

The Storm of Reform

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Superior Strategies for Health Care Reform Cost Control



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 2014 CONVENTION
MARQUETTE



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Health Care Reform Compliance

General information – Applicable to both Small and Large Employers

- Effective January 1, 2015, coverage must be offered to all employees working 30 or more hours per week (full-time).
- The new hire waiting period cannot exceed 90 days.
- Affordable Care Act taxes and fees began on January 1, 2014.



Health Care Reform Compliance

Small Group

Definition of small group

- 2014-2015: Employers with less than 50 full-time employees
- 2016: Employers with less than 100 full-time employees

Plan design limitations and modifications

- Plans are limited to Metal Level options: Bronze (60%), Silver (70%), Gold (80%) and Platinum (90%).
- All options will include an integrated copay where all copays count toward the out-of-pocket maximum.
- Out-of-pocket maximums cannot exceed IRS limits of \$6,350 per person and \$12,700 per family moving to \$6,600/\$13,200 in 2015.
- Effective April 1, 2014, the \$2,000/\$4,000 deductible maximum provision has been eliminated. Carriers can now provide plans with higher deductibles.

Health Care Reform Compliance

Small Group



Rates

- The industry classification has been removed and is realigned with age and geographic ratings.

Mandated pediatric dental and vision benefits

- Pediatric dental and vision benefits must be included in all fully-insured programs.

Member level billing (Age Rating)

- Each employee and dependent will have a separate rate based on age.

Administrative Service Contract (ASC self-funding)

- A new BCBSM, self-funded (ASC) program is now available for employers with 25-49 employees.
- Eliminates the costly, mandated pediatric benefit requirements.
- Allows greater plan flexibility.
- Reduces the Affordable Care Act federal and state tax liability.

Health Care Reform Compliance

Large Group



Definition of large group

- 2014-2015: Employers with more than 50 full-time employees
- 2016: Employers with more than 100 full-time employees

Minimum value and affordability requirements

- Employers must offer a health plan that covers at least 60% of eligible claim costs.
- Employee contribution cannot exceed 9.56% of employee wages.
- Allowable wage definitions include W2, Rate of Pay or FPL Guidelines.

“Pay or Play” penalties

Employer must either “play” by continuing to offer coverage or “pay” by dropping coverage and paying a penalty.

- The penalty is \$2,000 annually per employee (minus the first 30 employees).
- Beginning in 2015, if an employer has more than 100 full-time employees, the penalty is reduced by 80 rather than 30.
- Or \$3,000 annually per employee who receives a subsidy.



Health Care Reform Compliance

Large Group

Variable Hour Employees (VHE)

- VHE's must be tracked to determine if the employees have averaged 30 hours during the measurement period, which is typically twelve months or as short as six months.

Health plan information submission

- Health plan information must be submitted to the federal government illustrating plan information, contribution requirements and covered personnel for each plan year (delayed until 2015). Large group reporting includes IRS Form # 6055 for employee distribution and IRS Form #6056 for corporate return.

W2 Reporting

- Employers that file 250 or more W2's annually must include the full cost of the health insurance plan in box DD of the employees' W2's.



Consumers Mutual Insurance of Michigan (CMI)

