



Town of Danvers

Office of the Town Manager

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M e m o r a n d u m

To: All Benefit Eligible Employees
From: Jen Breaker, Assistant Town Manager
Date: January 14, 2020
Re: FY21 Health Insurance

Over the past year, considerable time and effort has been invested by employees into the process to ensure that health insurance benefits continue to be both comprehensive and sustainable into the future. This very detailed and thoughtful process culminated in a vote by the Board of Selectmen in October 2019 (after receiving feedback from both union leadership, retirees, and non-union employees) to migrate from a traditional copay plan through Tufts to a Benchmark Plan and optional high deductible plan (HDHP) through the Massachusetts Interlocal Insurance Association (MIIA) and Blue Cross Blue Shield (BCBS). Up until late December, the Town and union representatives continued to finalize plan details and additional health insurance benefits for employees. This memo outlines a number of VERY important items related to process:

1. New Health Insurance Plans (attachments A-E)
2. Negotiated Premium Holidays in 2020 and 2021
3. Health Savings (HSA) & Flexible Spending (FSA) Account Information (attachment F)
4. New Health Coverage Opt Out Incentive Program (attachment G)
5. Important Dates & Open Enrollment (attachment H)

Please review all the information contained in this email carefully – there is a lot of information and important dates included. As a reminder, these plans and programs are available and effective for July 1, 2020. We are sending this information to you now so that there is sufficient time to review, ask questions, and make decisions.

A clarifying point that I am sure many of you will ask about. Throughout this process we have been calling our plans the Benchmark plan and High Deductible plan. Both plans are offered as either HMO or PPO. However, those plans have actual names under the Blue Cross Blue Shield umbrella. The table below depicts the official plan names to help you navigate this document and the attachments:

	HMO Plans	PPO Plans
Benchmark	Network Blue New England	Blue Care Elect
HDHP	Access Blue New England Saver	Blue Care Elect Saver

1. Health Insurance Plans

The Town will be offering two health insurance plans from Blue Cross Blue Shield through MIIA. These plans are summarized below, and we have included plan summary guides for each plan (attachments A – D) and a spreadsheet (attachment E) that compare the various plans. We are also excited to be including a link to the Town’s E-Kit. The E-Kit is an online portal that is designed specifically for the Danvers health insurance plans and allows employees to view important plan details including benefit summaries & coverage, plan education, tools to find doctors and pharmacies and additional helpful resources. This information will also be available on the Town’s website in the coming weeks.

Link to e-kit: https://planinfo.bluecrossma.com/ekit/2020-miiatownofdanvers-en_US.pdf

Benchmark Plan: This plan includes a small deductible (\$500/\$1,000) and has co-pays associated with various services. There is a separate out-of-pocket (OOP) maximum for medical and prescription services.

This health insurance plan allows employees to participate in a Flexible Spending Account (FSA) program. Please see attachment F for information regarding FSA and HSA plans.

The monthly employee premiums (30%) for FY21 Benchmark plan are shown below, attachment E includes the monthly rates broken down by pay cycles:

Health Insurance	Monthly Premium - HMO (Network Blue New England)	Monthly Premium - PPO (Blue Care Elect)
Family	\$660.29	\$854.53
Individual	\$263.24	\$359.43

High Deductible Health Plan (HDHP): This plan includes a “qualified high deductible” (\$2,000/\$4,000) and there are NO co-pays after deductible is met. There is a separate out-of-pocket (OOP) maximum for medical and prescription services. The Town has elected to set the OOP maximum at the same dollar amount as the deductible to ensure no additional costs after the deductible is satisfied.

For 2020, the IRS defines a qualified high deductible health plan as any plan with a deductible of at least \$1,400 for an individual or \$2,800 for a family. Because this health plan qualifies under IRS rules as a “Qualified High Deductible Health Plan,” you can participate in a Health Savings Account (HSA). An HSA is very similar to the Flexible Spending Account (FSA) program the Town has offered in the past, however, there are some differences. Please see attachment F for information regarding HSA and FSA plans.

The monthly employee premiums (30%) for FY21 HDHP plan are shown below, attachment E includes the monthly rates broken down by pay cycles:

Health Insurance	Monthly Premium - HMO (Access Blue New England Saver)	Monthly Premium - PPO (Blue Care Elect Saver)
Family	\$625.45	\$806.86
Individual	\$249.35	\$339.38

Important information regarding health plans:

1. Its important to understand the difference between HMO and PPO plans (both the Benchmark and HDHP plans offer HMO or PPO options). An HMO plan means you select your primary care doctor and must get referrals to see other doctors. With a PPO plan, you do not select a primary care doctor and can see any doctor you wish, within the network, without a referral. The PPO plan comes with higher premiums for the convenience of not needing referrals. Additionally, PPO's have an out of network benefit (see attachment E). The HR staff is happy to consult with employees who are weighing the PPO vs. HMO options.
2. The Town will no longer offer reimbursements for various co-pays on the Blue Cross Blue Shield plans. The Town will process reimbursements for costs incurred up until June 30, 2020 on the Tufts plans, even if invoices are received after July 1, 2020.

