

The Virgin Islands Consortium

Employee Health Insurance Cost-Share To Remain Unchanged At 35 Percent, But Premiums Will Increase

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ST. THOMAS -- The percentage of employee contributions to the V.I. government's health insurance contract with Cigna will remain the same at 65/35 cost-share, thanks to Hurricanes Irma and Maria, which forestalled contract negotiations, Senator Kurt Vialet said during a Committee on Finance hearing on Wednesday, where the committee received testimony from Cigna officials.

As part of an effort to cut cost in his 2018 budget proposal, one of Governor Kenneth Mapp's most painful proposed reductions was the change in the insurance burden that the G.V.I. currently carries for its employees. The current system sees the government paying 65 percent of healthcare costs for current employees, while these employees pay

35 percent. Mr. Mapp's 2018 budget had called for a 60/40 split. For retirees under the age of 65, the administration was seeking even greater savings with a proposed 50/50 cost-sharing setup. At a press conference in July, Mr. Mapp said if the changes were implemented, the government would have saved \$20 million annually on the 50/50 split alone.

"As a result of the hurricanes and a rollover budget, the cost-share has remained the same," Mr. Violet said during the hearing.

Yet even while the cost-sharing percentage will go unchanged, government employees will still see an increase in their premiums every month. That's because, according to Beverly Joseph, chairperson of the Government Employees Service Commission Health Insurance Board (GESCB), "For all health insurance coverages combined (including dental), plan outlays have increased from \$155.4 million in fiscal year 2017 to \$162.2 million in fiscal year 2018." This represents an increase of \$6.8 million, 35 percent of which is \$2.38 million -- the employees' share, and 65 percent of which is \$4.42 million and is the government's burden of the plan.

Employee cost-share will climb from \$132.18 per pay period to \$138.75 per pay period for the individual plan. The family plan goes from \$233.83 to \$270.75 per pay period. If Mr. Mapp's 60/40 split had been implemented, the cost-share for persons on the individual plan would have doubled to \$161.51 per pay period from the prior year's \$132.18. For those on the family plan, the cost would climb from \$233.83 to \$285.64 per pay period.

"The 60 percent/40 percent plan places a financial burden on government employees. The salaries of the employees do not increase as fast as the insurance premiums," said Senator Brian Smith.

The governor's proposal to more evenly share health insurance costs between the government and employees was partly due to Cigna's original proposed increase of 15.8 percent. However, after several negotiations, a 5 percent increase for the medical plan was agreed upon, while the dental plan increased to 3.9 percent.

According to Scott Evelyn, market president for Cigna South Florida/Caribbean, the 5 percent increase, which equates to \$6 million, "was a projection based on a formula to negotiate the reduction of health insurance rates."

Ms. Joseph told lawmakers that insurance costs in the territory are driven based on the number of claims filed by employees. "The highest claims in the territory are for high blood pressure, diabetes, cancer, muscular-skeletal and cancer," she said.

The increases, though regarded as a win by some lawmakers compared to Cigna's original 15.8 percent proposed increase and Mr. Mapp's 60/40 cost-share proposal, will be received as unwelcome news by government employees whose salaries are already being diminished by a number of other deductions, among them the Government Employees' Retirement system.