	\$1,950.36	\$1,876.74
Employee + Family	\$1,794.40	\$1,991.78	\$1,950.36	\$1,876.74
<b>Medical Plan</b>				
Deductible In/Out Network	\$500/750	\$500/750	\$600/900	\$680/1020
Co-Insurance % In/Out	90/70	90/70	90/70	90/70
Co-Insurance Maximum	\$2000/4000	\$2000/4000	\$2400/4800	\$2750/5500
Office Visit	\$25	\$25	\$30	\$30
Specialist Visit				
Emergency Room Hospital	\$90	\$90	\$90	\$100
<b>Prescription Plan</b>				
Prescription Card Co-Pay	10/30/50	10/30/50	10/30/60	15/40/65
Deductible	\$100	\$100	\$100	\$135

Proposal rates are based on the following information:

- Rates based upon current benefits and enrollment. A substantial change in enrollment (10% over 30 days or 30% over 90 days) may result in a change in rates.
- Rates are based on a minimum employer contribution of 100% of the employee only rate or current funding level.
- Retirees pay the same premium as active employees regardless of age for medical and dental.
- Form must be received by 7/31/2017 in order to avoid a delay in implementation of benefits and/or late processing fees.

Please indicate the selected plan here \_\_\_\_\_.

Fax the signed document to 1-512-481-8481.

Signature \_\_\_\_\_ Date \_\_\_\_\_



## TAC HEBP Member Contact Designation Brown County

### CONTRACTING AUTHORITY

As specified in the Interlocal Participation Agreement, each Member Group hereby designates and appoints, as indicated in the space provided below, a Contracting Authority of department head rank or above and agrees that TAC HEBP shall NOT be required to contact or provide notices to ANY OTHER person. Further, any notice to, or agreement by, a Member Group's Contracting Authority, with respect to service or claims hereunder, shall be binding on the Member. Each Member Group reserves the right to change its Contracting Authority from time to time by giving written notice to TAC HEBP.

Please list changes and/or corrections below.

**Name/Title** Honorable Ann Krpoun, CIO/Treasurer

**Address** 613 N. Fisk Street, Suite 100  
Brownwood, TX 76801-3136

**Phone** 325-646-6033

**Fax** 325-646-6033

**Email** treasurer@browncountytexas.org

### BILLING CONTACT

Responsible for receiving all invoices relating to HEBP products and services.

Please list changes and/or corrections below.

**Name/Title** Honorable Ann Krpoun, CIO/Treasurer

**Address** 613 N. Fisk Street, Suite 100  
Brownwood, TX 76801-3136

**Phone** 325-646-6033

**Fax** 325-646-6033

**Email** treasurer@browncountytexas.org

**HIPAA Secured Fax**

### PRIMARY CONTACT

HEBP's main contact for daily matters pertaining to the health benefits.

Please list changes and/or corrections below.

**Name/Title** Honorable Ann Krpoun, CIO/Treasurer

**Address** 613 N. Fisk Street, Suite 100  
Brownwood, TX 76801-3136

**Phone** 325-646-6033

**Fax** 325-646-6033

**Email** treasurer@browncountytexas.org

Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature of County Judge or Contracting Authority**

Please PRINT Name and Title

*The Texas Association of Counties would like to thank you for your membership in the only all county-owned and county directed Health and Employee Benefits Pool in Texas.*

## COBRA ADMINISTRATION

Please indicate how your group manages COBRA administration:

County/Group processes COBRA on OASYS

*\*County/Group is responsible for fulfilling COBRA notification process and requirements.*

BCBS COBRA Department processes COBRA

*\*BCBS COBRA Department administers via COBRA contract with the County/Group*

\_\_\_\_\_ Initial to confirm COBRA Administration.

## PLAN INFORMATION

### Broker or Consultant Information

Please confirm your broker or consultant's name, if applicable: **C. Bart Johnson**

Agency Name: \_\_\_\_\_

Agency Address: \_\_\_\_\_  
Number and Street

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Broker Representative or Consultant's Name: \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_

Contact Email Address: \_\_\_\_\_

\_\_\_\_\_ Initial to confirm Broker or Consultant information

- Please update broker or consultant's information.
- Broker commissions are included in rates listed on page 1.
- Retirees pay the same premium as active employees regardless of age for medical and dental.
- Rates based upon current benefits and enrollment. A substantial change in enrollment (10% over 30 days or 30% over 90 days) may result in a change in rates.
- Form must be received by **7/31/2017** in order to avoid additional administrative fees.
- Signature on the following page is required to confirm and accept your group's renewal.