2. Premium Holiday

As required by law in Massachusetts, 25% of the premium savings from the changes to the health insurance plans must be returned to the employees. The savings will be allocated back to employees as one-week premium holidays: one in December 2020 and one in December 2021. This means employees on health insurance plans will not have their premium deducted from their pay check, and the Town will pay 100% of the premium for those two weeks. As we approach December 2020 and 2021, there will be additional information regarding the exact payroll week for the holiday.

3. Health Savings Accounts and Flexible Spending Accounts

The Town will be partnering with a third party (Health Equity) to offer employees tax-advantage programs: FSAs and HSAs. Health Equity has developed a relationship with Blue Cross Blue Shield that allows a simplified enrollment process for FSA/HSA programs and dedicated customer service support between the two entities.

Flexible Spending Account (FSA): An FSA is an employer-sponsored benefit that enables employees to deduct pre-tax dollars from their paychecks to pay for qualified medical expenses. Employees can contribute \$2,750 per year (2020 maximum). Employees must use FSA funds within the plan year. FSAs are available to employees on the Benchmark plans.

The Town has elected to offer an annual \$500 carry over feature. This will allow participating members to carry over a maximum of \$500 to cover expenses that have been incurred but not yet billed. There will no longer be a grace period since the funds will carry over to cover incurred but not yet billed expenses.

Health Savings Account (HSA): An HSA is a tax-advantage savings account that allows accountholders to save for qualified medical expenses. Employees must be on a qualifying HDHP to participate in an HSA account (the Town of Danvers HDHP is a qualified plan). Employees can contribute \$3,550 (ind.)/7,100 (fam.) per plan year. Unlike an FSA, the HSA funds do not have to be used within the plan year. Unused funds will roll over year to year. HSAs are available to employees on the HDHP only.

The Town will contribute \$1,000 (ind.) or \$2,000 (fam.) to the HSA of an eligible subscriber during the subscriber’s first year on one of the HDHPs offered by the Town. In year two, the Town will contribute \$750 or \$1,500 to the HSA of eligible subscribers. These contributions will be made on or before July 15 of each fiscal year.

Limited Flexible Spending Account (LPFSA): Used in conjunction with an HSA, an LPFSA allows you to contribute pre-tax dollars to use on eligible vision and/or dental expenses. By contributing to an LPFSA in addition to your HSA, you can maximize your pre-tax contributions. Employees can contribute \$2,750 in a plan year. Just like an FSA, employees must use LPFSA funds within the plan year. LPFSA’s are available to employees on a HDHP only.

Dependent Care Flexible Spending Account: A dependent care FSA enables you to set aside pre-tax dollars to pay for qualified dependent care expenses. Funds can be used to pay for day care, preschool, elderly care or other dependent care. To qualify for a Dependent Care FSA, the IRS requires that the dependent care is necessary for an employee and their spouse to work, look for work or attend school full-time, along with other requirements. Employees can contribute \$5,000 per year for a household. This plan is available to employees on any health insurance plan.

Attachment F contains detailed information on FSA & HSA programs and outlines the tax benefits of having these types of accounts – remember money is put in pre-tax and taken out pre-tax, a great financial benefit! Also, attachment H includes dates for specific sessions that representatives from Health Equity will attend to discuss and answer questions on these programs.

Disclaimer (of course): Nothing in this communication is intended as legal, tax, or financial advice. Always consult a professional when making life changing decisions. The Town of Danvers cannot provide tax advice and employees are encouraged to consult a tax advisor or financial advisor as individual factors and situations vary.

