



# **Department of Administration Office of Group Insurance**

**Teresa Luna, Director**

**Change in Employee Compensation Committee  
January 8, 2015**

# Office of Group Insurance

- ❑ Six employees
  - ❑ Annual operating budget of \$913,900
  - ❑ Administers over nine different plans including:
    - Active employees medical & dental
    - Retiree medical
    - Life Insurance, short-term and long-term disability
    - Flexible spending account
  - ❑ Under 45,000 plan participants
-

# FY2014 – Enrollment by Plan Type

Active Employees	Traditional	PPO	High Deductible	Total
Employees	19%	80.8%	.2%	17,987
Dependents	15.4%	84.5%	.1%	26,742
Total				44,729

Retirees	Traditional	PPO	High Deductible	Total
Employees	34.6%	52%	13.3%	938
Dependents	26%	59.9%	14.1%	269
Total				1,207

Active Employee Age	Female	Male	Average
Employee	47	47	47
Spouse	45	50	47
Children	13	13	13

# Plan Changes

## ❑ FY2015

- Removed the preexisting condition waiting period for adults on all medical plans
- Replaced \$500 annual max for Chiropractic Services with an annual 18 visit limit
- Removed \$2 Million lifetime maximum
- Removed \$500 annual limit for Diabetes Self-Management Education Services
- Removed the \$10,000 lifetime limit on Hospice Covered Services

## ❑ FY2014

- Removed \$20 in-network co-payment for Wellness Visits on PPO Plan
- Removed \$250 limit for Wellness Visits on Traditional & High Deductible Plan

