

What's Happening Now: PA 152, Health Insurance and Other Benefit Considerations

MSBO Financial Strategies Conference

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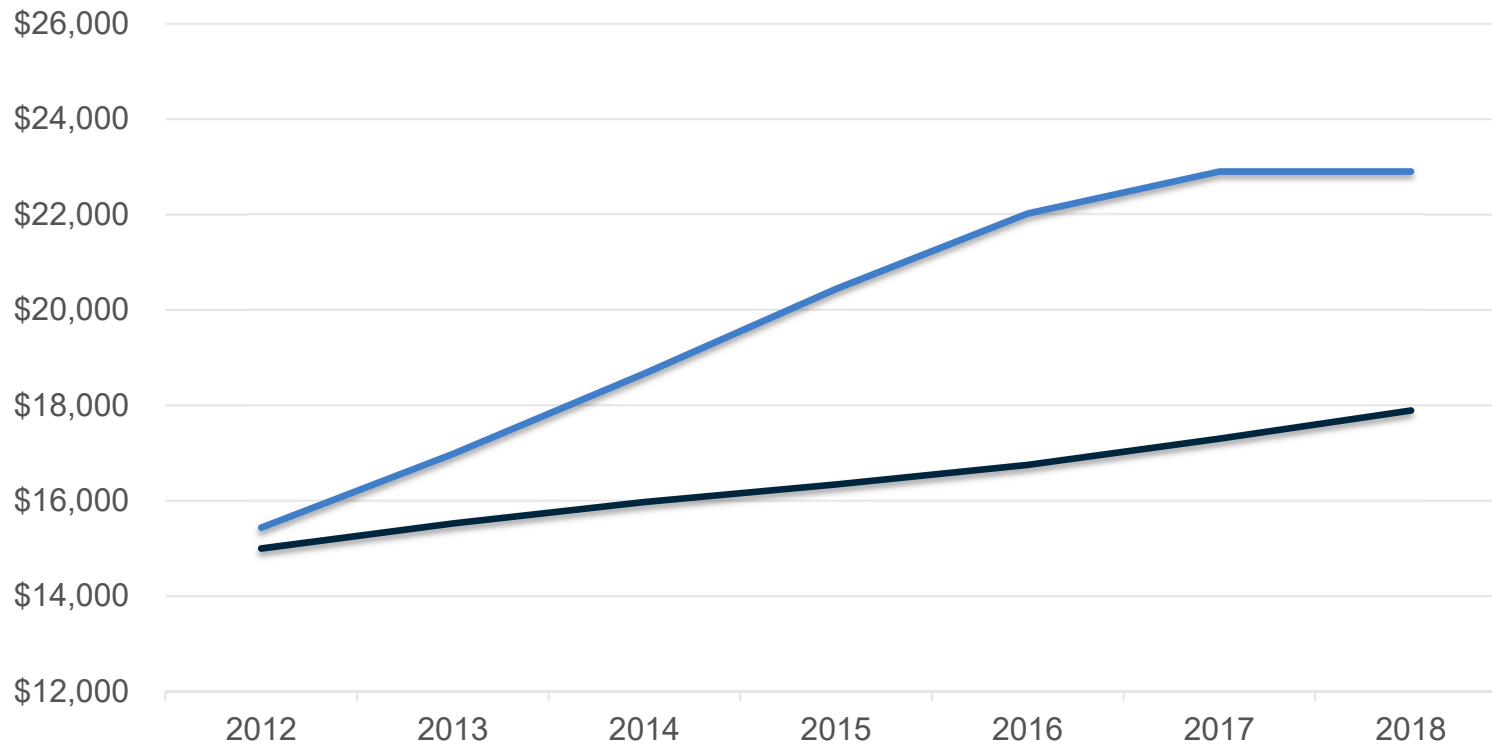
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PA 152 History

