

East Allen County Schools

Group Health Insurance Update



EACS Health Plan Changes

- Near-Site Clinics [Parkview 1st Care Walk-In Clinics]
 - Four Locations in Allen County
 - Minnich, Hobson/Lake, New Vision Drive, Illinois Road
- Employee Assistance Program
 - For all employees and dependents in household
 - Three (3) session model
- On-Site Wellness Coach
 - ½ Time Parkview Employee
- High Deductible Health Plan [HDHP]
- Health Savings Account [HSA]

EACS Health Plan Performance

<u>A. Financial Results</u>	<u>09/06-08/07</u>	<u>09/07-08/08</u>	<u>09/08-08/09</u>	<u>09/09-08/10</u>	<u>09/10-08/11</u>	<u>09/11-08/12</u>
Life, AD&D, & Stop Loss	523,590.85	713,880.19	822,511.04	912,881.21	909,625.29	859,859.95
Administrative Fees	206,174.40	213,798.70	214,895.00	214,459.25	218,200.60	211,052.35
PPO Fees	69,552.00	69,037.50	61,518.75	57,370.50	56,160.00	53,194.50
Medical Claims	8,279,244.51	8,718,402.17	7,357,798.66	8,726,575.08	7,713,933.19	9,386,914.81
Dental Claims	608,869.02	609,841.53	679,734.57	705,210.62	757,091.34	686,213.90
Vision Claims	187,482.45	174,575.84	200,399.74	200,502.21	195,351.63	176,602.97
Prescription Claims	2,351,253.51	2,196,246.04	2,131,532.36	2,473,392.96	2,484,906.12	2,642,657.88
Ahrens-Cobra	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>
Subtotal	12,227,166.74	12,696,781.97	11,469,390.12	13,291,391.83	12,336,269.17	14,017,496.36
Less Specific Reimbursement	<u>- 1,237,971.84</u>	<u>- 1,682,787.02</u>	<u>- 189,937.24</u>	<u>- 446,771.61</u>	<u>- 98,695.55</u>	<u>- 1,272,560.81</u>
Total	\$10,989,194.90	\$11,013,994.95	\$11,279,452.88	\$12,844,620.22	\$12,237,572.62	12,744,935.55
Average Monthly Members	1,108	1,097	1,078	1,058	1,036	979
Total Cost / PEPM	\$826.50	\$836.68	\$871.94	\$1,011.47	\$984.28	\$1,085.23
% Change		1.2%	4.2%	16.0%	- 2.7%	9.3%

EACS Health Plan Performance

<u>Plan Year</u>	<u>Cost Per Employee</u>	<u>Percent Change</u>
09/02 – 08/03	\$580.68	n/a
09/03 – 08/04	\$651.52	12.2%
09/04 – 08/05	\$770.56	18.3%
09/05 – 08/06	\$835.65	8.4%
09/06 – 08/07	\$826.50	-1.1%
09/07 – 08/08	\$836.68	1.2%
09/08 – 08/09	\$871.94	4.2%
09/09 – 08/10	\$1,011.47	16.0%
09/10 – 08/11	\$984.28	-2.7%
09/11 – 08/12	\$1,085.23	9.3%

Over the past six years the monthly cost per employee has increased 29.9%. This is an average of 5.0% per year, which is below the national medical trend.

EACS Health Plan Performance

Medical Claims Greater Than \$10,000

	09/06 – 08/07	09/07 – 08/08	09/08 – 08/09	09/09 – 08/10	09/10 – 08/11	09/11 – 08/12
# of Claimants	150	129	146	163	154	161
Total Amount Paid	\$5,356,706	\$5,849,895	\$4,430,806	\$5,998,274	\$5,071,904	\$6,851,677
% of Medical Claims	64.7%	67.1%	60.2%	68.7%	65.7%	72.9%
% of People	5.7%	5.2%	6.1%	6.8%	6.6%	5.8%

Claims in Excess of \$100,000 History

9/1/11 – 8/31/12

- Ten Participants
- \$2,749,198.37 (\$101,051.10, \$102,683.35, \$106,004.48, \$141,129.48, \$148,946.55, \$197,722.92, \$227,727.65, \$322,216.38, \$692,585.91, \$709,130.55)
- \$1,273K above specific

EACS Health Plan Cost Projection

	2011/12	2012/13
Maximum Claim Liability	14,804,257	15,459,815
Maximum Annual Cost	15,912,055	16,590,023
Expected Claim Liability	11,843,406	12,367,852
Total Fixed Cost	1,107,798	1,130,210
Expected Annual Cost	12,951,204	13,498,062

Contribution Level	\$725.41 – Single	\$1,325.43
	\$1,597.67 – Family	Composite
	% Increase	4.4%