**WAITING PERIOD**

Waiting period applies to all benefits.

**Employees**

90 days - Day following waiting period

\_\_\_\_\_ Initial to confirm.

**Elected Officials**

90 days - Day following waiting period



# TEXAS ASSOCIATION *of* COUNTIES HEALTH AND EMPLOYEE BENEFITS POOL

## Health Care Reform Updates for 2017 – 2018 Plan Year

### *Affordable Care Act (ACA) Related Legislation*

As of the date of this printing, ACA regulations and requirements are still in effect. TAC HEBP is closely watching legislative efforts to modify or replace the ACA, and will provide education and guidance to our Pool members if and when changes affecting your plans and/or reporting requirements are forthcoming. We utilize outside sources as well as TAC staff to monitor and analyze this issue. The guidance in this document is based on the law as it currently exists. However, the update should not be regarded as legal advice. We encourage you to check with your county attorney for a thorough discussion of statutory interpretation issues.

### *Large Employer Coverage Mandates*

Effective for plan years beginning on or after Jan. 1, 2016, employers with 50 or more full time equivalent employees must offer health coverage to at least 95% of employees who work an average of 30 hours per week or more. The coverage must meet minimum value (pay at least 60 percent of covered costs; all TAC plans comply with this requirement) and be considered affordable (employer cannot collect more than 9.69% of employee's W-2 Box 1 income for self-only coverage).

### *Measurement Periods*

All groups should have defined a standard measurement period of between 3 and 12 months for tracking the hours of part-time and variable-hour employees. For plan years beginning on or after January 1, 2015, employees who work on average 30 hours per week or more during the preceding measurement period must be offered health coverage. The employee must be offered coverage for a period of time equal to or greater than the length of the measurement period but not less than 6 months. Coverage will start after a standard administrative period of not more than 90 days.

### *ACA Fees*

ACA fees for this plan year are as follows: The Patient-Centered Outcomes Research Institute (PCORI) fee is to help fund research relating to patient-centered outcomes and evaluating risks and benefits of medical treatments, services, etc. In 2016, the fee is \$2.26 per member per year.

For the 2017-18 plan year, the HEBP Board of Directors has elected to pay these fees on behalf of all Pool members.

## *ACA Reporting*

2017 is the third year of reporting requirements under the ACA. In January 2018, all employers with 50 or more full time equivalent employees must provide a form 1095C to every employee or ex-employee who worked full time for any month during calendar year 2016. (Full time for ACA purposes is 30 hours per week on average over the course of the employer's measurement period.) A copy of these forms must be provided to the IRS along with an informational transmittal form (1094C). The purpose of this reporting is to allow the IRS to determine whether the employer has satisfied the ACA Employer Mandate, and to determine whether employees and their dependents were eligible for subsidies when purchasing coverage through the Federal Exchange. TAC HEBP will continue offering ARTS (Affordable Care Act Reporting and Tracking Service) to our groups at no charge, which will enable them to produce the necessary forms. In addition to producing the required forms, ARTS will also track lookback measurement periods and perform affordability testing when applicable.

Your employees and any covered retiree or COBRA participant will also receive a form 1095B from TAC HEBP. The purpose of this form is to provide proof of health coverage that satisfies the ACA Individual Mandate.

### *Limits on Cost-sharing and Combined maximum out-of-pocket*

Effective for plan years beginning on or after Jan. 1, 2014, **non-grandfathered** health plans are subject to limits on cost-sharing or out-of-pocket costs. For 2017-18, out-of-pocket expenses may not exceed \$7,150 for self-only coverage and \$14,300 for family coverage. Out-of-pocket costs which apply to these limits include medical plan co-payments, deductibles, and co-insurance AND prescription co-payments and deductibles.

### *Excise Tax delay*

Implementation of an Excise Tax on health plans costing more than a federally-established threshold has been delayed until 2020. TAC HEBP will be monitoring this and any other ACA developments, and will update you if changes occur that might affect your health plan.

