



Town of Shrewsbury

MASSACHUSETTS 01545-5398

March 18, 2014

To: Insurance Advisory Committee (IAC)

From: Daniel J. Morgado

Re: Update

I wish to advise you of several issues that have developed from when you last met on March 4, 2014.

1. GIC - The GIC has set its rates for FY 2015 and the analysis of the increases is as follows:

Plan		FY 2014	FY 2015	% Change
Harvard Pilgrim PPO				
	Family	\$1,661.01	\$1,674.20	0.79%
	Individual	\$680.75	\$686.12	0.79%
Tufts Health Plan PPO				
	Family	\$1,521.18	\$1,497.60	-1.55%
	Individual	\$627.17	\$619.87	-1.16%
Harvard Pilgrim HMO				
	Family	\$1,328.81	\$1,339.36	0.79%
	Individual	\$544.59	\$548.89	0.79%
Tufts HMO				
	Family	\$1,223.25	\$1,206.01	-1.41%
	Individual	\$505.07	\$500.37	-0.93%
Fallon Select				
	Family	\$1,424.28	\$1,476.92	3.70%
	Individual	\$593.45	\$615.39	3.70%
Fallon Direct				
	Family	\$1,132.26	\$1,159.70	2.42%
	Individual	\$471.78	\$483.21	2.42%

Fallon Senior	\$291.08	\$290.79	-0.10%
Harvard Pilgrim Medicare Enhanced	\$395.19	\$394.79	-0.10%
Tufts - Medicare Complement	\$385.92	\$348.39	-9.72%
Tufts - Medicare Preferred	\$266.83	\$266.56	-0.10%

These very low increases will put additional pressure on all WSHG communities with the exception of Shrewsbury due to our overwhelming Fallon exposure. I have recalculated Exhibits 4 & 5 from my memo of February 4, 2014.

2. There has been some discussion of offering a split voluntary plan for active members involving the Benchmark plans for those so choosing and new employees and Rate Saver plans with a change in the contribution ratios for the Fallon plans. I have checked with GBS and have been advised such an offering can be made.
3. Mrs. Fowler has inquired of our FSA provider who advises that we cannot have an open enrollment period this spring to allow employees to change their FSA deductions to account for the potential of higher out of pocket payments.
4. At this morning's WSHG Board meeting the following was discussed/acted upon:
 - It was noted that FY 2014 loses have continued to moderate to 103.0% which is favorable. Fallon continues to do very well.
 - There was an extended discussion on Out of Pocket Maximums (OOP). The GIC has adopted OOP's of \$5,000/\$10,000 effective July 1, 2014. Fallon currently is at \$1,000/\$2,000 while other Rate Saver Plans are at \$2,000/\$4,000 (along with Benchmark Plans). This whole matter will come to the forefront next fall for any changes to be implemented on July 1, 2015.
 - There is a change necessitated by changes in GIC policy that will affect the Tufts Health Plan's Navigator Product dealing with Hospital Tiering. This has a limited impact as our Tufts enrollment is very small.

Following this memo are a series of Exhibits that I will review in detail with you at our meeting this afternoon, at 3:00 PM.

Please advise me directly with any questions.

Cc Union/Association Presidents
Thomas Gregory
Carolyn Marcotte
Barbara Malone

Liam Hurley
Christine Fowler

GROUP INSURANCE COMMISSION (GIC) MONTHLY FULL COST RATES

Effective July 1, 2014

Full Cost Rates Including the 0.40% Administrative Fee

! For the rate you will pay as a municipal employee or retiree/survivor, see separate rate chart from your municipality.

Employee and Non-Medicare Retiree/Survivor Health Plans

HEALTH PLAN	PLAN TYPE	INDIVIDUAL	FAMILY
Fallon Health Direct Care	HMO	\$483.21	\$1,159.70
Fallon Health Select Care	HMO	615.39	1,476.92
Harvard Pilgrim Independence Plan	PPO	686.12	1,674.20
Harvard Pilgrim Primary Choice Plan	HMO	548.89	1,339.36
Health New England	HMO	481.89	1,194.71
NHP Care (<i>Neighborhood Health Plan</i>)	HMO	465.41	1,233.34
Tufts Health Plan Navigator	PPO	619.87	1,497.60
Tufts Health Plan Spirit	HMO-type	500.37	1,206.01
UniCare State Indemnity Plan/Basic with CIC (Comprehensive)	Indemnity	936.24	2,185.22
UniCare State Indemnity Plan/Basic without CIC (Non-Comprehensive)	Indemnity	893.83	2,086.85
UniCare State Indemnity Plan/Community Choice	PPO-type	456.68	1,095.99
UniCare State Indemnity Plan/PLUS	PPO-type	656.90	1,567.69

