Managing Healthcare Today and Into the Future

By:

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Lake Land College
Key Discussion Points

• Managing Cost for the College
  – Plan Design
  – Premium Cost Sharing

• Negotiations & Getting Employee Buy In
  – Education Sessions
  – Building credibility & trust
  – Flexibility
  – Wellness & Incentives
  – Negotiations

• Health Care Reform Overview
National Averages

**PREMIUMS**
National Average Annual Premium:
Individual - $4,824/yr.
Family - $13,375/yr.

**DEDUCTIBLES**
Individual - $634
Family - $1,902

**Contribution by Employee**
National Average Annual Contribution by Employees:
Individual - $779/yr
Family - $3,515/yr.
Community College Averages

**PREMIUMS**
Average Annual Premium:
Individual - $6,544.68/yr.
Family - $17,326.20/yr.

**DEDUCTIBLES**
Individual - $202.88
Family - $489.80

**Contribution by Employee**
Average Annual Contribution by Employees:
Individual - $668.88/yr
Family - $6,080.28/yr.
Community College Averages
(Information taken from the 2009 Community College Health Insurance Survey completed by Bushue Human Resources, Inc.)

### Total Average Premium

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Annual</th>
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<tbody>
<tr>
<td>Employee Only</td>
<td>$545.39</td>
<td>$6,544.68</td>
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<tr>
<td>Employee + 1</td>
<td>$1,105.21</td>
<td>$13,262.52</td>
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<tr>
<td>Family</td>
<td>$1,443.85</td>
<td>$17,326.20</td>
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### Deductible

<table>
<thead>
<tr>
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<th>In-Network</th>
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<tbody>
<tr>
<td>Employee Only</td>
<td>$202.88</td>
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<tr>
<td>Family</td>
<td>$489.80</td>
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</table>

### Contribution by Employee

<table>
<thead>
<tr>
<th></th>
<th>Annual</th>
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<tbody>
<tr>
<td>Employee Only</td>
<td>$668.88</td>
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<tr>
<td>Employee + 1</td>
<td>$5,341.20</td>
</tr>
<tr>
<td>Family</td>
<td>$6,080.28</td>
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</tbody>
</table>
Managing Costs

The College must be able to control the premium contributions or the plan design or both in order to control its cost of health insurance.
Plan Design Features That Affect Cost

- Deductibles
- Co-Payments
- Coinsurance
- Out-of-Pocket Expenses
- Prescription Plans

Premium Cost Sharing

- Fixed Monthly Contribution by College
- % of Monthly Contribution by College
Managing Costs

• Establish a plan design that encourages good buying habits and away from design features that encourage over utilization.
• Establish appropriate cost sharing for employers and employees that encourages each to control costs.
• Utilize consultant to educate the college and employees about ways to best manage costs, assist in program transition, and assist change in culture with employees.
• Analyze plan performance.
• Negotiate through collective bargaining to change plan design and college costs.
Managing Costs

• Review co-pays, coinsurance, deductibles, and prescription plans on an annual basis.
• Educate employees through a committee compromised of management and employees.
• Incorporate case management, disease management, and preventive care programs.
• On-Site Health Assessments
• Capitalize on tax advantage options (Section 125 & HSA's)
Tax Advantage Opportunities

Explore options such as Section 125 Plans & Health Savings Accounts (HSA)
Section 125 Plan

Also known as cafeteria plans or flexible spending accounts, Section 125 of the Internal Revenue Code allows employees to deduct a certain amount from each paycheck into an account (before paying income taxes) to be used for:

- Health Insurance Premiums
- Medical Reimbursement for expenses not covered by insurance such as deductibles, co-pays, prescription drugs, dental service, eyeglasses, contacts, chiropractic services, etc.
- Child Care Expenses
A Health Savings Account (HSA) is a tax-advantaged personal savings or investment account that an individual can use to save and pay for qualified health expenses, now or in the future. An HSA must be used in conjunction with a “High Deductible Health Plan” (HDHP).
Health Savings Account (HSA)

What is a HDHP?

A health plan that meets certain requirements (adjusted annually for inflation) regarding deductibles and out-of-pocket expenses.

<table>
<thead>
<tr>
<th>DEDUCTIBLES</th>
<th>OUT-OF-POCKET</th>
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</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td><strong>2010</strong></td>
</tr>
<tr>
<td>$1,200 (individual coverage)</td>
<td>$5,950 (individual coverage)</td>
</tr>
<tr>
<td>$2,400 (family coverage)</td>
<td>$11,900 (family coverage)</td>
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</table>
Health Savings Account (HSA)

Contributions
Employees must have an HSA-qualified HDHP to open or contribute to an HSA.

Maximum amounts that can be contributed to an HSA:
- **2010**
  - $3,050 (individual coverage)
  - $6,150 (family coverage)

Distributions
Distribution is tax-free if taken for “qualified medical expenses”

HSA funds can be used to pay the qualified medical expenses incurred by your spouse and dependents – even if they are not covered by the HSA-qualified plan.
Health Care Reform Summary

2010

• Health Plans required to cover dependent children up to age 26
• No lifetime maximum amounts
• Required to cover most preventive medical care visits and procedures
• Uninsured individuals with pre-existing conditions can obtain health insurance through a high risk health insurance pool program
• Pre-existing condition exclusions will be eliminated for children
• Create a temporary reinsurance program for employers providing health insurance coverage to retirees over 55 who are not eligible for Medicare
2011

- Distributions from HSAs for non-qualified medical expense penalty increases from 10% to 20% for individuals under 65 years old.

- No longer allowed to use FSA, HSA, HRA, Archer MSA distributions for over-the-counter medicines.

- Provide grants for up to five years to small employers that establish wellness programs.

2012

- Employers required to disclose the value of the benefits they provide for each employee’s health insurance coverage on the employee’s annual Form W-2.

2013

- Annual health flexible savings account (FSA or cafeteria plan) contributions limited to $2,500.
Health Care Reform Summary

2014

• Automatic enrollment for employers with 200+ employees
• Employers with 50+ employees must offer “minimal essential coverage” to all full-time eligible employees (30+ hours/wk) or pay penalty.
• State health insurance exchanges to be established.
• Limit any waiting periods for coverage to 90 days
• Reduce the out-of-pocket limits for those with incomes up to 400% of FPL

2015-2018

• Health insurance provider fee imposed in 2015 and increased annually
• High-cost plan excise tax established in 2018