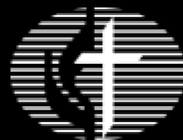
HealthFlex Plan Strategy

Part 1: Multi-Year Approach

HealthFlex Summit

November 5, 2015



General Board

Pension and Health Benefits

Caring For Those Who Serve

Changing Health Care Landscape

Cadillac Tax (2018) and minimum essential coverage

Creative employer group health plan strategies

- Private exchanges
- Accounts-based plans

Public exchanges and tax credits

Consumerism, accountability, transparency

Approaches in the UMC

- **Exit group health plan** → provide salary increase
- **Maintain group plan** → status quo vs. creative strategies
  - HealthFlex Exchange
  - Adding consumer plan
  - Transitioning to HealthFlex
  - Change dependent coverage
- **Blend of above** → “local church option”

HealthFlex Approach

- Complement public exchange for split populations
- HealthFlex Exchange platform
- Consumer plans, health accounts and decision support
- “Metal” plan alignment with less-generous plans
- Meet minimum value while avoiding Cadillac Tax
- Currently—maintaining broad networks, formularies
- Cost sustainability via plan design and wellness
- Networks and other tactics

Past Strategies for Cost Control

- Plan design/decision support
- Wellness
- Average annual cost increase trend

1999 — 2009 (EPO)	+11.7%
1999 — 2009 (PPO)	+8.5%
2010 — 2013	+ 5.5%
2014 — 2016	+1.2%
2016 alone	-0.6%
2017	+?.?%

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%)				New HDHP*

*** Plans for 2017 and beyond are tentative at this time.**

Benefits of Account-Based Plans

- CDHP with HRA or HDHP with HSA*
- True cost of health care more apparent → drives "smart" decisions
  - Desired behaviors:
    - Reduce non-urgent ER visits,
    - Reduce unnecessary diagnostic testing
    - Seek most cost-effective care
- Savings opportunities for future health expenses

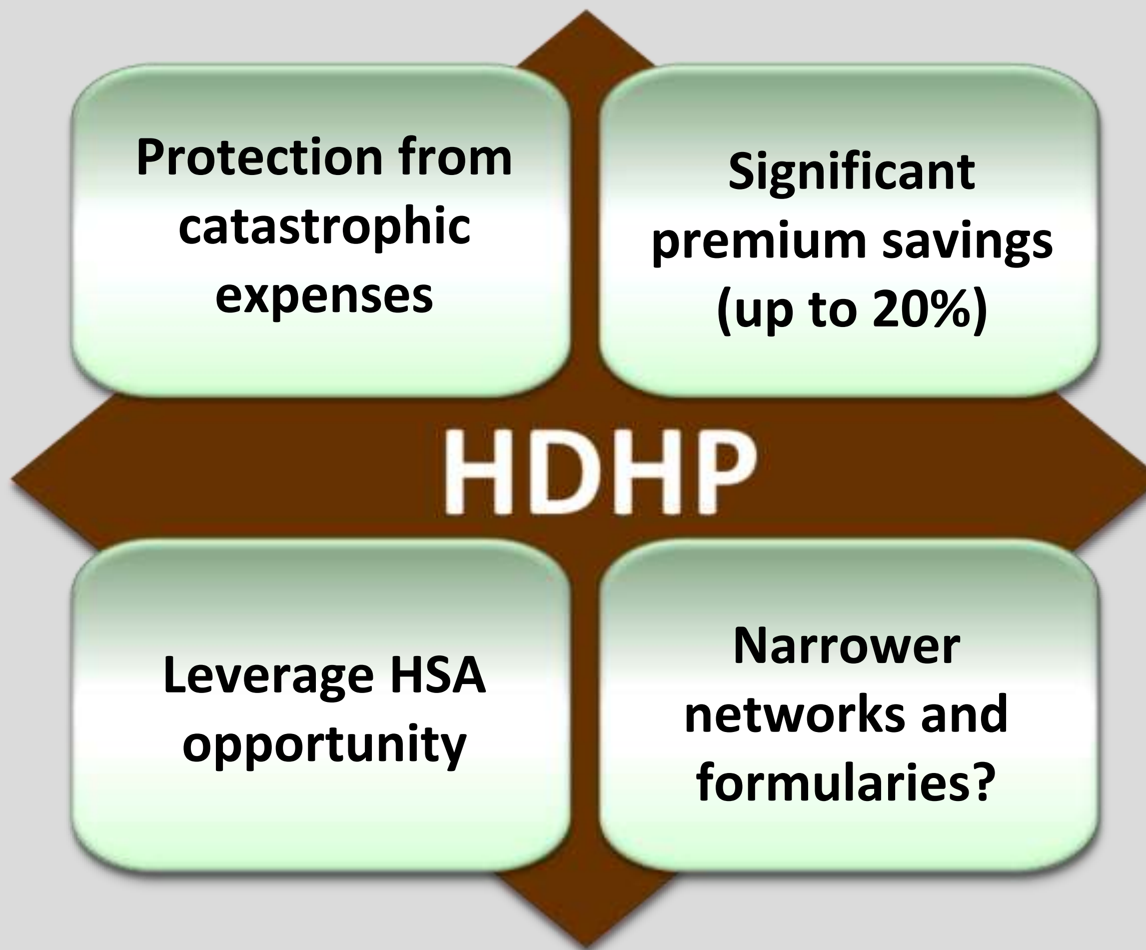
* **CDHP: Consumer-driven health plan**
HRA: Health reimbursement account
HDHP: High-deductible health plan
HSA: Health savings account