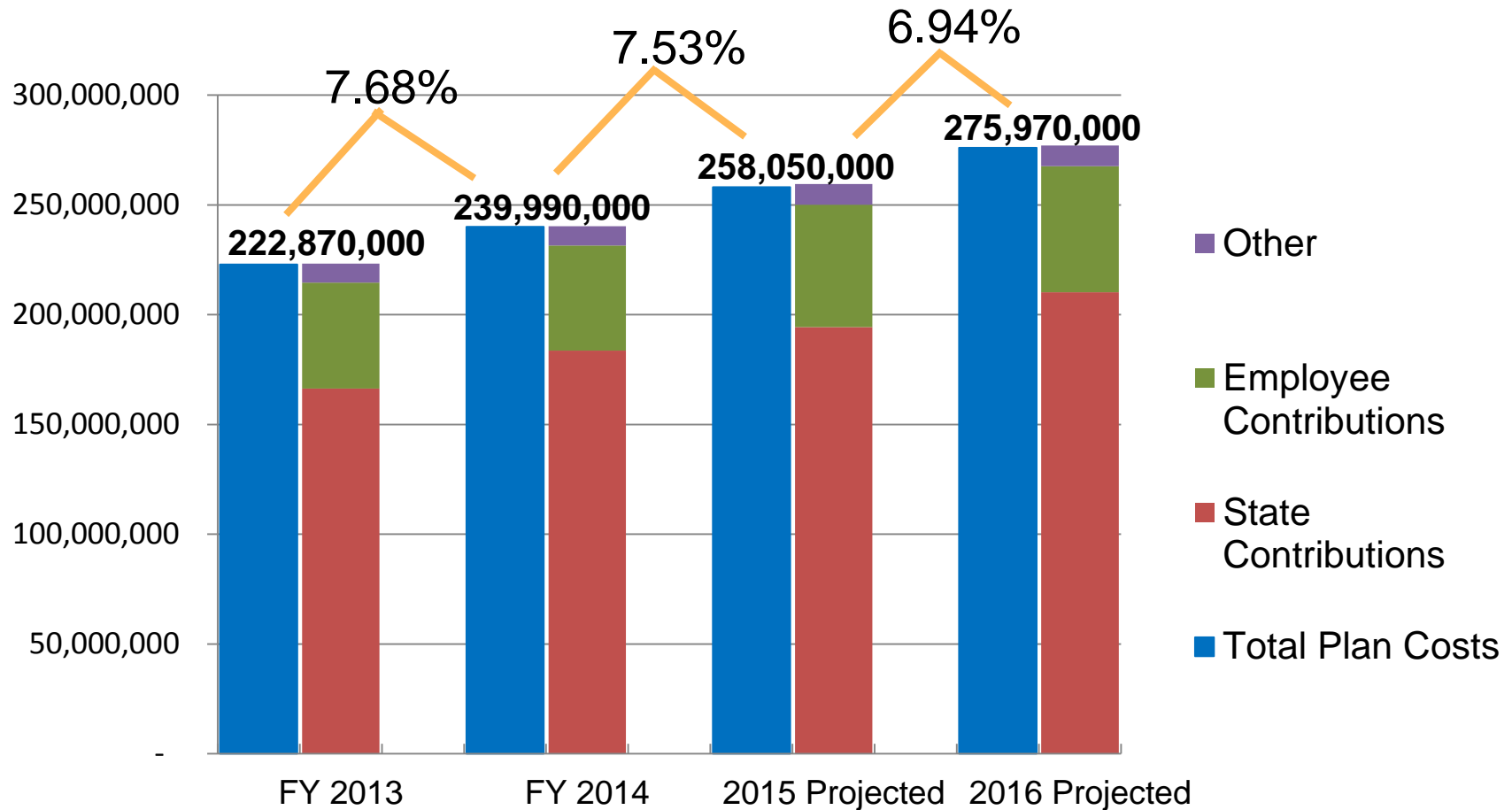
## ❑ FY2013

- Premium Tier Changes for Part-Time Employees
  - Expanded Open Enrollment
  - Enhanced Vision Benefit
  - Removed Flexible Spending Account Enrollment Waiting Period
  - Expanded Voluntary Term Life Policy
  - Remarketed Life & Disability Insurance
-

# FY2015 – Premiums

<b>PPO Plan</b>	<b>FY2014 Monthly Premium Rate</b>	<b>FY2015 Monthly Premium Rate</b>
Employee Only	\$35.00	\$47.00
Employee & Children	\$82.00	\$110.00
Employee, Spouse & Children	\$127.00	\$171.00

