

FY 2021 Health Benefits Update

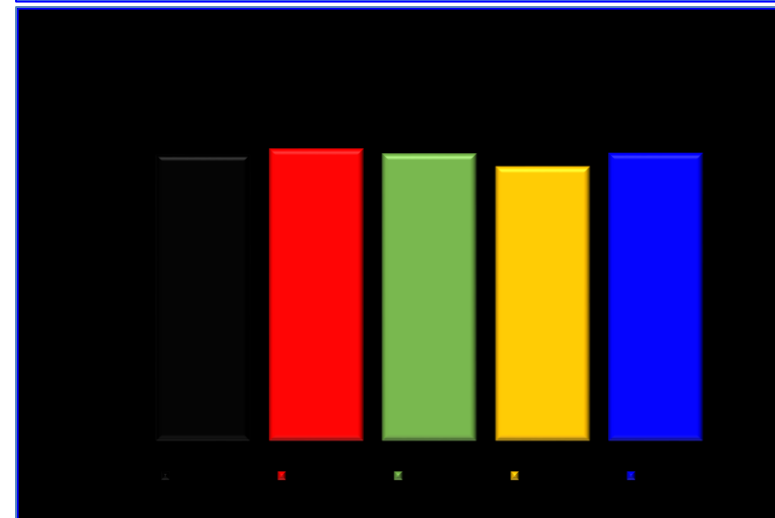
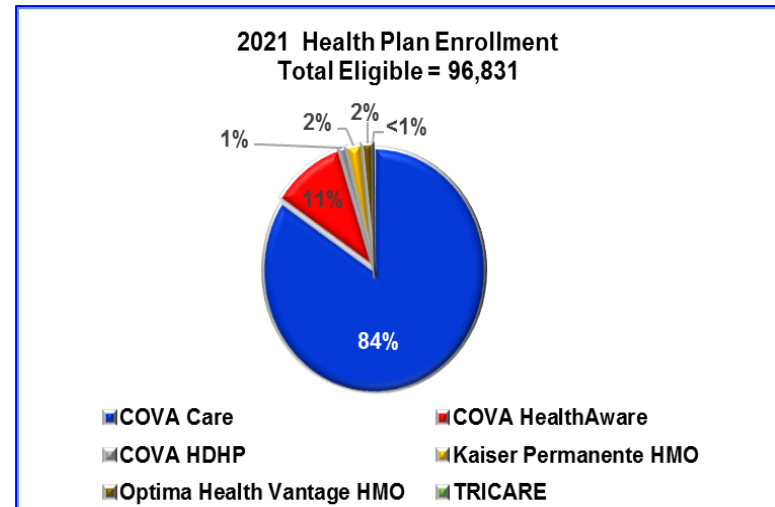
STATE HEALTH BENEFITS PROGRAM
December 2021



Enrollment and Satisfaction

FY 2021 vs. FY 2020

- Enrollment ↓ 2.6%
- Plans
 - COVA Care ↓ 3.8%
 - COVA HealthAware ↑ 3.9%
- Eligibility ↓ 2.7%
- Waived Coverage ↓ 3.1%
- Employee Satisfaction
 - Higher than 90% benchmark



Premiums & Claims Expense

Claims Expense

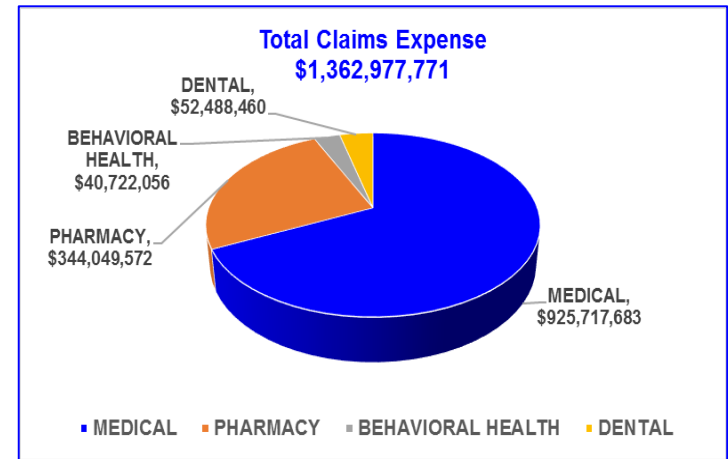
- Medical and Pharmacy
 - 93% of total
- Behavioral Health cost ↑41.8%

