GESC/Health Insurance
Board of Trustees

Presentation
Before the

Committee of the Whole

September 22, 2023

Beverly A. Joseph,
Chairperson
GESC/Health Insurance Board of Trustees

Good day members of the 35th Legislature of the Virgin Islands, members of the Committee of the Whole and listening audience. I am Beverly Joseph, Chairperson of the GESC Health Insurance Board of Trustees and the elected representative on behalf of active employees in St Croix. Today, on behalf of the Board, I would like to present our recommendations for the contracting of the Medical & Prescription Drug, Dental, Vision, and Life Insurance Plans for Fiscal Year 2024.

I would like to thank the members of the Legislature for the opportunity to appear before you, the Honorable Governor Albert Bryan Jr., and my fellow Board members, Vice-Chair Dr. Gilbert Comissiong, Elected Active Representative St. Thomas & St. John; Lorraine Gumbs-Morton, Secretary & Appointed Member St. Thomas & St. John; Lori Anderson, Elected Retiree Representative St. Thomas & St. John; Debra Christopher, Elected Retiree Representative St. Croix; Clemmie Moses, Appointed Member St. John and St. Thomas; Kisha Christian, Appointed Member St. Croix; John Abramson Jr., Appointed Member St. Croix; and Andre T. Dorsey, Appointed Member St. Thomas and St. John.

I would also like to thank our Advisory Members, the Division of

Personnel including the Director, the Chief and Staff of Group Health Insurance, the Counsel to the Board, our Consultant, the Gehring Group, and all the Insurance Carriers for their assistance in developing these recommendations.

When you combine the employee, retiree, and government costs for all insurance coverages (including dental, vision, and life) for the upcoming fiscal year, we are looking at a reduction of $403,000 which is 0.3% of overall cost.

I would like to begin with some background information about how we arrived at our recommendations.

Please note that the “total cost” and “enrollment” figures that will be mentioned in this presentation generally exclude the active employees of non-General Fund entities that participate in the Government Employees’ Plan – such as the University of the Virgin Islands (UVI), the Virgin Islands Port Authority (VIPA), Frederiksted Health Care Center (FHC) and Virgin Islands Housing Authority (VIHA) and non-profit participating groups.

At least once every five years, the Board is required to solicit competitive bids for the insurance program. Previously, bids were solicited for all benefits in 2011, in 2013 at the Boards’ request, in 2018 for the 2019 fiscal year and we solicited bids in 2023 for the 2024 fiscal year.

The RFP was released on March 15, 2023, and bids were received through April 24, 2023. Advertisements were released nationally and, in the St. Croix, St. John, and St. Thomas Source publications from March 15 through April 14, 2023.

Through the RFP process, the Board received two (2) responses for medical and prescription drug insurance for both active employees and the under 65 retiree population, two (2) responses for dental insurance, one (1) response for vision insurance, three (3) responses for life and AD&D insurance and one (1) response for the Medicare Advantage plan for retirees over 65.

The RFP evaluations were reviewed at the Board's May meeting and finalist meetings were held in-person at the Board's meeting in June.

Based upon the most recent medical claims experience report through July 2023, the medical claims expenditures are 90% of the medical plans' premiums, exclusive of other plan expenditures such as administrative costs. This has increased from the prior year. Although the losses have increased 4.4% from the prior period, the Board was anticipating a 5-8% increase in premiums to cover future claims and expenses based upon an analysis by our Consultant, Gehring Group.

We received two responses for our medical coverage for active employees and pre-65 retirees. One from Cigna Healthcare, the incumbent and one from UnitedHealthcare. Cigna's initial response was a no increase in premiums and no changes to the current benefits. UnitedHealthcare proposed a 2% increase in premiums while matching the existing benefits. Subsequently, Cigna offered a premium rate cap for year 2 of the contract not-to-exceed 8% while United provided a not-to-exceed of 12%.

After finalist presentations the Board voted unanimously to begin contract negotiations with Cigna Healthcare.

Since the premiums will remain the same for the upcoming fiscal year the overall impact to the Central Government will be approximately $107 million based upon the existing cost-share with employees and retirees.

It was vital to the Board that there were no plan design changes (i.e., increasing copayments, deductibles, out-of-pocket maximums) due to the current state of the economy and Cigna agreed to not change any of the benefits, nor did they decrease the level of services that are offered with the current plan.