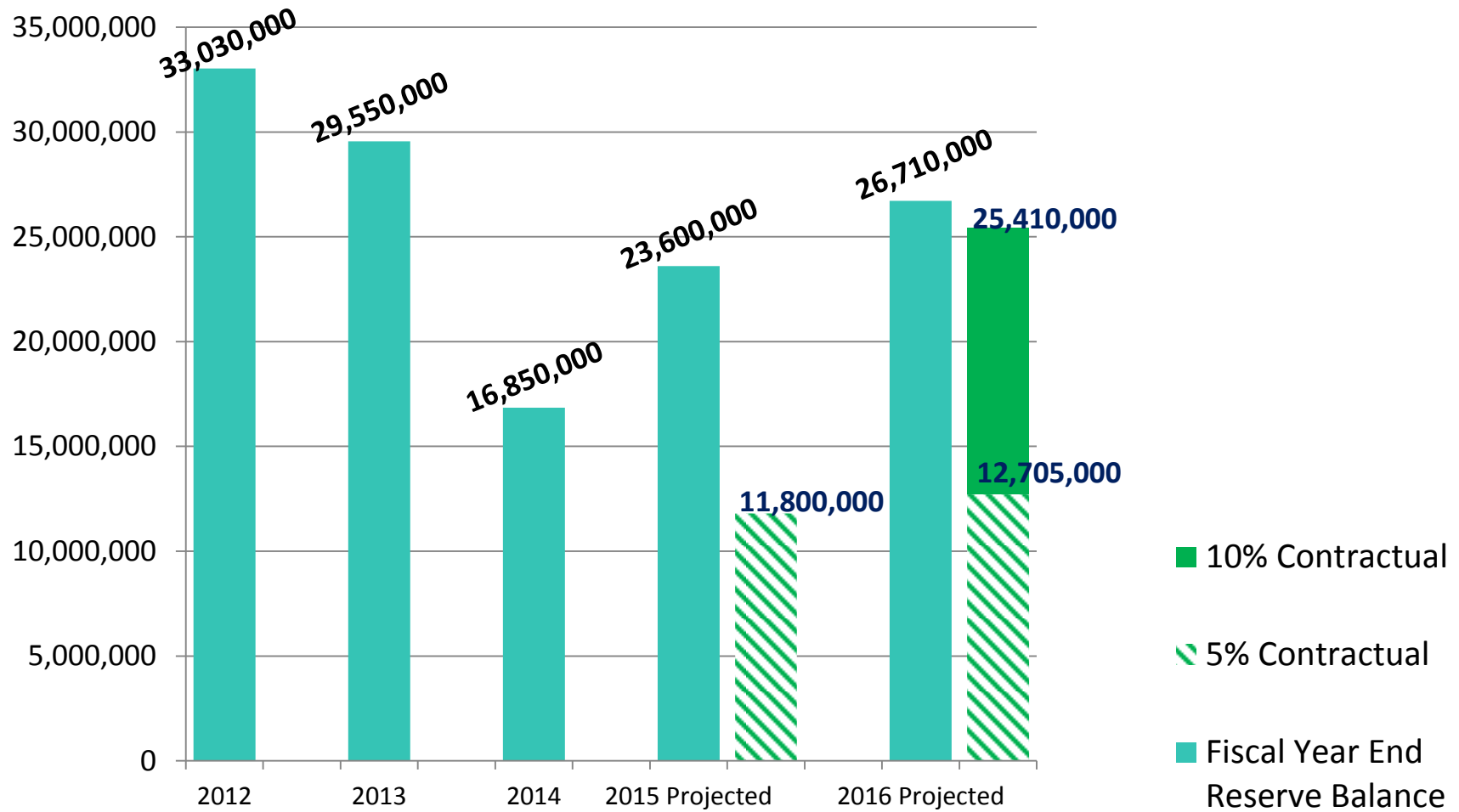
# Total Plan Costs vs. Contributions



\* Total Plan Costs include premiums, co-pays and deductibles

\* Other includes retiree and cobra contributions

# Medical & Dental Reserve Balances



# Cost Sharing History – Premium Split

<b>FISCAL YEAR</b>	<b>STATE SHARE</b>	<b>EMPLOYEE SHARE</b>
2008	92%	8%
2009	91%	9%
2010	90%	10%
*2011	92%	8%
*2012	93%	7%
2013	90%	10%
2014	91%	9%
2015 (Projected)	89%	11%
2016 (Projected)	89%	11%

\* Years with Premium Holidays

---



# Appropriation Per Employee – FY2016

**FY2015 Appropriation = \$10,550**

**FY2016 Appropriation = \$11,200**

**6.2% ↑**

The diagram consists of two teal lines forming a bracket that connects the FY2015 value to the FY2016 value. The text '6.2% ↑' is positioned to the right of the bracket, indicating the percentage increase.

# Appropriation Increases vs. Plan Increases

## State Appropriation

FY2015 = \$10,550  
FY2016 = \$11,200

6.2% ↑

## Total Plan Costs

FY2015 = \$258,050,000  
FY2016 = \$275,970,000

6.94% or \$17.9 M ↑

\$740,000 = State Administrative Costs  
\$16,930,000 = Claims & Administration  
\$250,000 = ACA Taxes and Fees

# ACA – Grandfathered Plan Limitations

- Little to no flexibility on cost sharing

Plan Design Elements	Current	Increase Possible to Employee
Co-Payments	\$20	\$7.65 per visit
Deductible on PPO Plan	\$250 employee only \$750 family	\$70 employee only \$211 per family
Co-Insurance	20%	\$0
Employer Contributions	92%	1.63% still available to transfer
Benefits Package		No adverse changes allowed

- Loss of grandfathered status would result in:
  - Coverage of all preventative services with no cost sharing
  - May not deny coverage for certain clinical trials
  - Modifying out-of-pocket limits to include deductibles, coinsurance, and co-payments for covered services
  - Providing same level of cost sharing for out-of-network emergency services
  - Loss of discretion to cover “Abortifacients”

# Premium Increases – Option 1

## Increase Premiums with Medical Inflation

<b>PPO Plan</b>	<b>FY2015 Monthly Premium Rate</b>	<b>Possible FY2015 Monthly Premium Rate</b>
Employee Only	\$47.00	\$51.00
Employee & Children	\$110.00	\$120.00
Employee, Spouse & Children	\$171.00	\$187.00

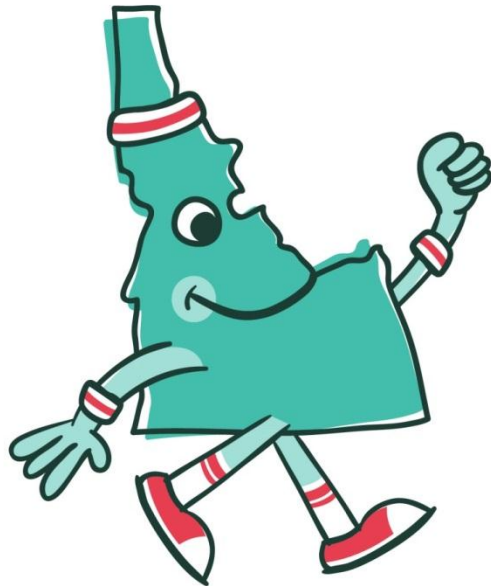
# Premium Increases – Option 2

## Max Out Cost Sharing Increases

PPO Plan	FY2015 Monthly Premium Rate	Possible FY2015 Monthly Premium Rate
Employee Only	\$47.00	\$60.00
Employee & Children	\$110.00	\$140.00
Employee, Spouse & Children	\$171.00	\$217.00

