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\$2 Million for Two Organ Transplants: Gov't Set to Pay More For Health Insurance as Expensive Claims, Lack of Competition Drive Up Costs

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A large number of ailing government employees and retirees are driving up the cost of medical health insurance that the government of the Virgin Islands has to pay to its insurance provider.

On Tuesday, Beverly Joseph, chairperson of the GESC Health Insurance Board of Trustees asked the Legislature to subsidize a 4 percent increase for total insurance offered to government employees which covers the employee, retiree, and government costs for all insurance coverages including dental, vision, and life for the upcoming fiscal year.

The board is, for the second consecutive year, requesting that the Legislature cover these costs so that it is not passed on to policyholders.

“As you may recall, the Senate absorbed the increases to employees and retirees in the current FY2022. Employees and retirees are paying the same as they did in FY19, FY20, and FY21. Due to this, employees are not paying 35 percent of the cost share. They are paying approximately 28 percent of the cost share and the government is paying 72 percent of the cost share.”

“If the government reverts to the 65%/35% split, this would drastically increase an employee’s or retiree’s payroll contribution and the entire increase will be on the backs of the employees and retirees. Therefore, we implore the Senate to absorb the increase as to minimize the cost increases for employees and retirees,” Ms. Joseph cautioned senators.

For all health insurance coverages combined (including dental, vision and life), the cost of the plan is expected to increase from \$177.3 million in 2022 to \$184.3 million in 2023. This is an increase of approximately \$7 million plus 4 percent.

Unlike 2022, it’s not Covid-19 steering the dollar figure upwards but a slew of non-communicable diseases that exist among the 14,006 the insured population. The increase is being attributed to the medical insurance premiums of active employees under 65 years old who are covered by Cigna and are being treated for illnesses like hypertension and cancer.

“It ranges between 64 and below,” said Ms. Joseph, adding heart disease, diabetes and musculoskeletal diseases to that list. She said there are many active employees who have “more than one catastrophic illness” (a severe illness requiring prolonged hospitalization or recover).

“You also have two employees that had organ transplant that cost \$2 million,” she added.

Ms. Joseph believes that the high medical claims can be reduced if more beneficiaries begin to use free preventative care which is offered to them under the plan each year. There are a number of wellness incentives to promote good health but she explained that there are many policyholders who refuse to see a doctor.

She uttered, “We’re basically paying you and still you have some members that are not going to the doctor. You have your beneficiaries that are using the plan but we need the policyholder to go and start to go to the doctor because you’re the one making your family have insurance and if you’re not going and something happens, 30 days after your death, Division of Personnel is going to term your family.”

The cost of doing business on island is also said to be significantly more expensive than receiving treatment on the mainland. Ms. Joseph said the cost is lower because of the “competitiveness” in the USA as opposed to the USVI.

“The fee schedule in the territory is significantly higher than what it would be in the mainland and that is something that the board has no control to negotiate with VI Equicare which has the network of providers,” Ms. Joseph said.

“Majority of the specialty providers that are needed are not here, so depending on the circumstances you will still have to go away and receive those services off island,” she stated.

For the period October 2021 to June 2022, Christian Bergstrom, director and senior benefits consultant at Gehring Group, said 53.9 percent of claims were paid in the territory and represented \$45.9 million compared to 46.1 percent of patients who were treated off island for just \$39.2 million.

He explained that 3,181 active employees are registered with a current premium of \$35.3 million which will increase by 4.9 percent, driving the 2023 projected premium up to \$36.7. million. There has been no increase in dental insurance and life insurance but there was a 10 percent increase for vision.

"When we add all of those up, the total active employee cost is \$121,740,301 which is an increase of \$5,454,497 over the current \$116,285,804," Mr. Bergstrom concluded.

Assuming that government absorbs the increase for the medical insurance plan, it will now pay 6.6 percent more for insurance. The government will pay approximately \$87.1 million (\$5.3 million increase) up from \$81.7 million.

Active employees, again assuming that the government accepts the increase for the medical, the division plan which is paid by the employee will increase by 10 percent or a total of \$58,864. The total employee share paid in insurance would then be \$34.6 million.

To drive down the rate for health insurance, Ms. Joseph has suggested lawmakers revise the VI Code to allow more healthcare providers to operate within the USVI thereby increasing competitiveness and lowering the rates.

"The GESG would gladly like to see that this body revise the law to allow another PPO to come in. The way in which the VI Code has it listed when it comes to the PPO, it's kind of limited to VI Equicare." A PPO is a type of health plan that contracts with medical providers such as hospitals and doctors to create a network of participating providers. You pay less if you use providers that belong to the plan's network.

Meanwhile, Senate President Donna Frett-Gregory has asked the board review the means and ways in which it advertises to make policyholders aware of their responsibility to get checkups and to use the healthcare provided to them.