*Updated June 9, 2017*



# TEXAS ASSOCIATION *of* COUNTIES HEALTH AND EMPLOYEE BENEFITS POOL

## *Frequently Asked Questions about Grandfathered Health Benefit Plans*

### 1) What is a "grandfathered plan"?

Grandfathered health plans under the Patient Protection and Affordable Care Act (ACA) are those existing without major changes to their provisions since March 23, 2010, the date of the ACA's enactment.

### 2) What makes a non-grandfathered plan different?

Grandfathered plans do not have to comply with several ACA requirements, including those listed below, which Non-grandfathered plans **must** comply with:

- Provide coverage for preventive care without member cost-sharing (no co-pays, deductibles, or coinsurance) when using an in-network provider. There are over 60 services included in this requirement, including annual wellness visits for all ages, age and gender appropriate immunizations and screenings, and contraceptive services for women. A full listing can be found at <http://www.healthcare.gov/what-are-my-preventive-care-benefits>
- Limitations on out-of-pocket maximum amounts
- External review of appeals: a member who contests the denial of a service recommended by his/her medical provider can request an appeal by a federally appointed external review board; the cost of this appeal is charged to the plan
- Coverage for out-of-network emergency services at no additional cost over in-network cost
- Coverage of routine costs associated with clinical trials

### 3) What causes a plan to lose grandfathered status?

Changing the balance of employer and employee share of costs as follows:

- Increase co-pays by more than \$5 or a percentage equal to medical inflation (currently 9.5%) plus 15%, whichever is greater.

*Example: if the plan had a \$20 office visit co-pay in March of 2010, it could be increased to \$25 without losing grandfathered status*

- Increase deductible or maximum out-of-pocket amount by more than a percentage equal to medical inflation (currently 9.5%) plus 15%, whichever is greater.

*Example: if the plan had a \$500 deductible and a \$2500 out-of-pocket maximum in March of 2010, it could increase the deductible to \$600 and the out-of-pocket maximum to \$3100 without losing grandfathered status (note that these are non-standard amounts for TAC HEBP plans)*

- Decrease percentage of plan coinsurance rate by any amount.

*Example: if the plan had a 90% coinsurance rate in March of 2010, it could not decrease the rate to 80% without losing grandfathered status*

- Lower the employer contribution rate by more than 5% for any group of covered persons.

*Example: if the employer paid \$1000 per month toward the cost of employee and spouse coverage in March of 2010, it could not decrease the contribution below \$950 without losing grandfathered status*

- Add or reduce an annual dollar limit (overall or for a specific service).

*Example: if the plan had no limit on charges for physical therapy services in March of 2010, it could not impose a \$5000 per year maximum on them without losing grandfathered status*

- Eliminate or substantially reduce benefits for a particular condition.

*Example: if the plan covered counseling and prescription drugs to treat certain mental disorders in March of 2010, it could not eliminate coverage for counseling without losing grandfathered status*

#### 4) What plan changes can be made which will not cause the plan to lose grandfathered status?

- Changing insurer or third-party administrator, as long as benefits don't change
- Changing from self-insured to fully-insured, as long as benefits don't change
- Increasing benefits, including adding a wellness program
- Passing along premium increases, as long as cost-sharing percentages remain the same
- Adding a coverage tier (such as employee + 1 child), as long as cost-sharing percentages are consistent with other tiers and stay within the 5% guidelines
- Moving drugs to a different copay tier because the drugs have become available as generic
- Changing provider networks, as long as benefits don't change
- Changes required by law