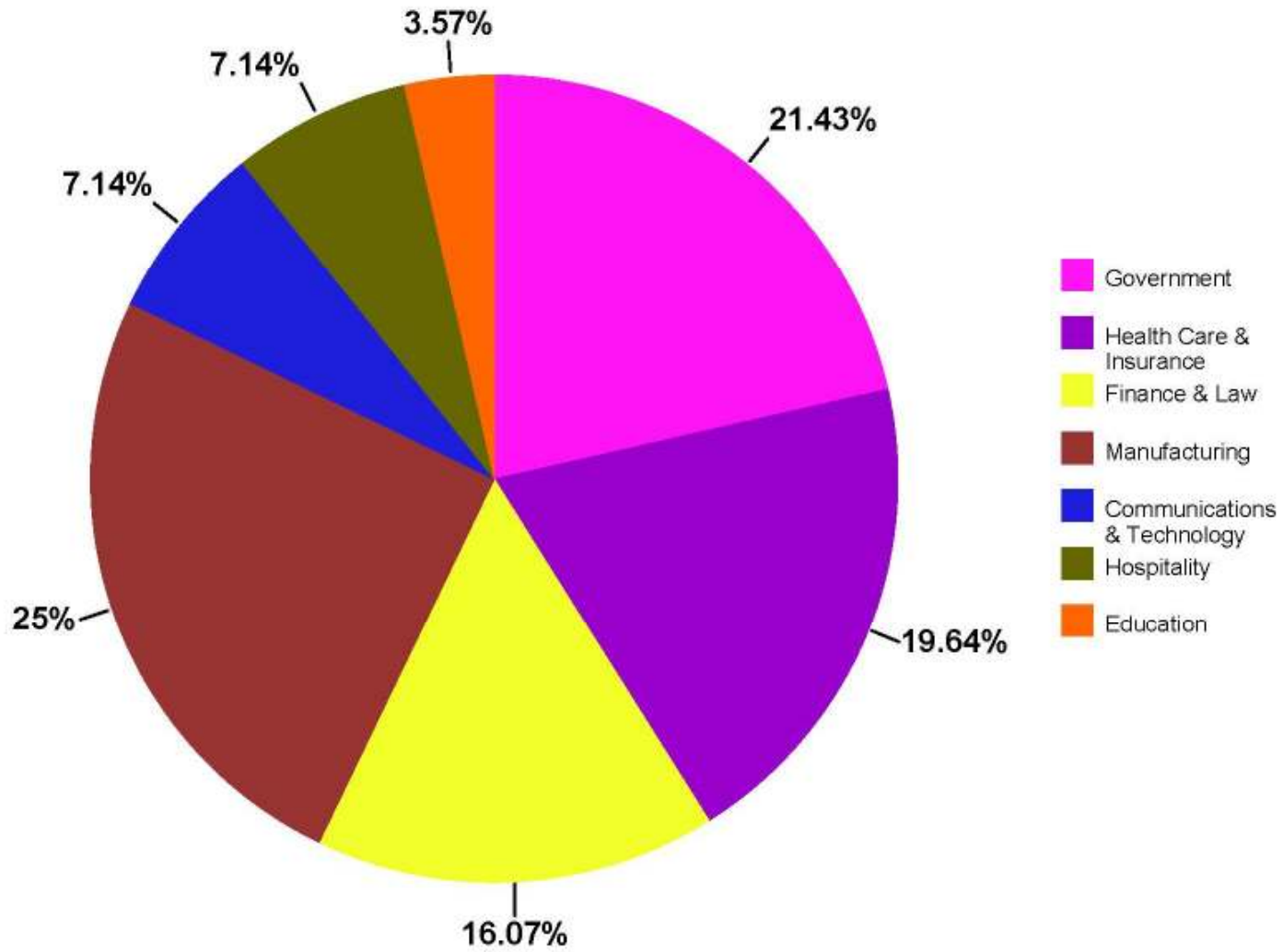
A new Michigan
alternative

Consumers Mutual Insurance of Michigan (CMI)

- Specializing in the municipal health plan market.
- Statewide PPO program:
 - Small employer – PHCS Network
 - Large employer – Cofinity Network
- Plans can be wrapped, gapped or HRA'd.
- Pre-65 retirees can be written (not to exceed 20% enrollment).
- Prior carrier deductible and MOOP credit.
- Industry leading Chronic Disease Management Program.



CMI Companies Enrolled By Industry As Of October, 2014





Self-Funding

The small group loop
hole

Small city advantages through self-funding:

- Plan flexibility – not restricted to Metal Level plans.
- Avoidance of costly pediatric dental and vision benefits.
- Avoidance of member level billing.
- Reduced ACA taxes.

What does self-funding look like to your employees?

- Business as usual.
- They only know the plan as the benefits that have been purchased.
- No change for the employees between an insured or self-funded plan.



Self-Funding

The small group loop hole

What does self-funding look like to employers?

- Three cost components:
 - Administrative expense – Fixed cost
 - Stop loss insurance – Fixed cost
 - Claims cost – Variable cost

What protections do I have?

- Specific stop loss per contract (not per belly button).
- Protects against a specific catastrophic claim.
- Aggregate stop loss – protects against a significant barrage of medical claims.
- Facility, professional and prescription drugs are included in stop loss coverage.



