The Virgin Islands Consortium

$30 Million Health Insurance Cost Increase For Gov't Employees On The Horizon; Personnel Directed To Go Back To Negotiating Table

Health / **Published On July 02, 2019 12:56 PM /**

Shenneth Canegata July 02, 2019

The Committee on Finance met in St. Croix on Monday where the Department of Personnel (D.O.P.) gave testimony concerning the Government of the Virgin Islands' (G.V.I.) Group Health Insurance plan that is set to increase by 17 to 19 percent, resulting in a whopping $30 million increase that will cost the G.V.I. and its employees dearly.

Kurell Hodge, strategy and organizational development officer for D.O.P., testified that the wellness program is one of many determining factors that the health insurance carriers utilizes to determine what the insurance premium cost should be. Even though a robust wellness program is in place, D.O.P. still has to remain cognizant of the fact that the number of claims filed has a significant impact on the cost of the final health insurance premiums, she explained.

Senator Donna Frett-Gregory, a non-committee member, attended the meeting and noted that there is a move to increase the G.V.I.’s health insurance program. She said she was aware that the Government Employees Service Commission (G.E.S.C.) board is currently working on negotiations with the health insurance agency. “How will it affect the wellness program currently in place? How is the wellness program helping to reduce premiums to prevent increases?” Mrs. Frett-Gregory asked. "We make a big deal about the program in the territory and I do not see how it is supporting us or where our premiums are being reduced as a result of the initiative."

During her testimony, Dayna Clendenin, director of the Division of Personnel, explained that the wellness program is an incentive-based program that is designed to assist plan members with better managing their health, developing a relationship with their primary care physician, increasing preventative care utilization, and preventing heart disease and diabetes.

Senator and Committee Chairman Kurt Vialet pointedly asked Ms. Clendenin to confirm whether or not there is actually a proposed health insurance increase and she answered in the affirmative. The D.O.P. chief of group health, Valerie Daley, explained that the G.E.S.C. board is still in discussions with the carriers and health insurance consultants, so the department could not comment on the issue at this time.

Just last year, The Consortium reported that a new deal with Cigna, the G.V.I.’s health insurance carrier, lowered the individual and family insurance, albeit slightly. Mr. Vialet said then, “Today I am elated to announce that effective October 1, 2018 the cost of individual and family insurance will decrease. Hats off to the board for a great job and thank you Cigna for addressing our concerns relative to cost. These new rates will result in a cost savings for the G.V.I. and employees."

The G.E.S.C. overall savings for 2018 were approximately $8.6 million, or a reduction of 5.5 percent to the local government and its employees. Employees were to see a decrease of $3 million and the government’s portion of the savings would be approximately $5.6 million.

However, Cigna is singing a different tune this year. Mr. Vialet asked the commissioner if the preliminary information does in fact point to a proposed increase. Ms. Clendinen said that there was indeed a proposed increase and at last discussion it was at 17 or 19 percent and that the department is still trying to negotiate a manageable amount.

“If we are not able to accomplish something different, that will significantly change the budget," Mr. Vialet said. "That is an additional $30 million that is not funded right now. We have paid $154 million for health insurance this year. Go back to the table and let them know that there is no way the G.V.I. will assume that type of increase to the employees of the Virgin Islands government."

The D.O.P. has a health insurance unit that is responsible for the administration of the health, dental, vision and life insurance plans for active employees, retirees and their dependents as negotiated by the G.E.S.C. board.

Ms. Clendinen’s testimony on Monday outlined the estimated FY 2019 medical and dental costs to be approximately $154,443,162. “To date, we have paid a total of $102,835,432 in healthcare premiums. Of this amount, $62,399,915 is the government’s portion, and $40,435,516 is the employee and retiree’s share,” she said.

As of May 31, 2019, the G.V.I.’s group health insurance plan has approximately 13,941 participants, which includes active government employees and retirees from the three branches of government and semi-autonomous and autonomous entities. There are 7,124 active employees and 6,817 retirees enrolled under the plan. When considering the dependent population, the plan covers more than 30,000 members.