In addition, Cigna will continue to include and enhance the following in their contract with the Board:

- Support the USVI community by providing six (6) two-year nursing scholarships to the University of the Virgin Islands in the amount of $6,250 per student per year.
- Increasing the Wellness Funds to $1,000,000 (currently $700,000).
- Continuation of the two (2) full time on-site Customer Service Representatives;
- Inclusion of MotivateMe, a turnkey wellness incentive program that gives employees and their spouses opportunities to earn rewards for taking charge of and improving their health while funding $300,000 in incentives which they currently do not fund.
- Continuation of Omada's Pre-Diabetes Prevention Program.
- Continuation of the 2 Health Improvement Offices with two (2) health coaches and two (2) mobile vans to take healthcare into

the community.

- Placing $1.7 million in premiums at risk for performance guarantees; and
- The Cigna Foundation will be offering $250,000 in grants over the next three years to non-profits in the Territory helping those living with obesity, high blood pressure, diabetes, and other chronic conditions with the goal of improving their overall health.

For the dental plan, based upon the most recent claims experience report through July 2023, the dental claims expenditures are 96% of the medical plans' premiums, exclusive of other plan expenditures such as administrative costs. The losses have increased 14% from the prior period, so the Board was anticipating a 10-15% increase in premiums to cover future claims and expenses based upon an analysis by our Consultant, Gehring Group.

We received two responses for our dental coverage which covers all active employees as well as pre-and post-65 retirees. One from Cigna Healthcare, the incumbent and one from MetLife. Cigna's initial response was a no increase in premiums while providing a premium rate cap of 3% for year two. In addition, Cigna proposed increasing our annual maximum from $1,250 to $1,500 per year. MetLife proposed a 5% increase in premiums while matching the existing benefits with a two-year rate guarantee.

After finalist presentations the Board voted unanimously to begin contract negotiations with Cigna Healthcare.

Since the premiums will remain the same for the upcoming fiscal year the overall impact to the Central Government will be approximately $4 million based upon the existing cost-share with employees and retirees.

In addition to the above financial implications, the Board was able to negotiate enhancements to the dental plan assuming we renew our medical coverage with Cigna:

- Introducing Dental Wellness Plus Program
    - When a participant receives preventive care under the dental plan (cleanings/oral exams/x-rays), their annual dollar maximum increases the next plan year.
    - Participants could add $200 per year.

- The Wellness Plus Calendar Year Program is as follows:
    - Year 1 - $1,550 Annual Maximum
    - Year 2 - $1,750 Annual Maximum
    - Year 3 - $1,950 Annual Maximum
    - Year 4 - $2,150 Annual Maximum

- There will be premium rate caps not to exceed 3% of current premiums for years two and three of this contract and additional rate caps not to exceed 6% of the previous year's premiums for years four and five of the contract; and
- Placing $100,000 in premiums at risk for performance guarantees.

For the post-65 Retirees, UnitedHealthcare was the only insurer who responded to the post-65 retiree coverage and maintains a competitive advantage in the Territory being licensed to offer a group Medicare Advantage plan.

UnitedHealthcare began its partnership with the Government in 2013 offering their AARP Medicare Supplement plans alongside a custom Medicare Part D Prescription Drug Plan (PDP). The plans offered significant savings to the Government and retirees. Over the years we have worked with UnitedHealthcare to ensure a long term and sustainable program for the Government and Retirees.

In 2017, the Board recommended to offer the stateside retiree's two Medicare Advantage Plans with Prescription Drug Coverage (MAPD) which further reduced costs to the Government and eased administrative burdens while maximizing benefits for stateside retirees. This proved to be extremely successful with a smooth transition and a retiree satisfaction score of 95%.

For 2021, UnitedHealthcare received approval for the Territorial retirees to participate in the group Medicare Advantage plan offered by UnitedHealthcare which covers everything covered by original Medicare with additional benefits including health and wellness, routine vision checks, hearing checks, podiatry, chiropractic, and prescription drugs.

All post-65 retirees are covered by one plan regardless of if they are Territorial residents or Stateside residents. Coverage is nationwide and retirees are not required to select a Primary Care Physician (PCP) and referrals are not required to see a Specialist.

The proposed rate to the existing plan offered today is a 20% increase above current premiums or an increase of $3.8 million for the 2024 calendar year. This reflects changes and updates from the CMS 2024 Final Call Notice on March 31, 2023. The Final Call Notice had significant changes to growth rates, Part C Risk Adjustment Model Changes, and Part C Risk Adjustment Coding which negatively impacted the funding insurance companies receive from CMS for 2024.