Year	PA 152 Increase
2013	3.5%
2014	2.9%
2015	2.3%
2016	2.5%
2017	3.3%
2018	3.4%

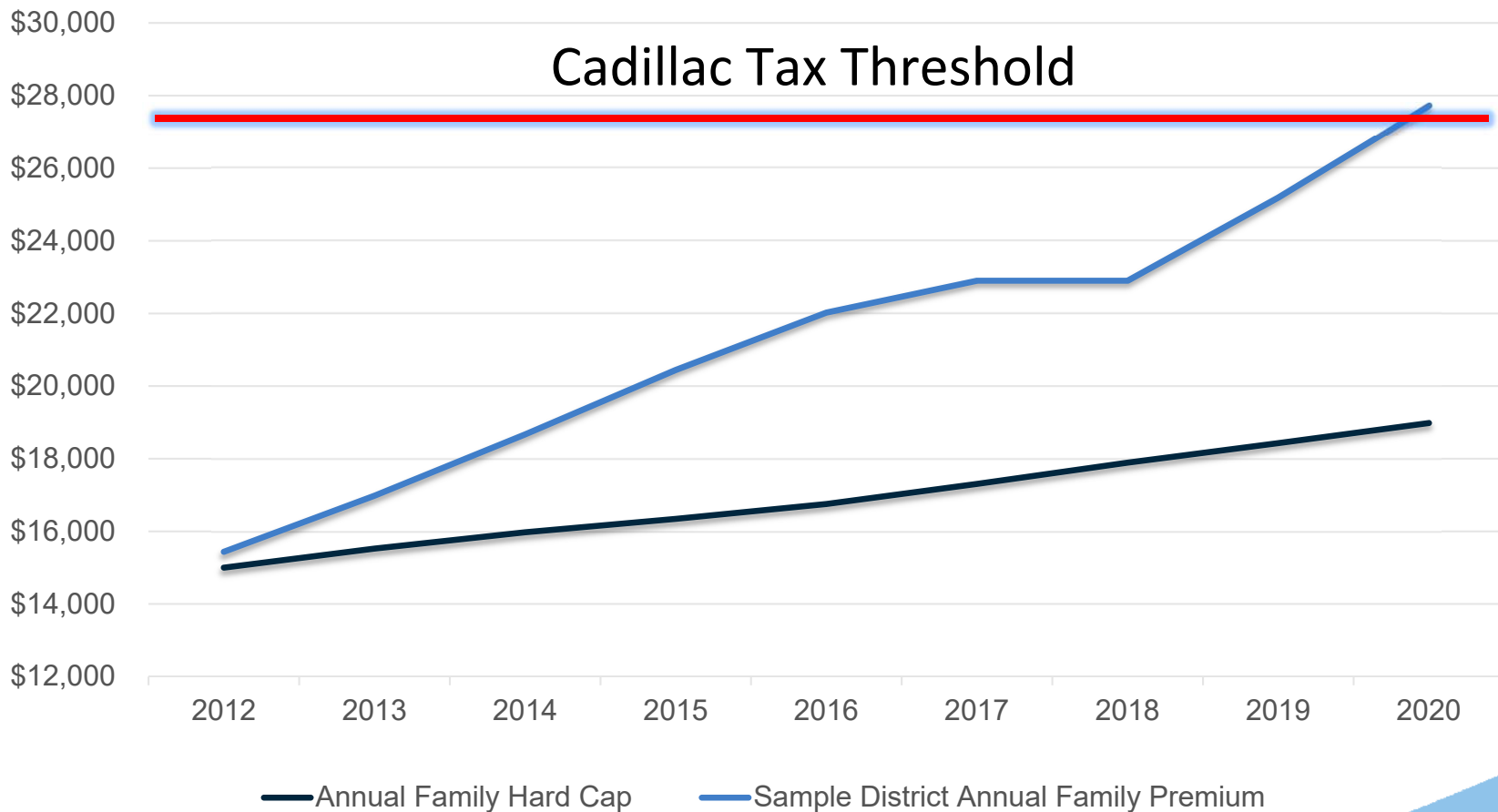
Healthcare trend ranges between 8-12%

Healthcare Program Sustainability



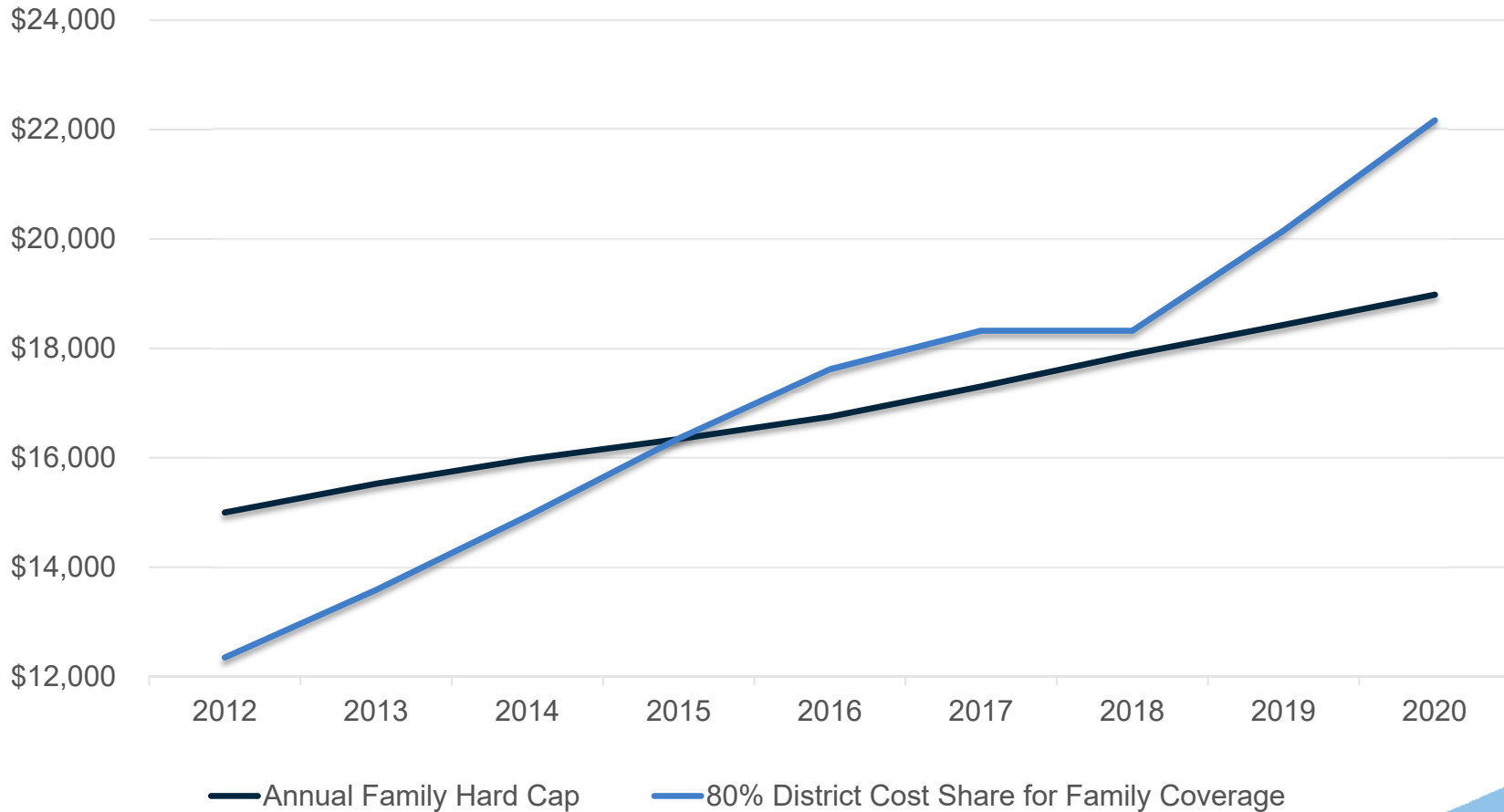
— Annual Family Hard Cap — Sample District Annual Family Premium

The PA 152 Hard Cap and the Cadillac Tax



Insurance premium increase projected at 10% and hard cap increase projected at 3% for 2019 and 2020

Hard Cap vs. 80% Cost Share



80% district cost share projection based on a projected insurance premium increase of 10% for 2019 and 2020 and hard cap increase projected at 3% for 2019 and 2020

Dramatic Employee Contribution Increases

For a district with premiums already above the hard cap:

Year	Family Premium	Family Hard Cap	Employee Premium Cost Share for Family Coverage	Family Premium Increase	Employee Premium Cost Share Increase for Family Coverage
2018	\$22,902	\$17,892	\$5,010	N/A	N/A
2019	\$25,193	\$18,429	\$6,764	10%	35%

Note: Numbers in table are annual; 2019 premium increase projected at 10% and 2019 hard cap increase projected at 3%

Common Responses

- “We are a hard cap district. The union can have whatever carrier/plan they want.”
- “The union won’t entertain alternatives and are not interested in becoming educated on healthcare”
- “If our non-union groups make a change, our union groups will follow”
- “Our union believes that without a particular provider, their members health will be jeopardized”
- “If the coverage isn’t “identical”, it’s not ok”

Healthcare Program Optimization

Understand – Why are you paying what you are paying?

