



# The Nuts and Bolts of Benefits

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# Disclaimer

The content in this presentation is based on current regulatory guidelines. Information related to health care reform is rapidly changing.

Participants should consult with their legal counsel or benefits professional regarding situations specific to their organization.

# Who Is SET SEG?

**Risk management expert** providing solutions to meet the unique needs of Michigan public schools

Programs are **member-owned** and **governed by superintendents** representing districts of all sizes throughout the state



## Property/Casualty Pool

530+ members

\$170 million in net  
asset returns

Provides: property,  
liability, auto, school  
violent acts, cyber  
protection

## Workers' Compensation Fund

520+ members

\$301 million in contribution  
reductions

Features: customized safety  
programs, online claim  
reporting, personal claim  
representatives

## Employee Benefits

Healthcare, dental,  
vision, long-term  
disability

Consulting, compliance,  
and administration  
services

## SET SEG Foundation

\$710,000+ in student  
scholarships and grants

Promotes opportunities in  
student leadership, skilled  
trades, and risk  
management studies

# State Level Reform

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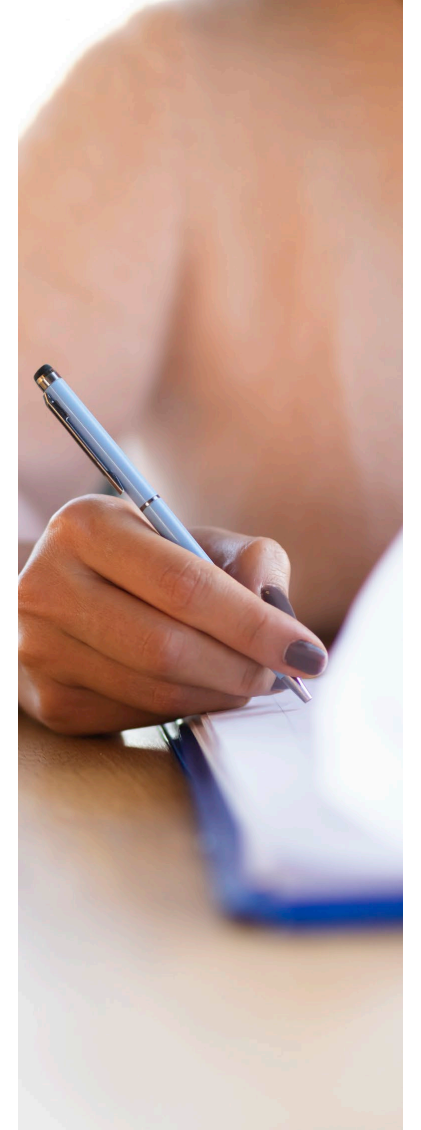


- PA 106
- PA 152
- Transparency Reporting

# PA 106

School districts must “solicit” four or more bids for medical plans, one of which must be a VEBA...

- Every three years
- When looking at plan design options
- Or when “establishing a new plan”





# PA 152



Limits public employers' expenditure for employee medical benefit plans

- 80/20 rule
- Statutorily-defined hard caps

2024 PA 152 Caps

1P	\$7,702.85
2P	\$16,109.06
FF	\$21,007.83

2025 PA 152 Caps (+0.2%)

1P	\$7,718.26
2P	\$16,141.28
FF	\$21,049.85



# Transparency Reporting

- Districts must make information available regarding each benefits plan they offer to their employees
  - Including medical, dental, vision, disability, long-term care, or other benefits that would constitute healthcare services offered to district employees



# Basic Terms

What you will pay



## Premium

+

## Deductible

+ / or

## Co-payment

+

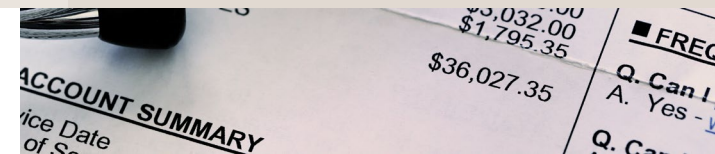
## Co-insurance

The amount you pay monthly to be covered by your health plan

The amount you owe for healthcare services you receive during the year

A flat payment amount that you are responsible for at the time of service – usually a nominal fee paid toward the expense of getting care

