



**Presentation for the Iowa Legislative Health Care Commission
September 29, 2009**

**“What has been our experience in offering health insurance benefits for the employees of
Children & Families of Iowa?”**

Employee benefits are very important in the nonprofit employment world. Our salaries are not comparable to government or for-profit organizations, so if we can say, “we have great benefits”, that can help us in recruiting and retaining employees. Health insurance is by far the most expensive of our employee benefits, and the most important to employees.

Finding affordable health insurance is challenging for Children & Families of Iowa (CFI) first of all because we have employees who live in rural Iowa, from the Fort Dodge area to Centerville and surrounding counties. To have one plan that includes healthcare providers accessible for all of our employees limits us to just a few companies in Iowa. Sometimes in order to have an affordable plan renewal, we must change from one company to another. In going back 5 years for this presentation, I am reminded of a change we made for financial reasons for the 05-06 fiscal year. That was an affordable but painful year because employees had tremendous customer service problems all year long with that company. So, we had really no choice but to make a change for the following year, and to make that affordable we had to make changes in the plan itself. Every year for a renewal the following are subject to change to make healthcare affordable for CFI and for employees: the healthcare company, deductibles, plans (which plans we will offer and what is covered under each plan), prescription drug coverage, and percentage of premium paid by CFI and by employees.

CFI currently has about 200 fulltime and 100 part-time employees. Employees eligible for health insurance are those who work full time or who work at least 32 hours a week.

Our current health care plans include a \$2500 deductible PPO option, which means there is a \$2500 deductible for single coverage, and \$7500 for family coverage. Copay is \$25. Out of pocket maximum is \$2500 for single and \$7500 for family coverage. The \$1000 deductible HMO option is also available, with \$1000 single and \$3000 family deductible. The out of pocket maximum is \$1500 single and \$3000 family for in-network, and \$3000 single/\$6000 family for non-network. Copay is \$25 for in network, and for non-network is the deductible plus 40%. About 70% of employees sign up for PPO, and 30% elect the HMO. Dental is optional and the cost is in addition to the health care premiums. CFI pays the monthly fees for an FSA (flex plan)

which allows employees to pay for certain out of pocket medical and dependant care expenses on a pre-tax basis.

This year CFI pays 73% of health care premiums and employees pay 27%, for single coverage, which costs \$344.42 per month (\$4133.04 per year). CFI pays 65% and employees pay 35% for family coverage, which costs \$843.54 per month (\$10,242.48 per year).

This year health care costs are 5.4% of our total budgeted expenses. The dollar total is \$789,517.

Over the last 5 years, the trends we have seen have basically been that CFI's total healthcare costs have not increased as dramatically as costs have risen overall in the healthcare industry. Prior to last year, our annual increases had ranged from 2% to 10%. Last year we ended up renewing at the same rate as the year before, after making changes in the plan. Every annual renewal for CFI includes on our part a through analysis of every aspect of our options, and a pursuit of answers to questions like: do we change our insurance provider again, do we change plans, do we make changes in deductibles and prescription coverage, what else can we change that will help keep cost down, can we pass more expense on to employees? We have done all of these things in the past 5 years so that health care insurance is an affordable benefit. We also ended a long term insurance broker relationship, because we found we could obtain those services for a lesser cost using another company. The percentage of the healthcare premium that employees pay has risen over the past 5 years, from 20% to 27% for singles, and from 20% to 35% for family coverage. Those were hard decisions, but when your renewal starts with a 60% increase in premiums, drastic action is necessary! We have never started the renewal process with less than a 20 % increase initially on the table in the last 5 years.

Unless healthcare reform happens so that obtaining health care services cost less, and insurance costs less, we will have no choice but to continue the annual struggle to provide this benefit, using all of the strategies listed above.

I am really not sure what to suggest as options for affordable, quality health coverage for our employees. I do not pretend to know what all the factors are that can be controlled to make health care affordable. And, is there a measure of quality we all agree on? Is it a measure that we agree to in this country or is it in relation to other countries?

There is discussion, I believe, about letting organizations like CFI join a pool, and that might reduce costs for all in the pool. A downside of that could be that the claims experience of some organizations in the pool could mean higher costs for others. Joining a pool to achieve cost savings and then to find you have taken on a higher level of risk by being pooled with others, and having no quick way out, would not be helpful.

I hope you are able to come up with recommendations that will result in more affordable health care and health insurance. Thank you for this opportunity to share our experiences this morning!

Gloria Gray, Executive Director
Children & Families of Iowa