



Center for Health

HealthFlex Strategy

ACA Response and Multi-Year Approach

HealthFlex Summit

October 21, 2014



General Board

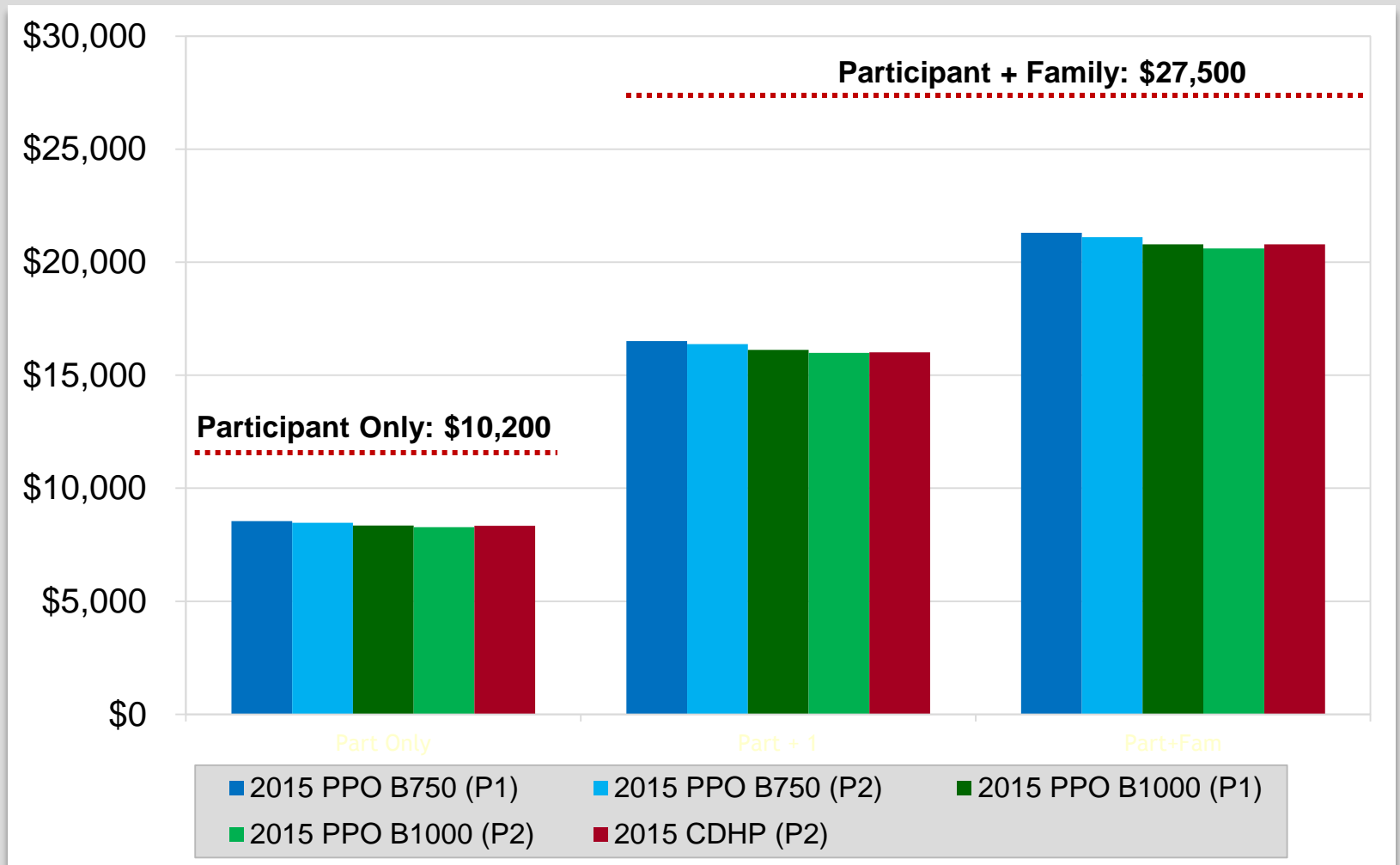
Pension and Health Benefits

Caring For Those Who Serve

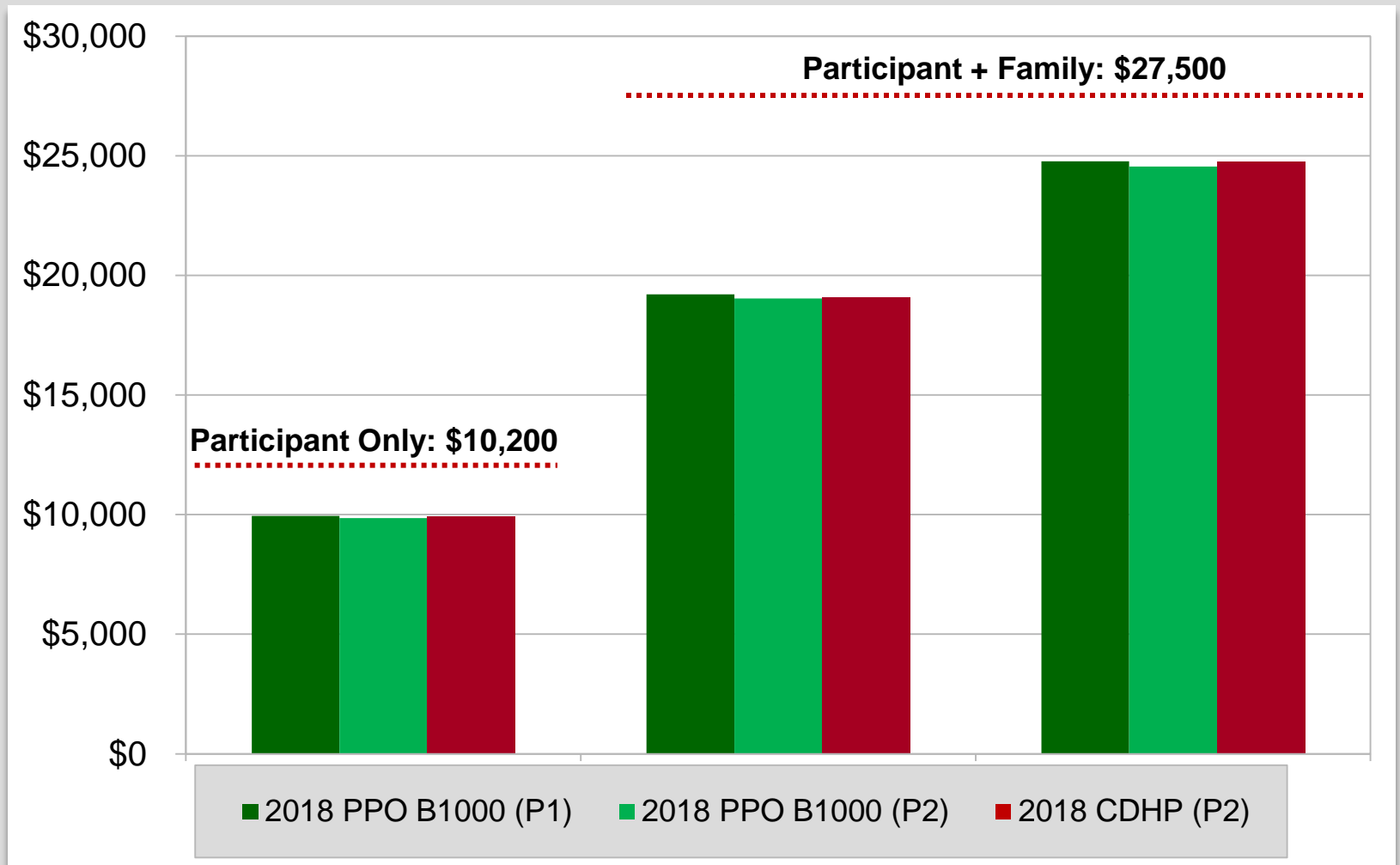
HealthFlex Strategic Direction

- Align with Affordable Care Act (ACA)
- Continued migration toward “consumer” plans
 - Overall **plan value** below “**Cadillac plan**” threshold
 - Greater individual accountability
 - Greater cost sustainability for plan sponsors
 - Greater flexibility by maximizing participant choice
- Research private exchange-like options
- Standalone programs for Marketplace populations