Medicare Plans

Health Plan	Plan Type	Per Person
Fallon Senior Plan*	Medicare (<i>HMO</i>)	\$290.79
Harvard Pilgrim Medicare Enhance	Medicare (<i>Indemnity</i>)	394.79
Health New England MedPlus	Medicare (<i>HMO</i>)	363.13
Tufts Health Plan Medicare Complement	Medicare (<i>HMO</i>)	348.39
Tufts Health Plan Medicare Preferred*	Medicare (<i>HMO</i>)	266.56
UniCare State Indemnity Plan/Medicare Extension (OME) with CIC (<i>Comprehensive</i>)	Medicare (<i>Indemnity</i>)	379.45
UniCare State Indemnity Plan/Medicare Extension (OME) without CIC (<i>Non-Comprehensive</i>)	Medicare (<i>Indemnity</i>)	368.63

*Benefits and rates of Fallon Senior Plan and Tufts Health Plan Medicare Preferred are subject to federal approval and may change January 1, 2015.

Summary of FY 2014 Health Insurance Program
GIC Option

Plan	Type	Premium	Town Share	Percent	Employee/ Retiree Share	Percent	# of Participants	% of Plans	Town Share (Annual)	Employee/ Retiree Share (Annual)	Total	Town Share Budget	Employee/ Retiree Share Budget	Total	
UniCare State Indemnity Plan	Family	\$2,185.22	\$1,092.61	50.00%	\$1,092.61	50.00%	0	0.00%	\$13,111.32	\$13,111.32	\$26,222.64	\$0.00	\$0.00	\$0.00	
	Individual	\$936.24	\$468.12	50.00%	\$468.12	50.00%	5	0.60%	\$5,617.44	\$5,617.44	\$11,234.88	\$28,087.20	\$28,087.20	\$56,174.40	
Tufts Health Plan Navigator (PPO)	Family	\$1,497.60	\$898.56	60.00%	\$599.04	40.00%	12	1.44%	\$10,782.72	\$7,188.48	\$17,971.20	\$129,392.64	\$86,261.76	\$215,654.40	
	Individual	\$619.87	\$371.92	60.00%	\$247.95	40.00%	8	0.96%	\$4,463.06	\$2,975.38	\$7,438.44	\$35,704.51	\$23,803.01	\$59,507.52	
HPHC Primary Choice (HMO)	Family	\$1,339.36	\$803.62	60.00%	\$535.74	40.00%	32	3.84%	\$9,643.39	\$6,428.93	\$16,072.32	\$308,588.54	\$205,725.70	\$514,314.24	
	Individual	\$548.89	\$329.33	60.00%	\$219.56	40.00%	57	6.84%	\$3,952.01	\$2,634.67	\$6,586.68	\$225,264.46	\$150,176.30	\$375,440.76	
Fallon Select Rate Saver (HMO)	Family	\$1,476.92	\$1,078.15	73.00%	\$398.77	27.00%	367	44.06%	\$12,937.82	\$4,785.22	\$17,723.04	\$4,748,179.65	\$1,756,176.03	\$6,504,355.68	
	Individual	\$615.39	\$449.23	73.00%	\$166.16	27.00%	213	25.57%	\$5,390.82	\$1,993.86	\$7,384.68	\$1,148,243.89	\$424,692.95	\$1,572,936.84	
Fallon Direct Rate Saver (HMO)	Family	\$1,159.70	\$904.57	78.00%	\$255.13	22.00%	92	11.04%	\$10,854.79	\$3,061.61	\$13,916.40	\$998,640.86	\$281,667.94	\$1,280,308.80	
	Individual	\$483.21	\$376.90	78.00%	\$106.31	22.00%	47	5.64%	\$4,522.85	\$1,275.67	\$5,798.52	\$212,573.74	\$59,956.70	\$272,530.44	
							833	100%	Fallon Makes Up # of Plans 719		86.31%	\$7,834,675.50	\$3,016,547.58	\$10,851,223.08	
												72.20%		27.80%	
Harvard Pilgrim Medicare Enhance	Retiree	\$394.79	\$197.40	50.00%	\$197.40	50.00%	195	51.05%	\$2,368.74	\$2,368.74	\$4,737.48	\$461,904.30	\$461,904.30	\$923,808.60	
Tufts Medicare Complement	Retiree	\$348.39	\$174.20	50.00%	\$174.20	50.00%	42	10.99%	\$2,090.34	\$2,090.34	\$4,180.68	\$87,794.28	\$87,794.28	\$175,588.56	
Fallon Senior	Retiree	\$290.79	\$203.55	70.00%	\$87.24	30.00%	77	20.16%	\$2,442.64	\$1,046.84	\$3,489.48	\$188,082.97	\$80,606.99	\$268,689.96	
Tufts Medicare Preferred	Retiree	\$266.56	\$186.59	70.00%	\$79.97	30.00%	68	17.80%	\$2,239.10	\$959.62	\$3,198.72	\$152,259.07	\$65,253.89	\$217,512.96	
Enrollments shown above include SELCO and Surviving Spouses (22)							382						\$890,040.62	\$695,559.46	\$1,585,600.08
												56.13%	43.87%		
							1,215						\$8,724,716.12	\$3,712,107.04	\$12,436,823.16
												70.15%	29.85%		