# Steps to Combat Rising Medical Costs

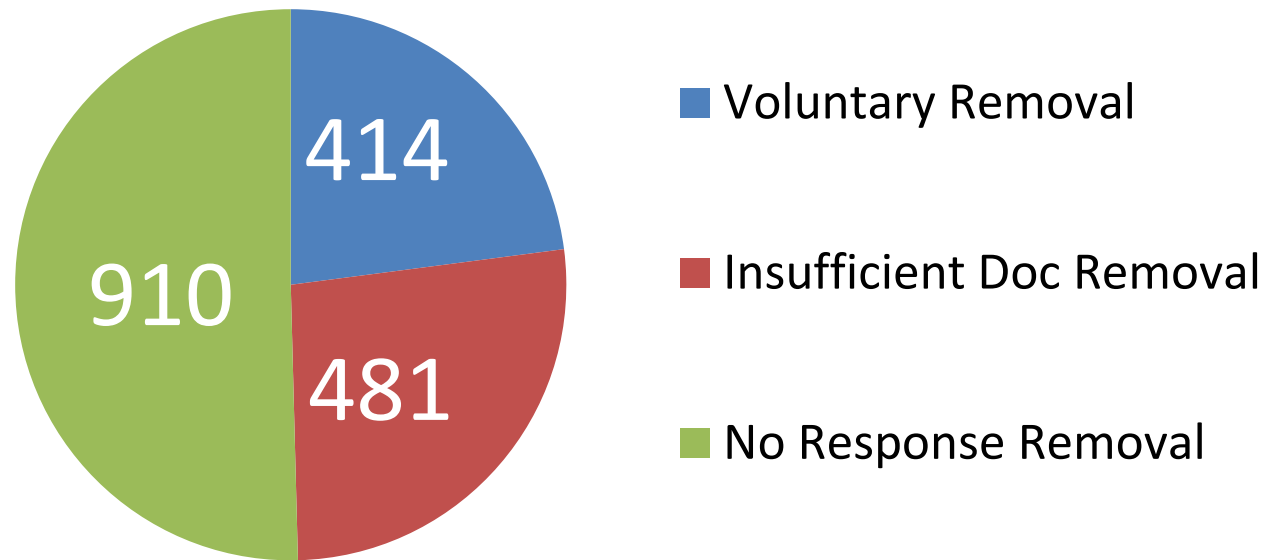
- ❑ Dependent Eligibility Verification
- ❑ Looking at HSA and VEBA Options



thriveidaho  
It feels good to feel good.