The Board, through our consultant, Gehring Group was able to negotiate an option that would eliminate a fiscal impact to both the Government and retirees' paychecks. To achieve a no increase in premiums we are recommending adding a $500 deductible which is the same deductible amount as the pre-65 retiree plan. Also there will be a $250 per inpatient hospital admission copayment and a $100 emergency room copayment per visit. Protecting the retirees is a $1,000 annual out-of-pocket maximum. Making these changes will save $588 per post-65 retiree per year.

It is important to note that the deductible does not apply to Primary Care Office Visits, Telemedicine Visits, Emergency Room Visits, Urgent Care Visits, Diabetic Monitoring Supplies, Hospice, Preventive Visits, Vision and/or Hearing Visits.

Premiums are submitted for regulatory approval to both CMS and the USVI Department of Insurance and the monthly premium has been approved effective January 1, 2024, through December 31, 2024, at no increase. The monthly premium will be $250.24 per person per month. Based on current cost-share the Governments portion of the premium would be $12,908,120 and the retirees portion would be $6,649,638.

There have been some additional program enhancements included for 2024 at no additional cost to continuously care for our retirees:

- UnitedHealthcare Hearing Aide Enhancements
    - Retirees can utilize their hearing aid allowance to purchase non-prescription (over the counter) hearing aids through UHC Hearing. Retirees can save thousands of dollars making hearing aids more accessible and affordable.
- Continuous Glucose Monitors (CGMs)
    - CGMs provide users with real-time information about their blood glucose levels around the clock, leading to better diabetes management and improved health outcomes. The coverage criteria for CGMs have been expanded to more retirees with diabetes who are not just dependent on insulin and now also includes those with certain

hypoglycemia conditions.

- Let's Move
  - A wellness program coordinated and designed to integrate self-service, virtual and in-person wellness programming focused on nutrition, physical activity, mental health, social well-being, financial wellness and more.
- Marriage and Family Therapy
  - Retirees will be able to see Medicare eligible mental health counselors (MHCs) and marriage and family therapists (MFTs).

Medicare Retirees will continue to receive a quarterly Grocery Store Benefit. Retirees receive a $40 credit each quarter to spend locally on healthy food and over-the-counter products. They can choose from a variety of approved items like fruits, vegetables, dairy, meat, pain relievers, cold remedies, vitamins and more. Credits are added to a debit card on the first day of each quarter (in January, April, July, and October) and expire at the end of the year.

HouseCalls will also continue for 2024 which allows our retirees to have a yearly visit with a healthcare practitioner right in the privacy of their own home. It's a great opportunity for members to discuss their health care needs, create a plan for prevention and get the personal attention they deserve. During the visit, the practitioner will confirm medical history, complete a physical exam, review medications, and answer any questions the retiree may have as well as provide any additional health screenings the practitioner deems necessary.

Also, UnitedHealthcare will continue to offer $200,000 to their Wellness Incentive Fund which will allow the GESC and the Government to provide wellness incentives and initiatives for our Medicare Retirees.

The Standard Insurance Company was the only respondent to the **voluntary vision plan** and proposed the existing plan benefits and no increase to the premiums. They have guaranteed the premiums for the next three years which would expire on September 30, 2026.

The Government makes no contribution to Vision Insurance. This is a member-pay-all voluntary plan available to active employees, retirees, and their families. There will be no impact to employees and retirees in the premiums they pay.

The vision insurance covers exams and lenses every 12-months and covers new frames every 24-months. Eye exams and lenses there is no cost to the participants, and they receive up to a $150 allowance for frames and a $150 allowance for contact lenses.

We received three proposals this year for **Life and Accidental Death & Dismemberment (AD&D) plans**. Proposals were received from The Hartford Insurance Company, Metropolitan Life Insurance Company, and The Standard Insurance Company, the Incumbent.

The Central Government provides basic life and accidental death & dismemberment coverage to all active employees and retirees. The active employees' benefit is $10,000 of life insurance coverage and retirees is $5,000. If an individual passes away because of an accident the benefit is doubled (2x). Also, active employees and retirees can purchase additional life insurance through an additional payroll deduction which is at no cost to the Central Government.

All three proposals matched our existing benefits, and all provided significant savings in premiums. The Board requested the best and final offers from Metropolitan Life and The Standard.

The Standard Insurance Company prevailed as the most competitive responder. The Government will save approximately ($75,000) for the active employees and will save approximately ($328,000) for the retirees for a total savings of ($403,000). In addition to the savings, The Standard is guaranteeing the rates for three years through September 30, 2026, and providing a 10% rate cap for year four and year five of the contract. Premium rates for the additional life insurance will remain the same as they are currently and will receive the same rate guarantees as mentioned previously.