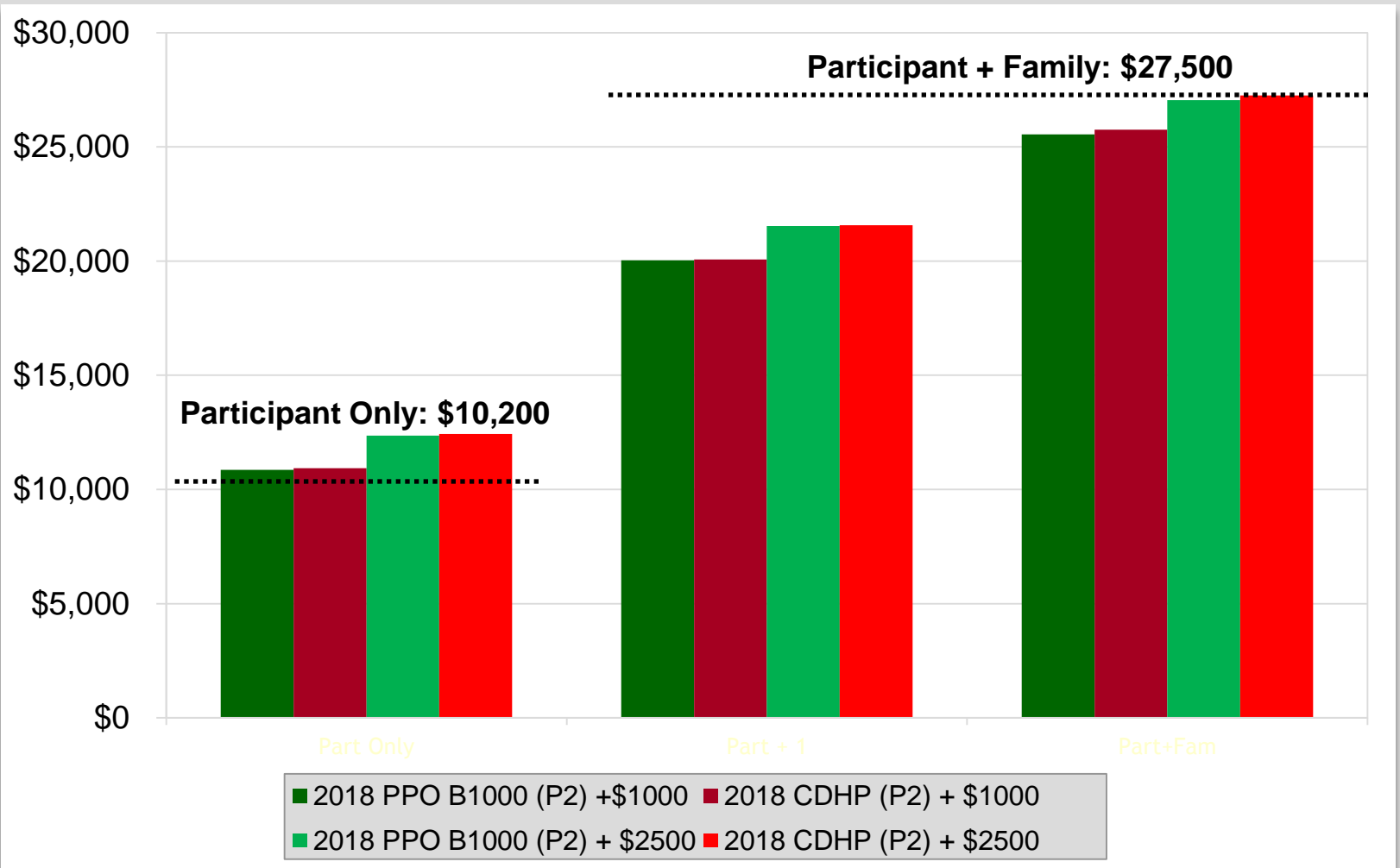
Current Plans and Tiers— Cadillac Threshold (2015 Value)



Current Plans and Tiers— Cadillac Threshold (2018 Value)



Current Plans + Flexible Spending (2018 Value)



Multi-Year Plan Strategy

Actuarial Equivalence	2014	2015	2016*	2017*
Gold-plus (>80%)	B500	Eliminated		
	B750	B750	Eliminated	
Gold (~80%)	B1000	B1000	B1000	B1000
	CDHP-C2000	CDHP-C2000	C2000	C2000
			HDHP (H1500)	H1500
Silver (~70%)			C3000	C3000
			HDHP (H2000)	H2000
Bronze (~60%)				HDHP (H3000)?