EACS Health Plan Cost Projection

2012 Rate Information:

Coverage	Employee Only	Employee + 1	Family
\$400 Deductible Medical/Rx	\$6,381	\$12,124	\$18,505
\$500 Deductible Medical/Rx	\$6,290	\$11,951	\$18,241
Dental with Orthodontia	\$442	\$840	\$1,282
Dental without Orthodontia	\$315	\$598	\$912
Vision	\$113	\$214	\$327

2013 Rate Information (5% Increase Medical/Rx Only):

Coverage	Employee Only	Employee + 1	Family
\$500 Deductible Medical/Rx	\$6,605	\$12,549	\$19,153
Dental with Orthodontia	\$442	\$840	\$1,282
Dental without Orthodontia	\$315	\$598	\$912
Vision	\$113	\$214	\$327

EACS Health Plan Cost Projection

2013 Contribution Changes:

Teacher Plan (\$500 Deductible Medical/Rx)

	Premium	Board \$	Employee \$	Per Pay
E Only	\$6,605 (\$224)	\$5,944 (\$202)	\$661 (\$22)	\$34.79 (\$1.16)
E Plus 1	\$12,549 (\$425)	\$10,165 (\$344)	\$2,384 (\$81)	\$125.47 (\$4.26)
Family	\$19,153 (\$648)	\$14,365 (\$486)	\$4,788 (\$162)	\$252.00 (\$8.53)

Core Plan (Other Employees - \$500 Deductible Medical/Rx)

	Premium	Board \$	Employee \$	Per Pay
E Only	\$6,605 (\$315)	\$5,573 (\$0)	\$1,032 (\$315)	\$54.32 (\$16.58)
E Plus 1	\$12,549 (\$598)	\$9,417 (\$0)	\$3,132 (\$598)	\$164.84 (\$31.47)
Family	\$19,153 (\$912)	\$14,373 (\$0)	\$4,780 (\$912)	\$251.58 (\$48.00)

HDHP: What is it?

- A high deductible health plan is a plan with a minimum annual deductible and a maximum out-of-pocket limit as listed below. These minimums and maximums are determined annually by the IRS and are subject to change. The CY 2013 limits are listed below:

Type of Coverage	Minimum Deductible	Maximum Out-of-Pocket
Individual	\$1,250	\$6,250
Family	\$2,500	\$12,500

High Deductible Health Plan

- HSAs can only be offered with a high-deductible health plan (HDHP).
- This is a plan that must provide coverage as follows:
 - Minimum deductible:
 - \$1,250 single, \$2,500 family (2013 limits, established by the IRS)
 - Maximum annual out-of-pocket:
 - \$6,250 single, \$12,500 family (2013)
- Though the deductible is higher for this plan than traditional plans, monthly premiums are lower, and HSA funds can pay for medical expenses subject to the deductible.

What is an HSA?

- A health savings account (HSA) is an account that one can use to pay medical expenses.
 - Must be in conjunction with a high-deductible health plan (HDHP)
 - Employee owns the account and both employee and employer can contribute funds
 - Tax-advantages: contribute pre-tax money, funds accrue tax-free and withdraw funds tax-free (if used for eligible medical expenses)

How Does The HSA/HDHP Work?

- You contribute money to the HSA (either a lump sum payment or monthly through payroll deductions).
- You can use HSA dollars to pay your health insurance deductible, along with other qualified medical expenses such as dental or vision services.
- Once you meet your deductible, your insurance pays additional covered expenses in accordance with our plan (mostly at 100%).

HSA Contribution Limits

- Each year, the IRS sets contribution limits
 - These limits are for the total funds contributed, including company contributions, your contributions and any other contributions.
- 2013 limits:
 - \$3,250 for individual coverage
 - \$6,450 for family coverage

EACS Plan Choices for 2013

Plan	Type	Total	EACS HSA Contribution	Employee Premium	Employer Premium
Core-Basic \$500/\$1000	E Only	\$6,605	N/A	\$1,032	\$5,573
\$2K/\$4K	E Plus 1	\$12,549	N/A	\$3,132	\$9,417
	Family	\$19,153	N/A	\$4,780	\$14,373
HDHP #1 \$3K/\$6K	E Only	\$5,865	\$250	\$542	\$5,323
\$3K/\$6K	E Plus 1	\$11,144	\$750	\$2,477	\$8,667
	Family	\$17,008	\$1,000	\$3,635	\$13,373
HDHP #2 \$3K/\$6K	E Only	\$5,165	\$750	\$342	\$4,823
\$5K/\$10K	E Plus 1	9,813	\$1,500	\$1,896	\$7,917
	Family	\$14,978	\$2,000	\$2,605	\$12,373