# DEPENDENT ELIGIBILITY VERIFICATION

❑ 1,805 Dependents – Recommended for removal



❑ \$5 MILLION in Cost Avoidance

❑ Point of Enrollment (POE) Verification

# HSA and VEBA options

## ❑ **Voluntary Employee Benefit Associations (VEBA)**

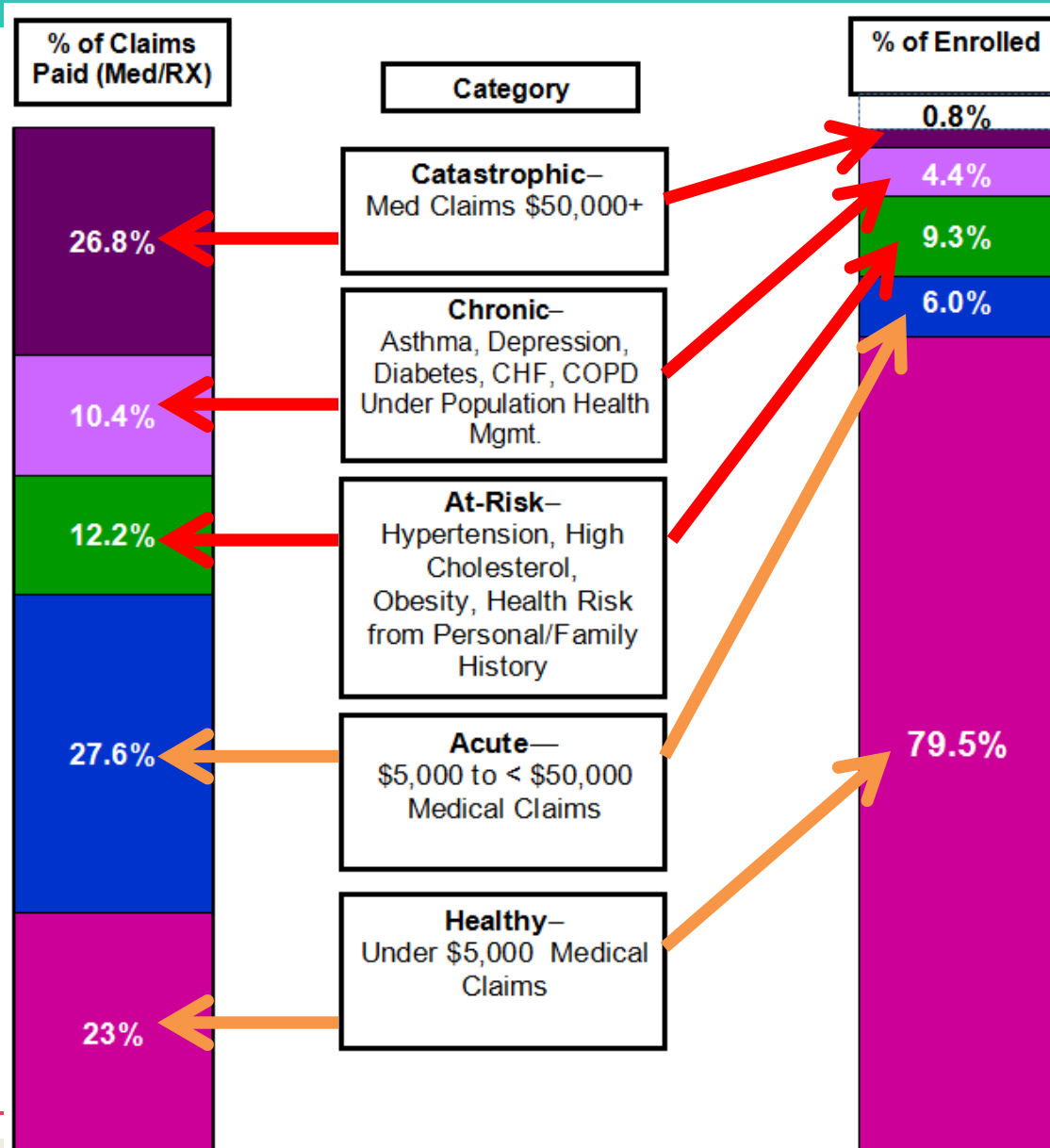
- Require an independent trust
- Require third-party plan administrator, creation of trustee group and funds for the program
- No limits to yearly contributions
- Groups must participate as a whole

## ❑ **Health Savings Account (HSA)**

- Contributions can be made by the employee and employer, with limits
  - Accounts are employee-owned and transferable to other qualifying HSA plans
  - Plan must meet federal definition of high ded. plan and would not be grandfather-able for the State
  - Could offer savings if large number of employees participate
-



# GROUP HEALTH STATISTICS



It feels good to feel good.



thriveidaho  
It feels good to feel good.

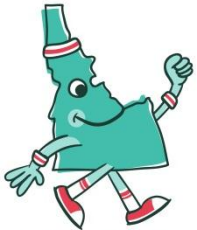
A FEW  
SIMPLE CHANGES  
CAN MAKE YOU  
**HEALTHIER**  
AND EARN YOU **\$250**

# MONEY, MONEY, MONEY

- Over **742** employees earned **\$250** in October

**= \$185,500**

- Over **850** employees will receive the reward in January



# Conclusion

“It’s a lot less expensive to keep people healthy than it is to get them healthy after they’ve had a problem.”

~ Governor C.L. “Butch” Otter  
October 1, 2013



# Group Insurance Advisory Committee

The Group Insurance Advisory Committee (GIAC) meets quarterly.

## Members:

- ❑ Senator Fred Martin
- ❑ Representative Phylis King
- ❑ Director Teresa Luna
- ❑ Dick Humiston, Retired Employee
- ❑ Roxanne Lopez, Tax Commission, Active Employee
- ❑ Andrea Patterson, Judiciary Representative

Website: <http://ogi.idaho.gov/giac>

---

# Questions

[www.thrive.idaho.gov](http://www.thrive.idaho.gov)