For **all insurance coverage** combined (including dental, vision and life), plan outlays will decrease from $183.1 million in FY23 to $182.7 million in FY24. This is a decrease of approximately $403,000.

As you may recall the Senate absorbed the increases to employees and retirees in the current FY2023. Employees and retirees are paying the same as they did in FY19, FY20, and FY21. Due to this, employees are not paying 35% of the cost share. They are paying approximately 27% of the cost share and the Government is paying 73% of the cost share. If the Government reverts to the 65% / 35% split this would drastically increase an employee's or retiree's payroll contribution and the entire increase will be on the backs of the employees and retirees. Therefore, we implore the Senate to continue the existing cost share today as we come to you today with no cost increases, in fact a decrease overall.

The Board is not recommending any plan design changes for FY2024. However, we are working on several initiatives to control and reduce health care costs. You may recall that for FY2016, we implemented more stringent pre-certification requirements for some outpatient services under the Cigna plan through a program called “PHS+”. This program continues to produce additional savings. Also, for FY2016, we increased the out-of-pocket maximums under the Cigna plan by a significant amount. We also enhanced the previous medical conversion provision, which is no longer available with COBRA coverage.

Effective October 1, 2018, the Board recommended and had introduced by Cigna two additional programs into the medical plan. Health Matters Care Management (HMCM) will be an enhanced PHS+ (Personal Health Solutions). HMCM which includes: primary and specialty medical care management; more frequent post-hospital discharge outreach; inpatient precertification; inpatient case management (including continuous stay review); outpatient precertification; hospital preadmission outreach; a more robust care team including community support with social workers and transition specialists to support a timely hospital discharge, and a smooth, safe return home; advanced predictive modeling; and continued 24-hour, 7-day a week support. OneGuide, the second program recommended provides members with proactive education and support to optimize their benefits and incentives; guidance on cost-savings opportunities and programs; holistic view of health information for personal guidance and engagement; and specialized support in highly complex medical situations.

Post-65 retirees will continue to have a clinical approach with the Medicare Advantage offering whereas the plan focuses on retirees to stay healthy by providing house calls, rewards, fitness benefits, and virtual visits. For those that have been hospitalized, UHC will provide return to health benefits including inpatient care management, post-acute transition, medication reconciliation and behavioral health. For those living with illnesses the new plan with UHC will provide disease specific care management for those with diabetes, heart failure, chronic obstructive pulmonary disease (COPD) and polychronic conditions. UHC will be engaging more with retirees, earlier identification of those with chronic conditions, provide personalized care, and a digital health coach.

The Board is also in ongoing discussions with Cigna, United, and V.I.

Equicare to renegotiate professional fees in the Territory to more manageable levels, with a focus on eliminating abuse by certain practitioners as well as introducing a pay-for-performance reimbursement strategies and air ambulance solutions.

The Government's Wellness Program continues to gain traction, thanks in large part to funding from CIGNA in the amount of $1,000,000 per year and from United in the amount of $200,000 per year as well as the focus given to Wellness by the Division of Personnel and other Agency participants like UVI. The Board has also begun to implement a communications blitz about the health insurance plan in general and the wellness strategy initiatives, via the internet and public service announcements. Focus and initiatives will be directed towards our members knowing their plan, as a primary goal forthcoming.

In summary, the Board recommends accepting the contracts that we have negotiated.

Members of the 35th Legislature of the Virgin Islands, the GESC/Health Insurance Board of Trustees is appreciative of your continued interest, support, and involvement in the Group Health Insurance Program, and we look forward to your assistance to ensure this year's recommendations are approved as presented.

The Consultants, our Carriers, the Division of Personnel, and I on behalf of the Board stand ready to answer any questions you may have regarding our insurance programs.

Once again, thank you.

EXHIBIT A

Financial Charts

GEHRING GROUP
A RISK STRATEGIES COMPANY

Government of The Virgin Islands of the United States
Central Government & GERS Group Health Projected Budget
Fiscal Year: October 1, 2023 - September 30, 2024