The percentage of the amount paid to a health care provider that you are responsible for



# Quick Recap

## Insurance Principles

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### Funding

Fully-insured

Level funded

Self-funded

### Networks

PPO

POS

HMO

Narrow network

### Coverages

Medical

Dental

Vision

Life

LTD

STD

Voluntary

# Understanding Your Health Insurance Cost



Know the terminology:

- Premiums
- Claims
- Reserves
- Employee Cost Shares

PA 579 can assist for large groups





# Basic Terms



## Formulary

At its most basic level, a formulary is a list of medicines. The main function of formularies today is to specify which medicines are approved. The development of formularies is based on evaluations of efficacy, safety, and cost-effectiveness of drugs.

## Network

A group of doctors, hospitals and other health care providers contracted to provide services to insurance companies customers for less than their usual fees. Provider networks can cover a large geographic market or a wide range of health care services. Insured individuals typically pay less for using a network provider.



# Concept of Health Insurance

Insurance is simply paying someone to assume risk on your behalf

01

Cost

Premium  
amounts

02

Flexibility

What doctors/  
hospitals/  
specialists you  
can use

03

Coverage

Deductible/  
coinsurance/copayments  
/out of pocket  
maximums

These three “levers” of  
health insurance work  
together to help  
individuals select a  
plan that best meets  
their needs