Employee/Retiree Contribution
Comparison of Proposed FY 2015 HIP With FY 2014 and GIC (FY 214 Rates)

Plan	Type	FY 2014 Current	FY 2015 Current	GIC Option		FY 2015		
				Difference	Annual	Benchmark Proposed With Shift*	Difference	Annual
Harvard Pilgrim PPO	Family	\$1,943.00	\$1,092.61	(\$850.39)	(\$10,204.68)	\$2,098.44	\$155.44	\$1,865.28
	Individual	\$875.00	\$468.12	(\$406.88)	(\$4,882.56)	\$945.00	\$70.00	\$840.00
Tufts POS	Family	\$1,943.00				\$2,098.44	\$155.44	\$1,865.28
	Individual	\$875.00				\$945.00	\$70.00	\$840.00
Blue Choice Rate Saver EPO	Family	\$674.00				\$765.60	\$91.60	\$1,099.20
	Individual	\$251.20				\$285.60	\$34.40	\$412.80
Tufts Navigator Rate Saver EPO	Family	\$675.20	\$599.04	(\$76.16)	(\$913.92)	\$741.60	\$66.40	\$796.80
	Individual	\$258.00	\$247.95	(\$10.05)	(\$120.60)	\$283.20	\$25.20	\$302.40
HPHC Rate Saver EPO	Family	\$636.00	\$535.74	(\$100.26)	(\$1,203.12)	\$649.20	\$13.20	\$158.40
	Individual	\$244.00	\$219.56	(\$24.44)	(\$293.28)	\$248.80	\$4.80	\$57.60
Fallon Select Rate Saver EPO	Family	\$394.20	\$398.77	\$4.57	\$54.84	\$386.64	(\$7.56)	(\$90.72)
	Individual	\$146.34	\$166.16	\$19.82	\$237.84	\$143.64	(\$2.70)	(\$32.40)
Fallon Direct Rate Saver EPO	Family	\$298.54	\$255.13	(\$43.41)	(\$520.92)	\$292.82	(\$5.72)	(\$68.64)
	Individual	\$111.10	\$106.31	(\$4.79)	(\$57.48)	\$108.90	(\$2.20)	(\$26.40)
Harvard Pilgrim Medicare Enhance	Retiree	\$164.17	\$197.40	\$33.23	\$398.76	\$164.17	\$0.00	\$0.00
BC/BS Medex II	Retiree	\$155.82				\$155.82	\$0.00	\$0.00
Tufts Medicare Prime Suplmt Plus	Retiree	\$160.00	\$174.20	\$14.20	\$170.40	\$160.00	\$0.00	\$0.00
BC/BS Managed Blue for Seniors	Retiree	\$106.87				\$106.87	\$0.00	\$0.00
Fallon Senior*	Retiree	\$69.50	\$87.24	\$17.74	\$212.88	\$83.40	\$13.90	\$166.80
Tufts Medicare Preferred*	Retiree	\$63.00	\$79.97	\$16.97	\$203.64	\$75.60	\$12.60	\$151.20