Self-Funding

The small group loop
hole

How is a city billed under a small group self-funded plan?

- Monthly cap program includes:
 - Administrative cost
 - Stop loss insurance cost
 - Maximum claims cost

The plan is settled at the end of the plan year.

Self-funding is an easy in, but not an easy out.

It can be very advantageous, but tread cautiously.



Private Exchange Programs

Through Blue Cross Blue Shield and Blue Care Network of Michigan

Exchange

- Online distribution system
- In no way tied to the federal exchange.

Exchange programs transition the employer's focus from defined benefit to defined contributions.

BCBSM and BCN will not be available through any other exchanges.

Two Private Exchange Programs:

- Coverage for CompaniesSM – for the small employer market (2-50 employees).
- GlidePathSM – for the large employer market (currently defined as 50+ employees)





Coverage for CompaniesSM

Small Group Market

- No additional administrative cost.
- Must be written on an employer's plan renewal date.
- Five preset product suites of four plan offerings each, cannot be modified.
- Standard employee eligibility at 30 hours, but can be reduced to as low as 17.5 hours.
- No minimum enrollment per suffix required.
- Suffixes with no enrollment will not be offered to new hires during the plan year.
- Paperless enrollment system.
- 45-day lead time for existing BCBSM and BCN clients.
- Pharmacy is a required Essential Health Benefit and cannot be carved out.
- Mandated pediatric dental and vision included in all plans.
- Adult dental and vision plans can be purchased through Coverage for Companies as well.
- Domestic Partner coverage available only when Domestic Partner rider is added.

coverage for
companiesSM



Coverage for CompaniesSM

Small Group Market

Enrollment process:

- Select one of the five available suites.
- Determine level of employer contribution. Available options -
 - Flat dollar amount or
 - Percentage of cost
- A custom website is created including –
 - Your corporate logo
 - A benefit summary of each of the four available health plans.
 - Required employee contribution, net of employer contribution for each plan.
 - Decision support tool is built into the website.
 - Employees enroll online via Coverage for Companies website.

Open enrollment meetings will be available to announce plans and answer questions.





Blue Cross® Blue Shield® of Michigan and Blue Care Network Product Suites Overview



Suite A Optional Blue Dental™ PPO Plus 100/80/50 and Blue Vision™ 12/12/24

PLAN	DEDUCTIBLE	COINSURANCE	OUT-OF-POCKET MAX	OFFICE VISIT/SPECIALIST/URGENT CARE/ER COPAYS	RX
BCN HMO™ Platinum 20%	\$0	20%	\$1,500	\$25/\$35/\$35/\$1.50	\$4/\$1.5/\$40/\$80/20%/20%
BCN HMO™ Gold \$1,000	\$1,000	20%	\$3,000	\$20/\$40/\$50/\$1.50	\$4/\$1.5/\$40/\$80/20%/20%
Simply Blue™ PPO Gold \$500	\$500	20%	\$3,500	\$20/\$40/\$60/\$1.50	\$1.5/\$50/50%/20%/25%
Simply Blue™ HSA PPO Silver \$2,000	\$2,000	20%	\$4,500	Covered at 80% after deductible	Covered at \$1.5/\$50/50%/20%/25% after deductible

Suite B Optional Blue Dental™ PPO 100/80/50 (50/50/50) and Blue Vision™ 12/12/24

PLAN	DEDUCTIBLE	COINSURANCE	OUT-OF-POCKET MAX	OFFICE VISIT/SPECIALIST/URGENT CARE/ER COPAYS	RX
BCN HMO™ Gold \$1,000	\$1,000	20%	\$3,500	\$20/\$40/\$50/\$1.50	\$4/\$1.5/\$40/\$80/20%/20%
BCN HMO™ Silver \$3,000	\$3,000	20%	\$6,500	\$30/\$50/\$80/\$2.50	\$6/\$25/\$80/\$80/20%/20%
Simply Blue™ PPO Gold \$1,500	\$1,500	20%	\$3,500	\$20/\$40/\$60/\$1.50	\$1.5/\$60/50%/20%/25%
Simply Blue™ HSA PPO Bronze \$3,000	\$3,000	30%	\$6,500	Covered at 70% after deductible	Covered at \$20/\$60/50%/20%/25% after deductible