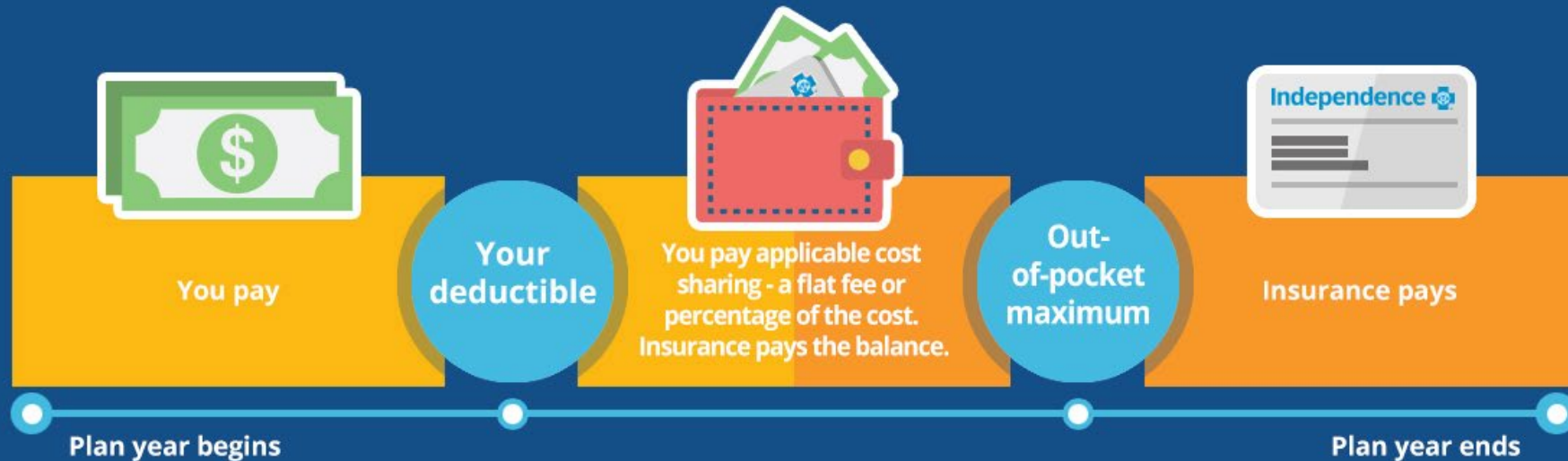
# All About Deductibles

Independence 

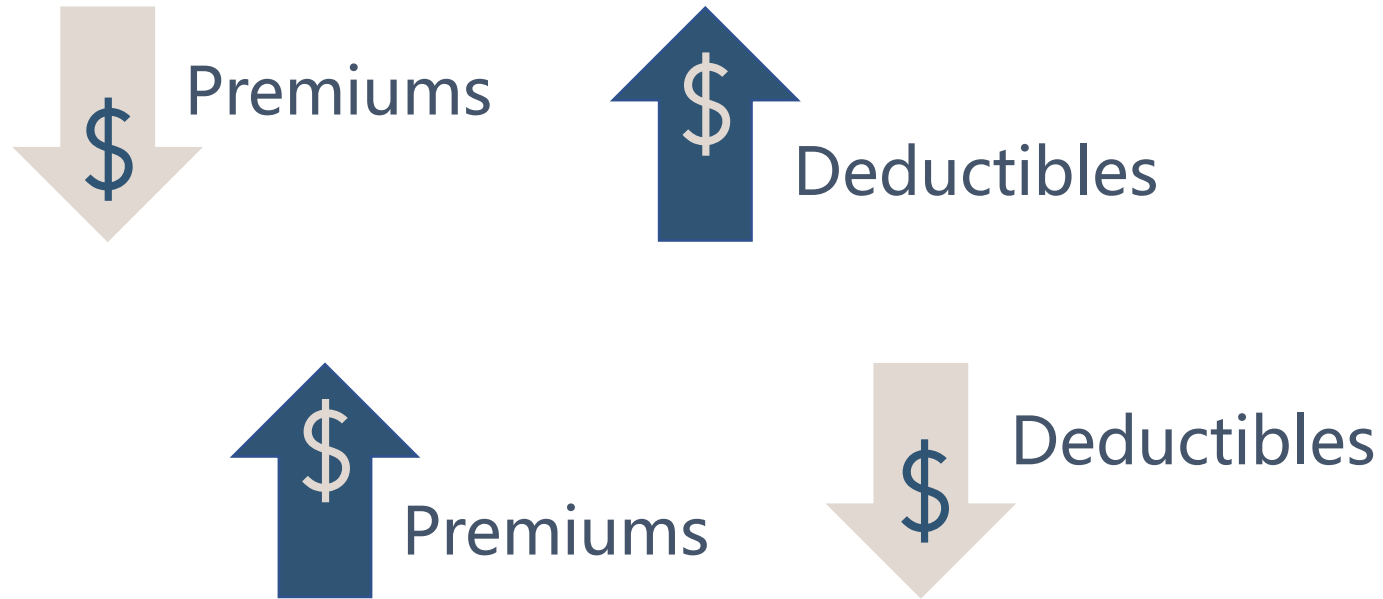


## What's a DEDUCTIBLE?

A deductible is the amount you pay each year before your health plan begins paying for some or all of covered health care services.



# Relationship Between Insurance Deductibles & Premiums





# Types of Health Insurance

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## Individual

Obamacare/ACA marketplace is a type of individual health insurance

## Group (Employer)

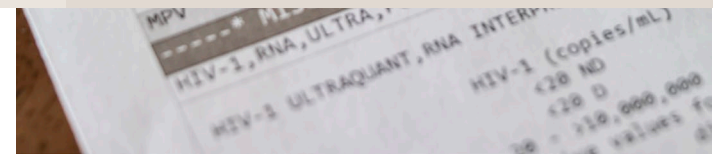
This is what SET SEG manages

## Medicare

For those who are disabled or 65+

## Medicaid

For those who have a financial need





# Types of Health Insurance Plans

- Traditional
  - Higher premium, lower deductible
  - First dollar coverage with copays
- High Deductible Health Plan
  - Lower premium, higher deductible
  - Paired with tax-advantaged HSA
- Health Lifestyle
  - Incentivized benchmarks for higher coverage

# Half of the US Population Accounts for 97.1% of Healthcare Spending

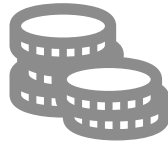
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Half the Population



97.1%

The Other Half



2.9%

The Top 1% of  
Health Spenders



\$51,951 or more per  
person annually



# Over Time, Family Premiums Have Risen Faster than Wages & Inflation



**Figure 17**

**Cumulative Increases in Family Coverage Premiums, General Annual Deductibles, Inflation, and Workers' Earnings, 2013-2023**