* Plans for 2016 and beyond are considered tentative at this time.

Introducing HSA Plans for 2016

- Strategic change
 - Facilitates silver and bronze plan offerings
 - Aligns with industry and public Marketplace
 - Greater flexibility and portability
 - Provides triple tax-advantaged savings vehicle
- Maintaining HRAs*
 - Allows continuation of current strategic approach
- Plan sponsor and participant choice
 - Minimize back and forth between HSA** and HRA-eligible plans

* HRA: Health reimbursement account

** HSA: Health savings account

HDHP vs. CDHP Comparison

	HDHP (with HSA)	CDHP (with HRA)
Silver Example	\$2,000/\$4,000 deductible 70% co-insurance \$500/\$1,000 HSA seeding	\$3,000/\$6,000 deductible 50% co-insurance \$250/\$500 HRA seeding
Pharmacy Co-pays	Start after deductible met	Start with first Rx
Account Funding	HSA combines employer and employee contributions	HRA allows employer contributions only
Interest	HSA earns interest	No interest earned
Portability	Belongs to participant	Stays with plan

HSA Drive Consumerism and Savings

- More dramatically reduced non-routine primary care visits (e.g., cold, sore throat) and non-urgent emergency room visits*
 - Potential to sustain lower trend: more than CDHP/HRA
- HSA plans offered more frequently by employers
 - Preferred by participants
- Added short-term value not offered by traditional retirement savings plans

* Aetna, 2010

Health Savings Account Primer

- Requires participation in high-deductible health plan (HDHP)
 - Minimum deductible \$1,250/\$2,500; applies to pharmacy
- Portable, employee-owned
- Interest-bearing
- Employer and employee contributions allowed
 - 2015 limits: \$3,350 individual, \$6,550 family
 - \$1,000 more “catch up” if over 55

No FSAs allowed!

HRA + HSA Incompatibility

- Cannot use HRA dollars for HDHP deductible (HSA only)
- If select HDHP and HRA balance remains, HRA will be converted to **limited purpose HRA**
 - Eventually can still become a retiree HRA
- Avoid back and forth between CDHP and HDHP

HRA Wraparounds for 2016

- Anticipated inclusion in Cadillac Plan Tax calculation (2018)
- Strategic sustainability
 - With approaching Cadillac Tax
 - With HDHP offering
 - Employer HSA contributions also subject to tax
- Phase out wraparounds to prevent drop-off in benefits

Reaching the Public Marketplace Population

Limited Use HRAs

- Standalone HRA balance prevents eligibility for premium tax credit (PTC)
- Conversion to limited-purpose HRA
 - Limited to dental and vision-related expenses
 - **Can** convert back to general HRA if return to HealthFlex
 - **Can** convert to retiree HRA after retirement



Standalone Offering Objectives

- Allow parallel products for HealthFlex and Marketplace-insured populations within a single conference
- Ease appointment tensions
- Take advantage of “excepted benefit” rules to supplement Marketplace coverage

Standalone Offerings for Marketplace-Insured*

Available in 2016

- HealthFlex pre-65 plan sponsors only
- Adopted at plan sponsor level for entire Marketplace-insured population
 - Wellness options
 - Dental
 - Vision



* Pending administrative resource availability

Wellness Standalone Objectives

- Support healthier, vital clergy for vital congregations
- Access to proven, award-winning wellness programs tailored for UMC
- *Book of Discipline 2012*, ¶639.7
- Maintain health of potential future HealthFlex participants



Wellness Standalone Packages

Basic

Package includes:

- Virgin Pulse HealthMiles*
 - Blueprint for Wellness*
 - Employee Assistance Program/Work-Life (EAP/WL)
 - Communication resources (Toolkit) for outreach
-

Premium

Package includes:

- Basic package components
- WebMD* (HealthQuotient, health coaching and web portal)
- Weight Watchers
- Evive Health (limited basis only due to no claims data)
- Communication resources (Toolkit) for outreach

* Includes same incentives as HealthFlex population, except HQ deductible “dis-incentive”

Cost/Billing Information



**Pricing available in Q1
with 2016 rates**

Assumes inclusion of plan sponsor's
entire Marketplace-eligible population



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