Comparisons of Various Options
Fiscal Year 2015 HIP

Option	Employer Cost	Employee/ Retiree Cost	Total Cost	Employer Change Over FY 2014 Status Quo HIP	Employee/ Retiree Change Over FY 2014	Plan Design Changes
Current FY 2014 HIP	\$8,758,047.78	\$3,663,791.22	\$12,421,839.00	N/A	N/A	N/A
Proposed	\$8,637,087.30	\$3,665,651.70	\$12,302,739.00	(\$120,960.48)	\$1,860.48	Yes
Status Quo - Shift	\$8,913,502.86	\$3,772,684.14	\$12,686,187.00	\$155,455.08	\$108,892.92	No
Status Quo - No Shift	\$8,936,628.06	\$3,749,558.94	\$12,686,187.00	\$178,580.28	\$85,767.72	No
GIC (FY 2015 Rates)	\$8,724,716.12	\$3,712,107.04	\$12,436,823.16	(\$33,331.66)	\$48,315.82	Yes
Variance Proposed to GIC	(\$87,628.82)	(\$46,455.34)	(\$134,084.16)	(\$87,628.82)	(\$46,455.34)	
Variance Status Quo (No Shift) to GIC	\$188,786.74	\$60,577.10	\$249,363.84	\$188,786.74	\$60,577.10	
Variance Status Quo (Shift) to GIC	\$211,911.94	\$37,451.90	\$249,363.84	\$211,911.94	\$37,451.90	

**GROUP BENEFITS STRATEGIES
WEST SUBURBAN HEALTH GROUP**

February, 2014

FUNDING RATE ANALYSIS BY PLAN - Policy Year 7/1/13 - 6/30/14

(Analysis for 7-mos., 7/13-1/14)

FUNDING ANALYSIS SUMMARY FOR SELF-FUNDED HEALTH PLANS

<u>HEALTH PLAN</u>	<u>Estimated Funding (rates x enrollments)</u>	<u>Estimated Plan * NET Costs</u>		<u>Estimated Funding Surplus/(Shortfall)</u>
Harvard Pilgrim EPO	\$ 741,423	\$ 828,532	111.7%	(\$87,109)
Harvard Pilgrim Rate Saver/Benchmark	34,753,022	36,527,065	105.1%	(\$1,774,043)
Harvard Pilgrim PPO	812,434	605,611	74.5%	\$206,823
BCBS Network Blue	296,743	374,774	126.3%	(\$78,031)
BCBS Network Blue Rate Saver/Benchmark	6,983,887	7,695,213	110.2%	(\$711,326)
Fallon EPO Legacy	30,711	25,316	82.4%	\$5,395
Fallon EPO Rate Saver	8,561,271	8,444,481	98.6%	\$116,790
Fallon EPO Benchmark	19,701	9,704	49.3%	\$9,997
Tufts EPO	320,161	294,128	91.9%	\$26,033
Tufts Rate Saver	11,882,801	12,370,058	104.1%	(\$487,257)
Tufts POS/Navigator Benchmark	39,452	6,817	17.3%	\$32,635
HPHC Medicare Enhance	3,036,682	2,618,439	86.2%	\$418,243
BCBS Medex	3,888,429	3,694,219	95.0%	\$194,210
	\$ 71,366,717	\$ 73,494,358		(\$2,127,641)

% COSTS/FUNDING:

103.0%

Retiree Drug Subsidy payments to date based on Plan Year Incurred:

FY07-08	FY09	FY10	CY11**	CY12	CY13
\$2,709,600.85	\$1,411,545.85	\$1,375,702.09	\$2,056,645.42	\$1,160,328.00	\$1,122,206.67
FINAL	FINAL	FINAL	FINAL	TO DATE	TO DATE

**Includes 7/1/10-12/31/10

\$655,536.02

1/1/11-12/31/11

\$1,357,259.41

NOTES:

* NET Costs include paid claims, carrier administration, reinsurance premium, and reinsurance reimbursements.

Other "Program Costs" such as GBS Management fee, GBS COBRA fee, WSHG Treasurer and Assistant Treasurer fees, Claims Audit fee, and legal and miscellaneous costs are not included in the above analysis.