NOTE: Average general annual deductibles are for single coverage and are among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

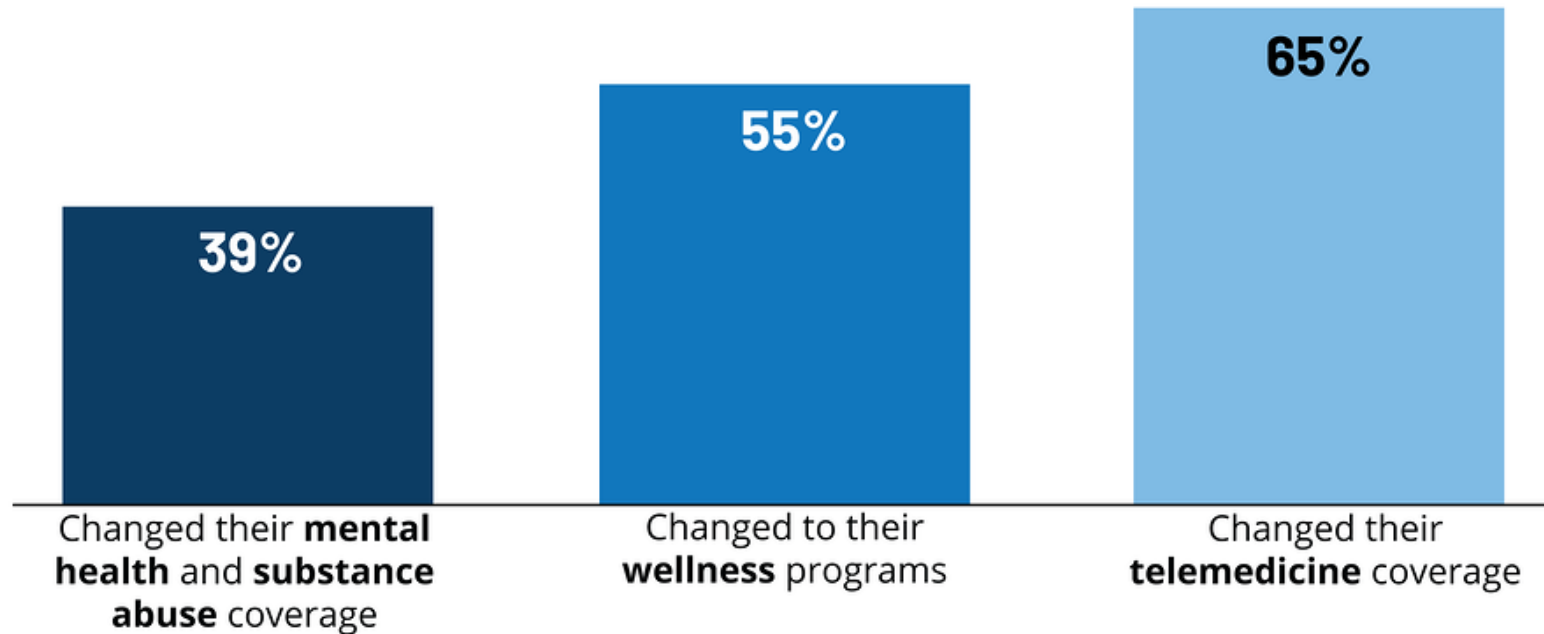
SOURCE: KFF Employer Health Benefits Survey, 2018-2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2013-2023; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2013-2023.

# Covid-19 Pandemic



## Many Employers Changed Health Benefits in Response to Covid-19 Pandemic

*Among firms with at least 50 workers that offer each*



SOURCE: 2021 Employer Health Benefits Survey, KFF

**KFF**



# Medical Loss Ratio (MLR)

What is the district paying in premium vs. what the carrier is paying in claims?

Medical Loss Ratio  

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(difference)\*



**Target MLR =  
85%**

Claims paid by carrier

*\*This is the carrier's profit!*



# Trendy Benefits

## What your employees are looking for

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### Long Term Care

What is it?

How does it work?

Why is it important?