Key Considerations—After 2017

- Bronze HDHP (2017)
- HRA wraparounds, MRAs* and Cadillac Tax
  - Potential variability by plan sponsor
- May remove HSA from cafeteria plan
- Future transition/migration of **all** plan sponsors/ participants to HealthFlex Exchange platform?
  - Maximize service quality and efficiency
  - Risk management considerations

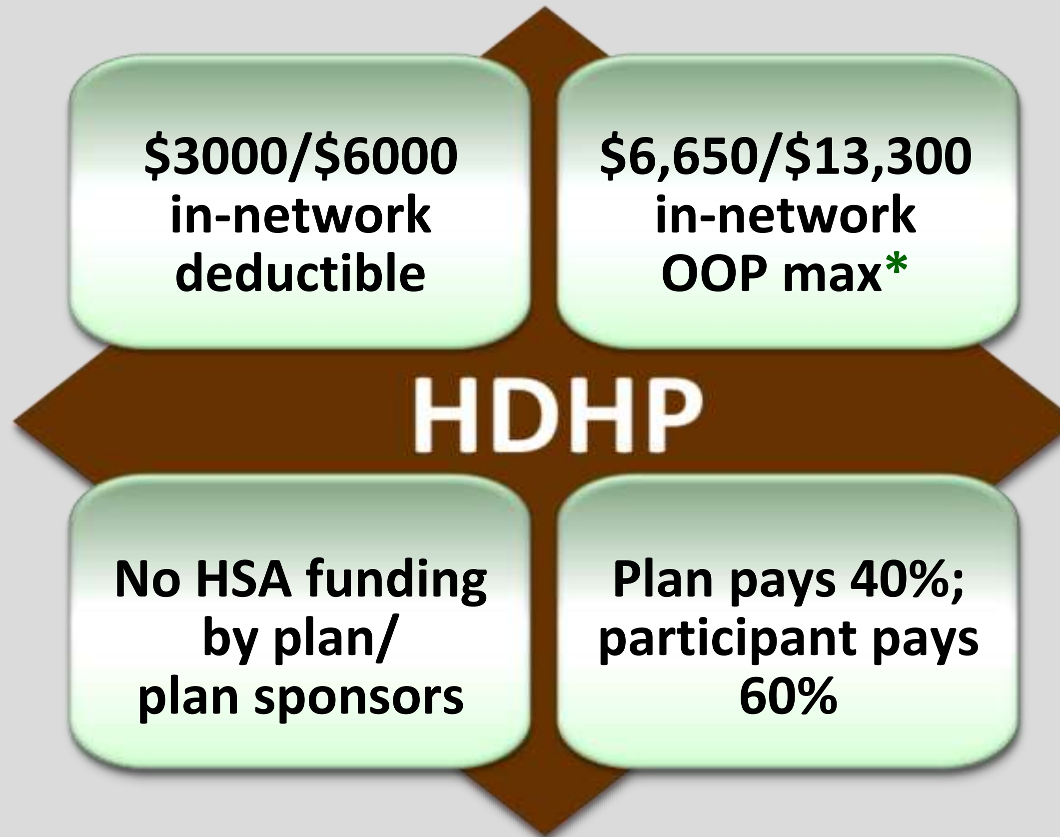
*** MRA: Medical reimbursement account**

Bronze HDHP



Bronze HDHP—Sample Plan Design

More restrictive network/formulary?



* OOP max: Out-of-pocket maximum

HSA Considerations and Cadillac Tax

- Employer contributions subject to tax
- Pre-tax salary deductions through cafeteria plan considered "employer contributions" by the IRS
- Alternative → make post-tax deposits; claim on tax return
  - HealthFlex involvement → provide qualified HDHP options and facilitate relationship with WageWorks/BNY Mellon, if desired
  - Open own HSA → must be in "qualified plan"

HealthFlex Exchange vs. Traditional

- Combined risk pool for 2016 and 2017
- May separate pools beginning in 2018
- Dual service platform
  - Eligibility/enrollment
  - Customer service
  - Communications
  - Reporting
- Eventual migration of all groups to HealthFlex Exchange model likely—2019?