4. Opt Out Program

We are also excited to introduce an opt-out incentive program for eligible employees. This program is offered to active employees who are covered by a Town health insurance plan for at least the last six months. If an eligible employee voluntarily cancels their health insurance (and provides proof of health insurance elsewhere), they would receive a one-time incentive payment (paid monthly) based on the plan they are leaving:

MIIA BCBS Plans	FY 2021 Annual Cost	25% of Cost	Monthly Payment
HMO Family Plan	\$26,411.64	\$6,602.91	\$550.24
HMO Individual Plan	\$10,529.52	\$2,632.38	\$219.37
PPO Family Plan	\$34,181.04	\$8,545.26	\$712.10
PPO Individual Plan	\$14,377.20	\$3,594.30	\$299.53

Depending on year 1 participation in the program, the goal would be to provide any benefit eligible employee not on a Town health insurance plan with a modest annual incentive. Subject to adequate budget savings materializing from the first year of the opt out program, the Town will notify employees if the program will be rolled out to all benefit eligible employees. Additional information on this will be provided in the Fall of 2020.

The full opt out program details and requirements are included as attachment G.

5. Important Dates & Open Enrollment

As part of our commitment to a successful transition to the new health insurance plans, we have organized a number of meetings and education sessions for employees (and family members) to attend to learn about the plans and their accompanying programs. We have scheduled the sessions at multiple dates and times to best accommodate a variety of schedules, but we understand there will be some employees who cannot make these sessions.

If you are unable to attend a session but are interested in the topic, please let the HR office know and we will set up a time to meet with you. Please use the hr@danversma.gov email address to schedule a session and include *Health Insurance Information Session* in the subject line. Be sure to include the topic(s) you would like to cover.

Additionally, we have included the dates for FY21 open enrollment. We have extended the open enrollment period this year, however we must adhere strictly to the enrollment end date. *No late enrollments will be accepted.* All employees who are electing to participating in the Towns health insurance program must complete a new enrollment form, this includes employees who are currently on the Towns health insurance and new enrollees.

Attachment H includes the dates, topics and locations of the upcoming sessions and open enrollment.

Health Insurance Education Sessions

The Town of Danvers is committed to providing a smooth transition from Tufts to BlueCross Health Insurance and to best educate and answer questions employees may have about health insurance and related programs. To this end, we have scheduled a number of sessions on various health insurance topics between now and open enrollment. Additionally, the Town plans on continuing this educational process by offering health insurance education sessions as part of the on-going training program starting in FY21.

If you are unable to attend a session but are interested in the topic, please let the HR office know and we will set up a time to meet with you. Please use the hr@danversma.gov email address to schedule a session and include *Health Insurance Information Session* in the subject line. Be sure to include which topic(s) you would like to cover. And as always, feel free to drop in, give a call, or send an email at any time!

Topic	Date	Time	Presenter	Location
General Health Insurance Overview	Wednesday, February 5, 2020	2:30 PM & 5:30 PM	MIIA & Town Staff	Multi-Purpose Room – Holten Richmond Middle School
<i>During the month of February, the HR staff will be on site at various locations to answer your questions (for example, we will be at each school during lunch periods). If you are interested in having us at your location, please email Julianny Vittini to schedule!</i>				
HSAs, FSAs, LPFSAs & Dependent Care – Overview and Q & A	Tuesday, February 25, 2020	3:30 PM - 5:30 PM	Health Equity & Town Staff	Multi-Purpose Room – Holten Richmond Middle School
HSAs, FSAs, LPFSAs & Dependent Care – Overview and Q & A	Wednesday, February 26, 2020	3:30 PM - 5:30 PM	Health Equity & Town Staff	Multi-Purpose Room – Holten Richmond Middle School
Early Retirees: Lets Talk Health Insurance & Programs	Thursday March 5, 2020	11:00 AM & 4:00 PM	Town Staff	TBD
Snack & Learn: Opt Out Program – Your Questions Answered	Thursday, March 12, 2020	5:30 PM – 7:00 PM	Town Staff	Toomey Room – Town Hall
Lunch & Learn: General Health Insurance – Your Questions Answered	Tuesday, March 17, 2020	12:00 PM – 1:30 PM	Town Staff	Toomey Room – Town Hall
Snack & Learn: HSAs, FSAs, LPFSAs & Dependent Care – Overview and Q & A	Thursday, March 19, 2020	5:30 PM – 7:00 PM	Town Staff	Toomey Room – Town Hall
Lunch & Learn: Opt Out Program – Your Questions Answered	Wednesday, March 25, 2020	12:00 PM – 1:30 PM	Town Staff	Toomey Room – Town Hall
Snack & Learn: General Health Insurance – Your Questions Answered	Thursday, April 2, 2020	5:30 PM – 7:00 PM	MIIA & Town Staff	Toomey Room – Town Hall
General Health Insurance Overview	Thursday, April 16, 2020	3:00 PM & 5:00 PM	MIIA & Town Staff	High School – Auditorium
Open Enrollment begins on April 22 and will close on May 15 at 1:30. No late enrollments will be accepted.				