Suite C Optional Blue Dental™ PPO 80/60/50 (50/50/50) and Blue Vision™ 12/12/24

PLAN	DEDUCTIBLE	COINSURANCE	OUT-OF-POCKET MAX	OFFICE VISIT/SPECIALIST/URGENT CARE/ER COPAYS	RX
BCN HMO™ Gold \$2,000	\$2,000	30%	\$3,000	\$20/\$40/\$50/\$1.50	\$4/\$1.5/\$40/\$80/20%/20%
BCN HSA™ HMO Bronze \$3,000	\$3,000	30%	\$6,350	Covered at 70% after deductible	Covered at \$6/\$25/\$80/\$80/20%/20% after deductible
Simply Blue™ PPO Silver \$3,000	\$3,000	20%	\$6,350	\$30/\$50/\$60/\$1.50	\$20/\$60/50%/20%/25%
Simply Blue™ HSA PPO Bronze \$4,000	\$4,000	30%	\$6,350	Covered at 60% after deductible	Covered at \$20/\$60/50%/20%/25% after deductible

Suite D Optional Blue Dental™ PPO Plus 100/80/50 and Blue Vision™ 12/12/24

PLAN	DEDUCTIBLE	COINSURANCE	OUT-OF-POCKET MAX	OFFICE VISIT/SPECIALIST/URGENT CARE/ER COPAYS	RX	
Healthy Blue Living™ HMO Platinum \$350	Enhanced	\$250	20%	\$1,250	\$20/\$30/\$35/\$1.50	\$4/\$1.5/\$40/\$80/20%/20%
	Standard	\$1,200	30%	\$3,000	\$30/\$40/\$35/\$1.20	\$6/\$25/\$50/\$80/20%/20%
Healthy Blue Living™ HMO Gold \$1,500	Enhanced	\$1,500	20%	\$3,500	\$20/\$30/\$35/\$1.50	\$4/\$1.5/\$40/\$80/20%/20%
	Standard	\$4,000	30%	\$6,350	\$35/\$45/\$50/\$2.00	\$6/\$25/\$50/\$80/20%/20%
Simply Blue™ PPO Gold \$500	\$500	30%	\$3,300	\$20/\$40/\$60/\$1.50	\$1.5/\$50/50%/20%/25%	
Simply Blue™ HSA PPO Silver \$2,000	\$2,000	30%	\$4,500	Covered at 60% after deductible	Covered at \$1.5/\$50/50%/20%/25% after deductible	

Suite E Optional Blue Dental™ PPO 100/80/50 (50/50/50) and Blue Vision™ 12/12/24

PLAN	DEDUCTIBLE	COINSURANCE	OUT-OF-POCKET MAX	OFFICE VISIT/SPECIALIST/URGENT CARE/ER COPAYS	RX
Simply Blue™ PPO Gold \$500	\$500	30%	\$3,200	\$20/\$40/\$60/\$1.50	\$1.5/\$50/50%/20%/25%
Simply Blue™ PPO Gold \$1,500	\$1,500	30%	\$3,500	\$20/\$40/\$60/\$1.50	\$1.5/\$50/50%/20%/25%
Simply Blue™ PPO Silver \$2,000	\$2,000	30%	\$6,350	\$40/\$60/\$80/\$2.50	\$20/\$60/50%/20%/25%
Simply Blue™ HSA PPO Bronze \$3,000	\$3,000	30%	\$6,350	Covered at 70% after deductible	Covered at \$20/\$60/50%/20%/25% after deductible

BCBSMBCN reserves the right to adjust rates if any of the assumptions or calculations used in the quoting process are incorrect. BCBSMBCN has the right to adjust rates if any of the assumptions or calculations used in the quoting process are incorrect.

To comply with new requirements in the Patient Protection and Affordable Care Act (PPACA) (also referred to as health care reform), groups may be required to make changes to their health insurance coverage. If necessary, this may result in an adjustment to the rates. To learn more about the PPACA, please visit <http://bcbsm.com/healthreform/>. You should also consult with your legal counsel on how you may comply with the law and regulations and the applicability of your plan.