Plan	Coverage Type	Enrollment	2022-2023 Estimated FY Total Premium	2022-2023 Estimated FY Employer Share	2022-2023 Estimated FY Employee Share	2023-2024 Projected FY Total Premium	2023-2024 Projected FY Employer Share	2023-2024 Projected FY Employee Share
Active Employees								
Medical	Employee	3,307	$ 38,214,898	$ 27,896,876	$ 10,318,023	$ 38,214,898	$ 27,896,876	$ 10,318,023
	Family	3,755	$ 75,873,830	$ 55,387,896	$ 20,485,934	$ 75,873,830	$ 55,387,896	$ 20,485,934
Dental	Employee	3,307	$ 786,537	$ 589,903	$ 196,634	$ 786,537	$ 589,903	$ 196,634
	Family	3,722	$ 2,258,212	$ 1,693,659	$ 564,553	$ 2,258,212	$ 1,693,659	$ 564,553
Life	Basic	7,848	$ 170,459	$ 170,459	$ -	$ 95,118	$ 95,118	$ -
	Voluntary	5,827	$ 2,123,357	$ -	$ 2,123,357	$ 2,123,357	$ -	$ 2,123,357
	Spouse	1,198	$ 115,473	$ -	$ 115,473	$ 115,473	$ -	$ 115,473
	Child(ren)	2,610	$ 20,984	$ -	$ 20,984	$ 20,984	$ -	$ 20,984
Vision	Employee	5,154	$ 244,918	$ -	$ 244,918	$ 244,918	$ -	$ 244,918
	Family	3,721	$ 466,167	$ -	$ 466,167	$ 466,167	$ -	$ 466,167
TOTAL - Active Employees			**$ 120,274,835**	**$ 85,738,792**	**$ 34,536,043**	**$ 120,199,495**	**$ 85,663,451**	**$ 34,536,043**
$ Amount Increase/(Decrease)						**$ (75,341)**	**$ (75,341)**	**$ -**
% Amount Increase/(Decrease)						**-0.1%**	**-0.1%**	**0.0%**
Retirees								
Under 65 Medical	Retiree	773	$ 11,581,272	$ 8,454,328	$ 3,126,943	$ 11,581,272	$ 8,454,328	$ 3,126,943
	Retiree Dependents	374	$ 5,603,358	$ 4,090,451	$ 1,512,907	$ 5,603,358	$ 4,090,451	$ 1,512,907
	Family	577	$ 15,450,768	$ 11,279,060	$ 4,171,707	$ 15,450,768	$ 11,279,060	$ 4,171,707
Over 65 Medical	Medicare Advantage	6,513	$ 19,557,757	$ 12,908,120	$ 6,649,638	$ 19,557,757	$ 12,908,120	$ 6,649,638
Dental	Retiree	4,874	$ 1,159,198	$ 869,399	$ 289,800	$ 1,159,198	$ 869,399	$ 289,800
	Family	1,900	$ 1,152,595	$ 864,446	$ 288,149	$ 1,152,595	$ 864,446	$ 288,149
Life	Basic	8,242	$ 659,195	$ 659,195	$ -	$ 331,328	$ 331,328	$ -
	Voluntary	6,466	$ 7,017,974	$ -	$ 7,017,974	$ 7,017,974	$ -	$ 7,017,974
	Spouse	1,428	$ 563,825	$ -	$ 563,825	$ 563,825	$ -	$ 563,825
	Child(ren)	485	$ 3,899	$ -	$ 3,899	$ 3,899	$ -	$ 3,899
Vision	Retiree	1,061	$ 50,419	$ -	$ 50,419	$ 50,419	$ -	$ 50,419
	Family	346	$ 43,347	$ -	$ 43,347	$ 43,347	$ -	$ 43,347
TOTAL - Retirees			**$ 62,843,606**	**$ 39,124,999**	**$ 23,718,607**	**$ 62,515,739**	**$ 38,797,133**	**$ 23,718,607**
$ Amount Increase/(Decrease)						**$ (327,867)**	**$ (327,867)**	**$ -**
% Amount Increase/(Decrease)						**-0.5%**	**-0.8%**	**0.0%**
TOTAL - Active Employees & Retirees			**$ 183,118,442**	**$ 124,863,791**	**$ 58,254,650**	**$ 182,715,234**	**$ 124,460,584**	**$ 58,254,650**
$ Amount Increase/(Decrease)						**$ (403,208)**	**$ (403,208)**	**$ -**
% Amount Increase/(Decrease)						**-0.2%**	**-0.3%**	**0.0%**

Notes:

A. Projected Budget assumes Actual Premium Rates Negotiated in GESC RFP No. 2023-01.

B. Over 65 Medical is 9-months of the fiscal year (effective January 1, 2024).

1. Estimated FY Total Premium may vary based upon actual enrollment for the remainder of current Fiscal Year & proposed Fiscal Year.

2. Costs account for Senate funded subsidies of member contributions for FY2019-2020; FY2020-2021; FY2021-2022; & FY2022-2023.