Premium: COVA Care

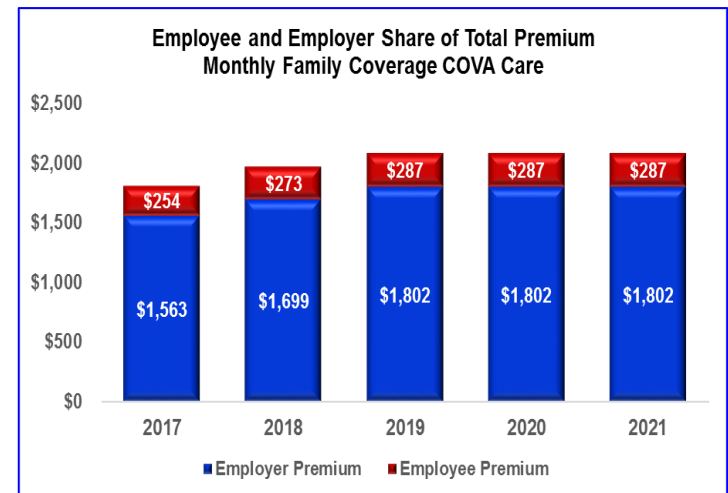
- Monthly Family Coverage
 - Employer paid 86%, employee paid 14%
 - Premiums same as 2020

Premium Rewards:

- Earned by about 35% of participants and/or spouses who completed a health assessment
- Individual pays \$17 less and with spouse \$34 less when meeting requirement



Sources: Anthem, Aetna, Delta Dental



Source: Department of Human Resource Management

Operations Expense

- Total expense ↑ 8.6%
- Claims expense ↑ 9.9%
- Administration expense ↓ 18.5%
- Claims: 92.4% of expense
- Administration: 4.0% of expense
- Other expense (ACA fee, Cardinal accounting, third party appeals): 3.5%

PROGRAM TOTAL	FISCAL YEAR 2017	FISCAL YEAR 2018	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021
Annual Income (Premiums, Interest, Other)	\$1,318,935,036	\$1,415,215,515	\$1,493,959,124	\$1,376,156,706	\$1,347,408,531
Annual Expenses (Claims, Contract Administration, Other)	\$1,278,043,872*	\$1,283,732,312*	\$1,385,074,060*	\$1,285,335,785*	\$1,396,504,984*
Income Less Expenses	\$40,891,164	\$131,483,203	\$108,885,064	\$90,820,921	(\$49,096,453)
	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted	*Prescription drug rebates deducted

Source: Department of Human Resource Management

Cost Per Employee

Average Cost Per Employee:

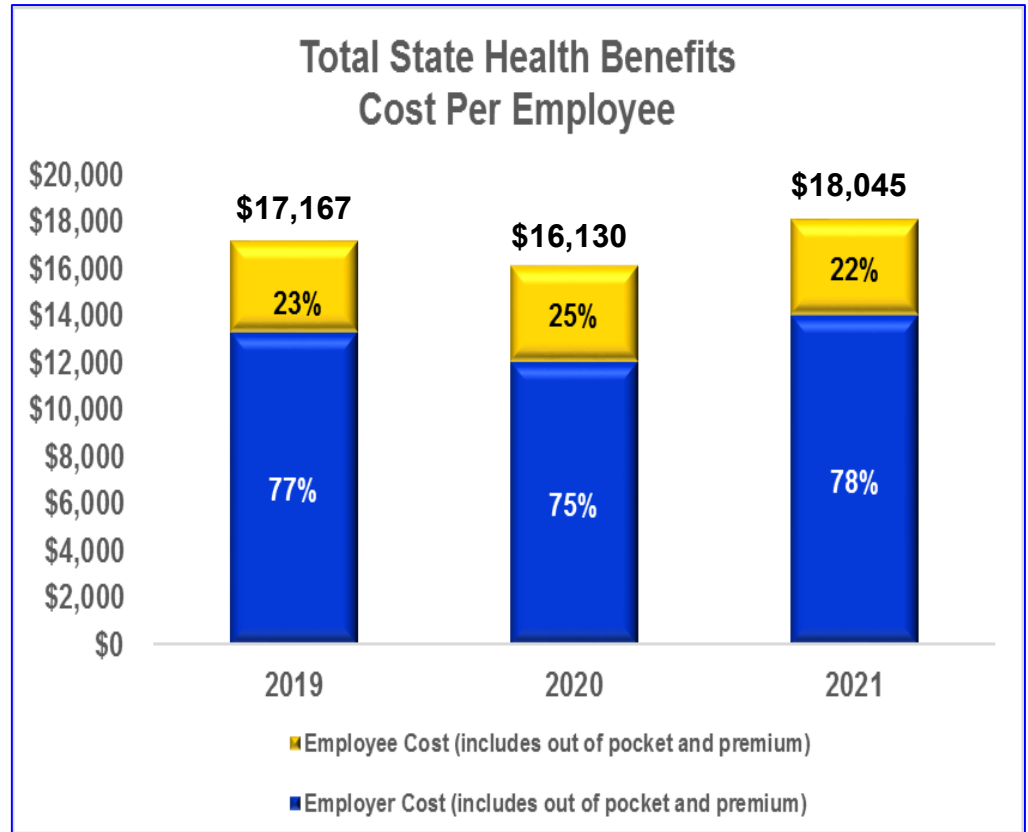
- FY 2020: \$12,047
- FY 2021: \$14,001

Average Cost Per Employee (Employee Portion):