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GlidePathSM

Large Group Market

- Administrative cost of \$5 per employee, per month.
- Preset menu of plan offerings:
 - Five PPO Plans
 - Five HMO Plans
 - All ten plans can be combined and offered.
- Only two menus are currently available:
 - Menu A – more paycheck friendly for employees but with greater out-of-pocket expenses.
 - Menu B – more out-of-pocket friendly but with greater paycheck costs throughout the plan year.
- Paperless enrollment system.
- 75-day lead time.
- Pharmacy is a required Essential Health Benefit and cannot be carved out.
- GlidePath is the only exchange program with live, human support available Monday through Friday from 8:00 am to 11:00 pm.
- Phone support by licensed insurance counselors who can assist in plan selection and enroll folks over the phone.

GlidePathSM



GlidePathSM

Large Group Market

Enrollment process:

- Select either Menu A or B.
- Determine level of employer contribution.
- A series of three conference calls occur, in which BCBSM/BCN obtains necessary information to customize the website to your specific data.
- A custom website is created including –
 - Your corporate logo
 - Required employee contribution
 - Plan selection survey to assist employees in determining the plan that best suits their personal and family needs
 - The website is open for a period of seven to ten days, in which the employees must use for enrollment.

Open enrollment meetings will be available to announce plans and answer questions.

GlidePathSM

Medical plan options*

Menu A

Offers more paycheck-friendly plans for employees with greater out-of-pocket expense

Plan name		Deductible	Coinsurance	Out-of-pocket maximum	Office visit copayment Primary care physician/Specialist/ Urgent care/Emergency room
PPO	HMO				
Simply Blue SM 1000	BCN HMO SM 1000	\$1,000	20%	\$3,500	\$30/\$50/\$60/\$150
Simply Blue HSA SM 1250	BCN HSA HMO SM 1250	\$1,250	20%	\$2,250	Not applicable
Simply Blue 2500	BCN HMO 2500	\$2,500	20%	\$5,000	\$30/\$50/\$60/\$150
Simply Blue HSA 3000	BCN HSA HMO 3000	\$3,000	20%	\$4,000	Not applicable
Simply Blue 4000	BCN HMO 4000	\$4,000	30%	\$6,350	\$30/\$50/\$60/\$150

Menu B

Offers more out-of-pocket-friendly plans for employees with greater paycheck costs throughout the year

Plan name		Deductible	Coinsurance	Out-of-pocket maximum	Office visit copayment Primary care physician/Specialist/ Urgent care/Emergency room
PPO	HMO				
Simply Blue 250	BCN HMO 250	\$250	20%	\$1,750	\$20/\$40/\$60/\$150
Simply Blue 500	BCN HMO 500	\$500	20%	\$2,000	\$20/\$40/\$60/\$150
Simply Blue 1000	BCN HMO 1000	\$1,000	20%	\$3,500	\$30/\$50/\$60/\$150
Simply Blue HSA 1250	BCN HSA HMO 1250	\$1,250	20%	\$2,250	Not applicable
Simply Blue HSA 2000	BCN HSA HMO 2000	\$2,000	0%	\$3,000	Not applicable

Prescription drug options

Prescription drug options	PPO	HMO
	Copayment or coinsurance	
Option A More paycheck-friendly by encouraging the use of generic and lower-cost medications	\$15/\$50/50%/20%/25%	\$4/\$15/\$40/\$80/20%/20%
Option B More out-of-pocket-friendly by providing a fixed amount on higher-cost and name brand drugs	\$10/\$40/\$80	\$10/\$40/\$80

* Based on 2014 plans

Michigan Planners, Inc.

Services



Our Unique Portfolio of Services:

- Health care reform education
- Full COBRA administration
- Deep discounts on FSA/HSA/HRA administration
- ERISA compliant Summary Plan Descriptions
- Customized, understandable employee benefit guides
- Unified enrollment form
- Employee benefit ID cards
- Online benefits administration
- Dedicated service representatives
- Toll-free HIPAA compliant employee claims advocacy
- Annual preparation, dissemination, compilation and presentation of bid process and results – including annual program recommendations
- Plan management
- Retiree health care
- Wellness and productivity and cost containment strategies
- Comprehensive employee orientations
- Employee Navigator – Human Resource Information System (HRIS)

ALL AT NO EXTRA COST!

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THANKYOU FOR ATTENDING!

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