Exploring New Tactics

Benefit Value Advisor

Telemedicine

Second Opinion Services

Centers of Excellence

Not just controlling costs … **maximizing health**

Network and Formulary Approaches

CURRENT:

Broadest networks

FUTURE:

- Consider **narrower networks** and **restricted formularies** for some plans (e.g., bronze) to drive **lower rates**
- **Keep some/most plans with broad or high-performing networks**

2016 Plans

2016 Medical Plan Offerings

	PPO B1000	CDHP C2000 (Gold) | C3000 (Silver)	HDHP H1500 (Gold) | H2000 (Silver)
Co-pays	**Yes— for office visits**	No	No
Deductibles	Medical/behavioral health—lowest; **Rx—no deductible; individual/family deductible**	Medical/behavioral health—higher; **Rx—no deductible; individual/family deductible**	Combined medical, behavioral health and **Rx deductible**—higher; **true family deductible**
HRA/HSA	Typically no	HRA	HSA
Out-of-Pocket Maximums	**Combined**: medical, behavioral health, Rx	**Combined**: medical, behavioral health, Rx	**Combined**: medical, behavioral health, Rx

All plans have out-of-network benefits with higher deductibles and out-of-pocket maximums

2016 Plan Changes
Combined Out-of-Pocket Maximum

- **Combined** out-of-pocket (OOP) maximum for all plans in 2016
  - Medical, pharmacy, behavioral health
- Higher than 2015 maximums for medical or pharmacy alone
- 5-10% of participants—potentially higher OOP costs
  - **Most participants**—OOP only slightly higher

2016 OOP Maximums (vs. 2015)

	Single (In-network)	Family (In-network)
B1000/P1	$5,000 ($4,000 + $2,000)	$10,000 ($8,000 + $4,000)
B1000/P2	$5,500 ($4,000 + $2,500)	$11,000 ($8,000 + $5,000)
C2000/P2 (gold)	$6,000 ($4,100* + $2,500)	$12,000 ($8,200* + $5,000)
C3000/P2 (silver)	$6,500	$13,000
H1500/P3 (gold)	$6,000	$12,000
H2000/P4 (silver)	$6,500	$13,000

* OOP maximum for C2000 reduced from $5,000/$10,000 to $4,100/$8,200 in 2015 to accommodate restrictions on combined OOP maximum.

Prescription Drug Plans—2016 Changes

Co-insurance percentage stays the same

Medical and Pharmacy Claims	P1 (2016)	P1 (2015)	P2 (2016)	P2 (2015)
Generic (retail: 30-day/mail: 90-day)	$15/$35	$12/$20	$15/$35	$12/$20
Brand Co-insurance (preferred/non-preferred)	20%/25%	20%/25%	25%/30%	25%/30%
Preferred Brand Retail (minimum/maximum)	$20/$55	$15/$45	$25/$65	$15/$45
Preferred Brand Mail (minimum/maximum)	$50/$140	$40/$120	$60/$150	$40/$120
Non-Preferred Brand Retail (minimum/maximum)	$40/$110	$30/$90	$50/$120	$30/$90
Non-Preferred Brand Mail (minimum/maximum)	$110/$240	$75/$225	$95/$260	$75/$225

- **P3 and P4 plan design aligns with P2, with the additional combined deductible**
- **Retail: up to 30 day supply; mail-order: up to 90-day supply**

Prescription Drug Plans—2016 Changes

Slight increase to generic co-pays and brand min/max

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Behavioral Health

All plans = gold level benefits (80% co-insurance)

PPO:	$15 co-payments for office visits; 80% co-insurance for intermediate/inpatient
CDHPs:	80% co-insurance for all services
HDHPs:	80% co-insurance for all services *after deductible*

Limited-Use HRA

- Dental and vision expenses only
- For individuals in HDHP with HSA or standalone HRA after termination
  - Standalone HRA balance prevents eligibility for premium tax credit (PTC)
- Can convert back to general HRA if leave HDHP or return to HealthFlex
- Can convert to retiree HRA after retirement

Limited-Use Health Care FSA

- For individuals in HDHP
  - New elections or carryover from prior year
- Dental and vision expenses only
- In future, may consider offering "post-deductible" option

ACA* Reporting

- **Section 6055 reporting**
  → completed by HealthFlex
- **Section 6056 reporting**
  → any applicable large employer will need to complete
- **W-2 reporting**
  - HSA and DCA** contributions
  - Value of coverage

***ACA: Affordable Care Act**
**** DCA: dependent care account (dependent care flexible spending account)**

Center for Health—Commitment to You

Market checks/optimizing service delivery/RFPs

Additional programs for consumerism/transparency

Wellness team committed to engagement and success

Center for Health