- FY 2020: \$4,083
- FY 2021: \$4,044

Total Average Cost Per Employee:

- Up 11.9% over 2020



Source: Department of Human Resource Management

FY 2021 Cost Drivers

Age of Population

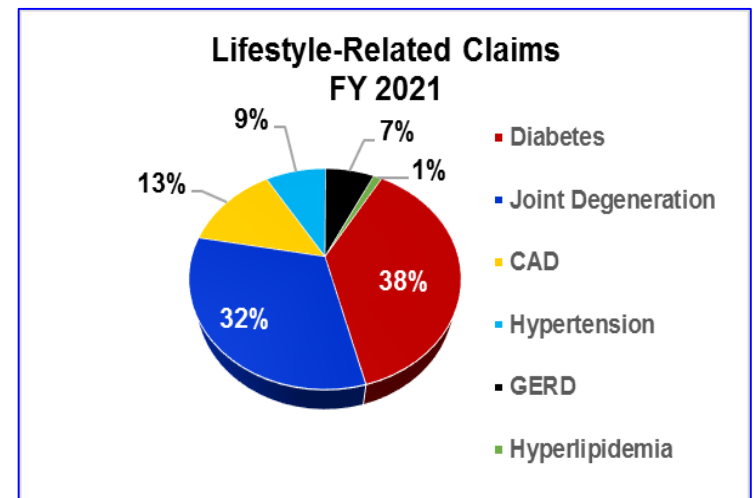
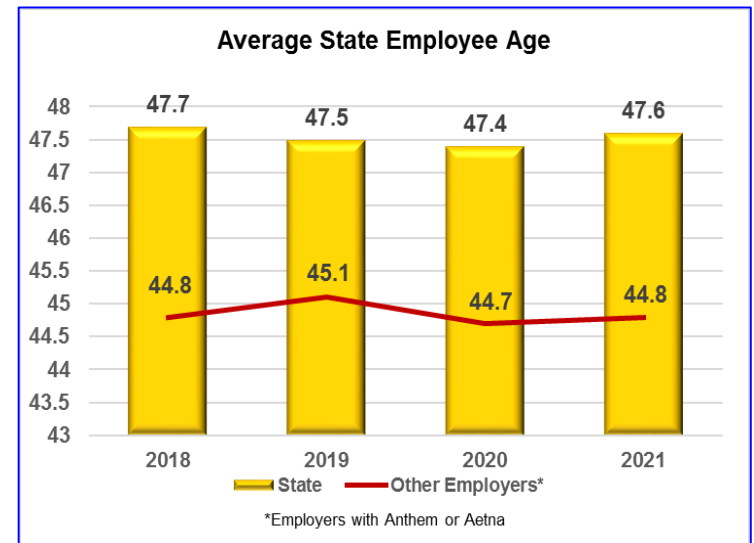
- Average employee age: 47.6
- 35% of members are 50+ and drive 57% of expense

Lifestyle

- 6 conditions that correlate clinically primarily with lifestyle
- Total Cost \$100 PMPM
- Top 2: Joint Degeneration and Diabetes
- Cancer is the most expensive condition overall

Specialty Prescription Drugs:

- 28,000+ filled
- Cost \$181.6 million
- 49.8% of drug cost



FY 2021 Highlights

- Pharmacy Cost Savings
 - Health benefits program saved \$40 million due to procurement of IngenioRx as pharmacy administrator for all state self-insured plans
- Health Benefits Premium Holiday
 - December 2020 as required by state budget language
 - For employees, retiree group and Extended Coverage (COBRA) participants
 - All plans except TRICARE, excluded by the Code of Virginia
- Drive-Thru Flu Shot Clinics
 - Capitol Square Healthcare offered two drive-thru free flu shot clinics for COVA Care, COVA HDHP and COVA HealthAware members in October 2020
 - 384 flu shots were administered
- Cardinal HMS Project
 - Continued preparation for transition to first release of new information technology system in October 2021 for HR and health benefits management
- Informed Rewards Shared Savings Program
 - Implemented Aetna shared savings program for COVA HealthAware members to earn incentives for using certain services
 - Complements the SmartShopper program offered to Anthem members

FY 2021 Highlights

- **Addressing the COVID-19 Pandemic**
 - **Additional medical and pharmacy benefits to assist employees**
 - 7.1 million doses of COVID-19 vaccine received by state plan members
 - Waived out-of-pocket costs for COVID-19 testing and related office visits, virtual office visits
 - Telemedicine visits increased more than 200 percent for COVA HealthAware members
 - Made available early 30-day refills of certain maintenance medications
 - **Dependent Care Flexible Spending Account (FSA) grace period added**
 - Extended period to incur claims through October 31, 2021
 - Saved employees \$4 million in plan year
 - **Continued Employee Assistance Program (EAP) resources provided**
 - Online EAP services for wage and waived employees not covered by state health plans
 - EAP resources for state agencies, including critical incident response and workshops