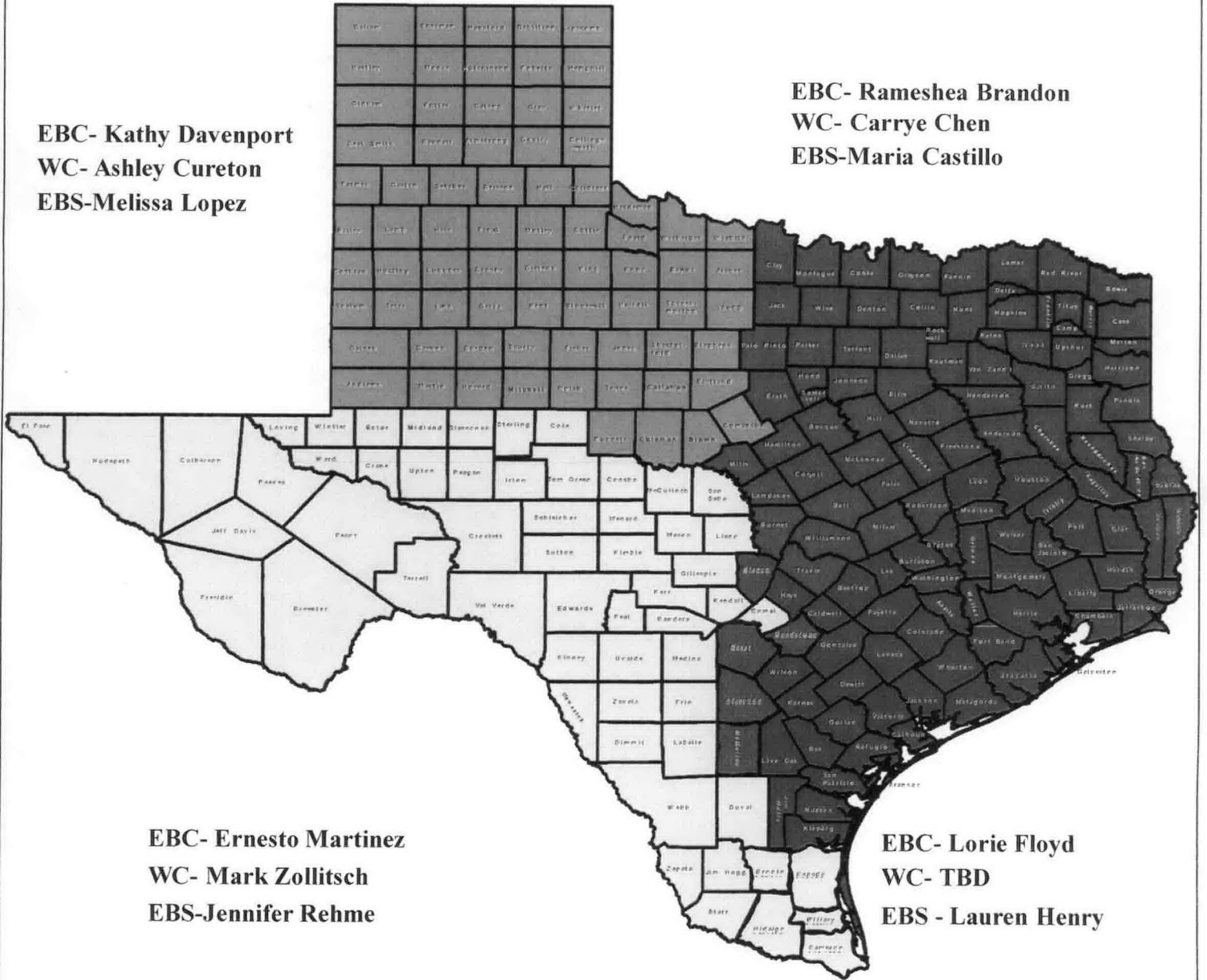
#### ADDITIONAL NOTES:

- Because of the additional coverage requirements and reduction of employee cost share required by the ACA, changing from grandfathered to non-grandfathered status will likely result in a rate increase. For TAC HEBP groups, this increase is estimated at 1.5 – 2%.
- Under the current regulations, there is no specific end date for grandfathered status.
- Plan changes are measured cumulatively since March 2010.
- Plans must include a notice about grandfathered status in significant participant communications, such as enrollment materials and summary plan descriptions.
- The majority of TAC HEBP member groups still have grandfathered plans.
- All plans in the TAC HEBP Private Exchange are non-grandfathered.

# Texas Association of Counties Health & Benefits Services Department

**EBC- Kathy Davenport**  
**WC- Ashley Cureton**  
**EBS- Melissa Lopez**

**EBC- Rameshea Brandon**  
**WC- Carrye Chen**  
**EBS- Maria Castillo**



**EBC- Ernesto Martinez**  
**WC- Mark Zollitsch**  
**EBS- Jennifer Rehme**

**EBC- Lorie Floyd**  
**WC- TBD**  
**EBS - Lauren Henry**

*EBC: Employee Benefits Consultant*  
*WC: Wellness Consultant*  
*EBS: Employee Benefits Specialist*

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