**Justin selected HDHP which annual employee premium is \$490 less than core plan.
Year 1 - \$3,000 Deductible; \$3,000 Out-of-Pocket Maximum**

EACS HSA Contribution - \$250	\$250
<u>Total Expenses:</u> Prescription drugs - \$150 Routine Physical/Lab tests - \$350	\$500
Paid by preventive care benefit* – no deduction from HSA	\$350
Amount paid from HSA (Justin’s choice)	\$150
HSA Rollover to Year 2	\$100
<i>Since Justin did not spend all of his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.</i>	

Year 2 - \$3,000 Deductible; \$3,000 Out-of-Pocket Maximum

HSA Balance: \$100 from Year 1, plus \$250 EACS contribution for Year 2	\$350
<u>Total Expenses:</u> Office visits - \$100 Blood work - \$150 Prescription drugs - \$200	\$450
Paid by preventive care benefit* – no deduction from HSA	\$150
Amount paid from HSA (Justin’s choice)	\$300
HSA Rollover to Year 3	\$50
<i>Once again, since Justin did not spend all of his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.</i>	

The Bennett Family selected the HDHP which annual employee premium is \$1,145 less than the basic core plan.

Year 1 - \$6,000 Deductible; \$6,000 Out-of-Pocket Maximum

EACS HSA Contribution - \$1,000 contribution	\$1,000
<u>Total Expenses:</u> Preventive Care Services (Annual Physical) - \$600 Preventive Care Services (Colonoscopy) - \$1,200 Office Visits - \$1,350 Prescription Drugs - \$300 Emergency Room Visits - \$550	\$4,000
Paid by preventive care benefit* – no deduction from HSA	\$1,800
Amount paid from HSA (the Bennetts' choice)	\$1,000
Deductible Payment	\$1,200
Savings/Loss Rollover to Year 2	(\$55)
<i>The Bennett's paid \$55 over the savings achieved from selecting the HDHP.</i>	

The Bennett Family selected the Core (traditional) plan where the annual employee premium is \$1,145 more than the HDHP.

Year 2 - \$1,000 Deductible; \$4,000 Out-of-Pocket Maximum

HSA Balance:	\$0
<u>Total Expenses:</u> Preventive Care Services - \$600 Office Visits - \$300 Near-Clinic Visits - \$0 Prescription drugs - \$400	\$1,300
Paid by preventive care benefit* – no deduction from HSA	\$600
Deductible Payment	\$700
Savings/Loss Rollover to Year 3	(\$1,445)
<i>The Bennett's paid \$1,445 over the savings that would have occurred with HDHP.</i>	

**Angela selected HDHP which annual employee premium is \$490 less than core plan.
Year 1 - \$3,000 Deductible; \$3,000 Out-of-Pocket Maximum**

EACS HSA Contribution - \$250 contribution	\$250
<u>Total Expenses:</u> Prescription Drugs - \$150 Office Visits - \$200 Preventive Care Services - \$350	\$700
Paid by preventive care benefit* - no deduction from HSA	\$350
Amount paid from HSA (Angela's choice)	\$250
Deductible Payment	\$100
Savings/Loss Rollover to Year 2	\$390
Since the HDHP cost \$490 less than the core plan, Angela saw a financial savings of \$390 (\$490 - \$100) for Year 1	

Year 2

EACS HSA Contribution & HSA Balance from prior year:	\$250
<u>Total Expenses:</u> Preventive Care Services - \$350 Hospital and Surgery Charges - \$4,300 Prescription drugs - \$250 Physical Therapy - \$8,000	\$12,900
Paid by preventive care benefit* - no deduction from HSA	\$350
Expense balance remaining	\$12,550
Amount paid by HSA (Angela's choice)	\$250
Expense balance remaining	\$11,800
Deductible Remaining to be paid with HDHP - Angela	\$2,750
Remaining amount paid by District Health by EACS	\$9,050
--- Traditional Core Plan ---	
Expense balance remaining	\$12,550
Deductible Payment - if Angela had core plan	\$500
Angela's coinsurance under traditional (10% x \$12,050)	\$1,205
Charges paid by traditional health coverage (90% x \$10,050)	\$10,845
Total amount Angela paid under HDHP	\$2,750
Total amount Angela would have paid under traditional core plan	\$1,705
Since Angela chose the HDHP the total insurance aggregate amount she paid was \$555 ((\$2,750-\$490) - \$1,705) more than the aggregate under the traditional core plan.	

Schedule

- Approval of 2013 Rates & Contributions
- Employee Meetings in October
 - EACS Benefit Statements
 - HDHP-HSA Calculator (Tower Bank)
- Enrollments in HDHP & HSA in November
- Incorporate Plan – January 1, 2013