- Available information sources
 - Characteristics of population
 - Medical and Rx utilization trends
 - Business approach of carrier/TPA
- Specific cost drivers
 - Significant health conditions
 - Overuse of particular services
 - Aging workforce
 - Efficiency of program structure
- What can be impacted

Healthcare Program Optimization

Evaluate alternatives – How will each alternative impact our district's future?

- What “viable” alternatives exist?
 - Contribution strategy (hard cap, 80% or blend)
 - Funding model (fully insured or degrees of self-funding)
 - Plan design
 - Carrier/Network
 - Third party administrator (TPA)
 - Pharmacy benefit manager (PBM)
 - Additional program elements (transparency tools, clinics, high performance networks, etc.)
- Pros/cons of each
- Short and long term impacts

Healthcare Program Optimization

Establish strategy – Are you thinking two moves ahead?

- Not “one size fits all”
- Goals
 - Gain stability
 - Control cost
 - Monitor progress
- Communication
 - Board
 - Union leadership
 - Employees
 - Administration
- Implementation
 - Consistency
 - Measured change

Education/Communication

- Goals (Examples)
 - Offer cost effective plans that meet the individual needs of employees and their families.
 - Develop a culture of trust regarding benefits between administration, board and staff
 - Move in the direction of ownership for members (away from entitlement)

Education/Communication

- Strategies:
 - Research solutions together
 - Establish connection between healthcare utilization and cost
 - Share ways to become/stay healthy
 - Provide resources for out of pocket savings
 - Stimulate engaged consumerism
 - Raise awareness of benefit program value
 - Timing is everything

Case Studies

- District #1
 - Expensive program; no access to actionable data
 - Union leadership demanded an opportunity to search out other more cost effective options.
 - Solution identified that maintained coverage levels, offering additional choices and creating substantive savings for all members
 - Members more actively involved in education and wellness to be healthier and better consumers

MISSION STATEMENT

The Western Michigan Health Insurance Pool is *the choice* for market-leading healthcare solutions for public-service employees in Michigan.

THE POOL'S VALUE PROPOSITION

MEMBER-FOCUSED

All of our decision-making is done by our members with their needs in mind. This means that we provide the best value and most relevant healthcare solutions.

VALUE

We are forward thinking – anticipating changing employee needs within the context of a continually evolving healthcare market. Our structure allows us to evaluate and adopt innovative choices for the benefit of members, in a timely manner.

TRUST

We govern our organization in a transparent and responsible way, exceeding regulatory requirements and ensuring we are financially secure and sustainable for the long term.

Case Studies

- District #2
 - Smaller group in an expensive program with limited perceived options and no access to actionable data
 - Administration decided to move to a new solution, but chose to inform the Union leadership of their decision.
 - Union leadership quickly vetted the solution and within two weeks made a determination to move as well, saving each teacher over \$2,800 for FF coverage.

Case Studies

- District #3
 - Self-funded medical program in death spiral
 - Established benefits committee and educated on cause and available alternatives
 - Able to move group to commercial carrier to gain stability
 - Committee continues to meet and understands likely alternatives and next steps for next 2-3 years

Case Studies

- District #4
 - Expensive program; no access to actionable data
 - Education of union and non-union leadership in committee setting in advance of evaluating market alternatives
 - Solution identified that maintained coverage levels while holding down costs
 - Group obtained actionable data which has positioned them to explore several multi-year strategies



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Compliance Update

ACA Update

- Deadline for distribution of 1095-C forms to employees extended to March 2, 2018
- Deadlines for submitting documents to the IRS remain unchanged
 - February 28, 2018 if filing paper
 - April 2, 2018 if filing electronically
- Districts are receiving IRS enforcement letters (226J)
 - Generally 30 days to respond



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Food for Thought

Additional Benefit Considerations

- Student loan forgiveness/payment programs
 - Federal
 - At district level
- Tell your district's story well – communicate the benefits of working for the district
- Voluntary/worksites benefits
- Wellbeing
- Retiree healthcare savings contributions

Thank You!

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