

The Virgin Islands Consortium

Government Premiums Rise, Employees Remain Unchanged As Senate Passes Midnight Hour Health Insurance Bill

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ST. THOMAS -- Members of the 31st Legislature on Tuesday complained that they were not given enough time to dissect the latest contract between the Government of the Virgin Islands and its healthcare providers, stating that more hearings were needed to get a better understanding of the terms and, if at all required, make changes where necessary.

Instead, they were given a measure that forced their hands into voting in favor of the latest contract or face expiration today (fiscal year ending September 30, 2015) of the

government employees' medical plan, currently insured by CIGNA for employees and pre-65 retirees, and United Healthcare for post-65 retirees. The dental plan for all members is insured through CIGNA.

The new deal originally sought an increase of 3.4 percent or \$5.1 million -- with \$3.4 million being paid for by the government and \$1.8 million by employees. But Senators were able to secure \$1.8 million to keep the employees portion unchanged.

The Mapp administration, through its Office of Management and Budget (OMB) Director Nellon Bowry, requested in late May that the government's contribution for the fiscal year 2016 program was not to exceed \$95 million -- or 4 percent less than the projected 2015 cost of \$99.1 million. However, according to Beverly Joseph, chairwoman of the Government Employee Services Commission, the reduction was not possible without raising the cost on beneficiaries; including retirees, government employees and their dependents.

"OMB's proposal would require reductions in the members' benefits at the same time increasing members' contributions," Joseph said.

According to Joseph, the board on July 31 formally presented recommendations to the Mapp administration based on its request that the government only contribute \$95 million into the program for the upcoming 2016 fiscal year. She said there was a delay in submitting the recommendations because the board's consultant had gone without pay for 7 months. The renewal contract was submitted to Property and Procurement on November 24, 2014, but it took 8 months to be processed and signed by the governor (July 29, 2015).

The administration ultimately decided against the \$95 million maximum contribution after viewing the recommendations from the GESC board. Joseph said the board received notification from Government House to move forward with the terms it had agreed upon on August 12 and, through its lawyer, immediately started the negotiation process with the two health insurance providers, which lead to the midnight hour situation at the Earl B. Ottley Legislative Hall here.

According to Steve Burrows of Buck Consultants, medical drugs and prescription benefits represented the lion's share of the government employees' healthcare program, which includes 14,546 employees, retirees and their family dependents. And it is estimated that premiums for this coverage will have totaled \$147.4 million for the fiscal year ending today. When premiums for dental coverage of \$5 million are factored in, the total cost of the GVI's healthcare agreement with the two insurance companies for 2015 equates to \$152.4 million, of which the government will have paid 65 percent, or \$99.1 million.

The \$5.4 million in added cost for fiscal year 2016 raises the package from its 2015 level of \$152.4 million to \$157.5 million based on increases that CIGNA and United Healthcare added to their services, including dental, which saw an increase of 10.2 percent or the equivalent of \$500,000; and active employees and pre-65 retirees medical/RX increase of 6.5 percent. The GESC board also made changes to keep costs from increasing further, including an increase to the CIGNA out-of-pocket maximum to \$5,000 from \$3,000 for an individual going in-network, equivalent increases in other categories, and new pre-certification requirements under CIGNA's PHS+ initiative, among other efforts.

At \$157.5 million, the government's 65 percent obligation for fiscal year 2016 totals \$104.2 million.

If senators were unable to secure the \$1.8 million extra funding to cover the added costs for employees, the plan would see a bi-monthly increase of \$377.77, with employees paying \$131.87 out of that total, while the government foot the remaining \$244.90. The employee would also wind up paying an extra \$4.48 per check, according to information provided by GESC, seen [here](#).

For a family plan that includes dental and medical care, the employee would see a cost per check increase of \$7.92 on the bimonthly insurance premium of \$233.04, while the government would pay \$432.79.

The idea of finding the \$1.8 million in funding in an effort to relieve already strained employees from bearing extra cost was suggested by Senator Clifford Graham. It gained universal support from the legislators present, and was later implemented when senators amended (sponsored by Senator Graham) the recently passed 2016 budget bill, which included \$3.4 million in miscellaneous funding to cover overall increases in health insurance, by striking that language and instead adding a line that allocates \$1.9 million to cover the employees' share of the increase in the overall obligation of \$5.4 million.

As for the remaining \$1.5 million that was allocated as miscellaneous health insurance funds, the Senate approved without debate an item sponsored by Sen. Kurt Vialet dubbed "Legislative Community Investment Initiative."

The healthcare measure, bill No. 31-0248, seen [here](#), was supported by all senators except Jean Forde and Kenneth Gittens, who were absent.

Correction: September 30, 2015

A previous version of this story credited Sen. Sammuel Sanes as the lawmaker who proposed the amendment that saw \$1.8 million from the fiscal year 2016 budget going towards healthcare premium costs that would otherwise be passed on to government employees. But that's incorrect, as it was Sen. Clifford Graham who first, allocated the \$3.4 million to the fiscal year 2016 budget's miscellaneous fund; and on Tuesday suggested -- and brought forth the amendment -- that saw the aforementioned \$1.8 million being used to pay the employees' premiums. The story has been updated to reflect the correct information.