** Plan year changed from fiscal year to calendar year on 1/1/2011.

WEST SUBURBAN HEALTH GROUP

Out-of-Pocket (OOP) Maximums

Affordable Care Act (ACA) OOP maximum requirements –

The ACA requires that all health plans, except Medicare plans, have an out-of-pocket maximum. The ACA allows OOP maximums that do not exceed \$6,350 per Individual and \$12,700 per Family per year.

WSHG OOP maximums -

Most WSHG plans have OOP maximums as indicated below, so the group currently meets the ACA requirement.

Rate Saver HMOs: BCBS, HPHC, Tufts HMOs - \$2,000 Individual/\$4,000 Family per year.
Fallon HMOs - \$1,000 Individual/\$2,000 Family per year.

Benchmark HMOs: All have OOP maximums of \$2,000 Individual/\$4,000 Family per year.

HPHC PPO - In-Network: No OOP maximums
Non-Network: \$1,620 Individual/\$3,200 Family per plan year.

Tufts POS - In-Network: None
Non-network: \$1,500 Individual/\$3,000 Family per plan year

The following WSHG member payments currently count towards the OOP Maximum:

- Plan year Deductible,
- Copayments, *except for RX copays,*
- Coinsurance.

As of 7/1/14, Fallon will require all accounts to include the RX member costs in the OOP Max.

As of 7/1/15, the ACA will require RX copays to count towards the OOP Max.

If WSHG does not increase the OOP maximums once RX copays are included, there will be an impact on claims for which the WSHG is responsible. In order for claims impact to be neutralized, the OOP maximums should probably go to \$3,000/\$6,000.

What is the GIC doing about OOP maximums?

GIC plans do not currently have OOP maximums. The Commissioners recently voted to add OOP maximums effective 7/1/14 that will include RX copays. The OOP maximums will be \$5,000 Individual/\$10,000 Family per year.

Prepared by GBS, 3/14/14

WEST SUBURBAN HEALTH GROUP

FY14 OUT OF POCKET MAXIMUMS (OOP Max.)

<u>HEALTH PLAN</u>	<u>In-Network</u>	<u>Out-of-Network</u>
HPHC Rate Saver	\$2,000/\$4,000	N/A
HPHC Benchmark	\$2,000/\$4,000	N/A
HPHC PPO	None	\$1,600/\$3,200
Tufts Navigator RS	None	N/A
Tufts Advantage Benchmark	\$2,000/\$4,000	N/A
Tufts POS	None	\$1,500/\$3,000
Network Blue Rate Saver (Blue Options)	\$2,000/\$4,000	N/A
Network Blue Benchmark	\$2,000/\$4,000	N/A
Fallon SC & DC Rate Saver	\$1,000/\$2,000	N/A
Fallon SC & DC Benchmark	\$2,000/\$4,000	N/A

The following currently count towards the OOP Max.:

- (1) Plan year deductible,
- (2) copays except for Rx copays,
- (3) coinsurance.

Effective 7/1/15 RX copays will accumulate towards the OOP Maximums for all plans as required by the Fallon is now requiring that RX copays accumulate towards the OOP Maximum effective 7/1/14.

Update to Tufts Health Plan Navigator Product

The GIC recently made a policy change to the Hospital Tiering on Tufts Health Plan's Navigator Product. Tufts Health Plan will be making modifications to the hospital tiering structure that will go live for all clients who offer the Navigator Product effective upon renewal starting July 1, 2014. The change will impact the current Benchmark and Rate Saver plans offered by WSHG and are specific to how the hospital will be tiered only. Moving forward the Navigator plan will now have one tier per hospital rather than 3 tiers based on type of admission.

There are a few reasons for this change:

- Having one tier per hospital instead of three makes it simpler for members and providers and provides more consistency across plan designs
- The cost metrics are based on relative price rather than cost per admissions
- The tiering is set by a quality gate rather than rank by cost
- Use of state-mandated tiering approach (same quality measures, use of relative price per cost)

Tufts has conducted a pricing impact on WSHG claims. The evaluation of the Rate Saver plan (currently we have no membership on Benchmark) concludes the estimated impact due to the Navigator hospital tiering change is negligible on a pmpm basis.