### Employee Assistance Programs

Not all EAPs are the same, but determine for your district if you want to “check a box” or be proactive in assisting the mental wellness of your staff

### Direct Primary Care/Health Clinics

What are they?

How do they work?

What are the benefits?

*\*be cautious when partnering with health systems*

### Increased Appetite for Injectables & Diabetes Weight Loss Meds

Be cautious. Self-funded plans have more control over formulary

### Pet Insurance

Written as a group, voluntary, underwritten per individual

Rates based on age, location, species, breed

Customizable plans

Up to 3 pets covered on same plan

Group must have 100+ eligible (no min. participation)





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# How to Optimize Your Healthcare Plan



# Optimizing Your Medical Coverage



The costs of care can vary quite a bit from one type of care to another.  
Your options for a 'sore throat' ...

Types of Care	Cost of Care
Use Telemedicine	\$50 or less
Visit Physician	\$90-110
Visit Urgent Care	\$130
Visit the ER	\$1,250-1,500



# Optimizing Your RX Coverage

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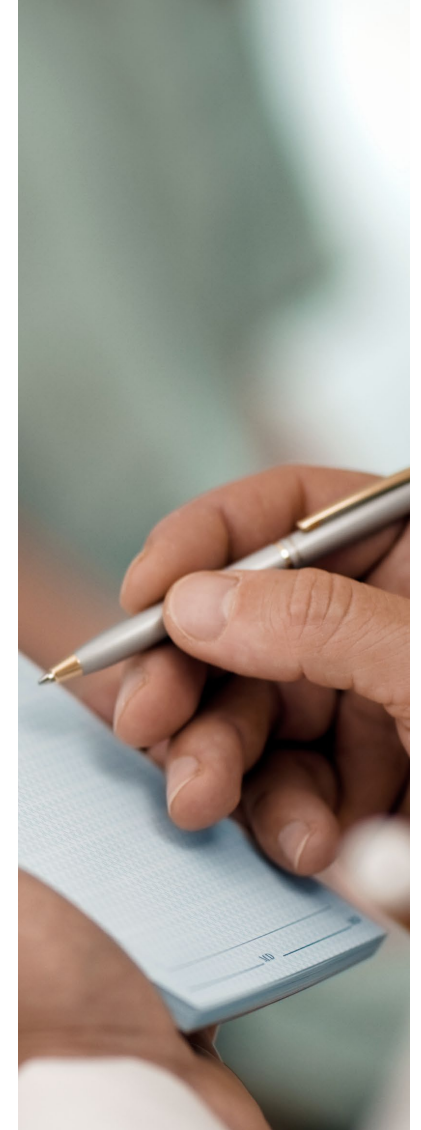
Becoming a savvy Rx shopper is one of the best ways to reduce your healthcare costs. There are a few simple steps we all can take that have the potential to save us hundreds, if not thousands of dollars.



# Optimizing Your RX Coverage

Always talk to your doctor about the medications you are taking.

- How much does this medication cost?
- Are there cheaper alternatives that I could take together that would provide the same outcomes?
- Is there a low-cost generic option available?





# Online Shopping Optimizing Your RX Coverage

There are a few great tools to use online that can help you find the cheapest pharmacies and coupons for the medications you are taking.

- Good Rx – [www.goodrx.com](http://www.goodrx.com)
- Pharmacy Checker – [www.pharmacychecker.com](http://www.pharmacychecker.com)

\*If you use coupons, you may not get deductible credit for the Rx purchase

The screenshot displays the GoodRx website interface for the drug Coumadin (Jantoven, Warfarin). The top section includes the drug name, a brief description of its use as an anticoagulant, and a price comparison stating that the lowest GoodRx price is around \$4.00, which is 78% off the average retail price of \$18.30. Below this, the 'Prescription Settings' bar shows the selected drug as 'warfarin (generic)', dosage as '5mg', and quantity as '30 tablets'. A sidebar on the left offers navigation options like 'Prices', 'Medicare', 'Savings Tips', 'Drug Info', 'Side Effects', 'Images', and 'Latest News'. The main content area, titled 'Prices and coupons for 30 tablets of warfarin 5mg', features a location setting prompt and a list of pharmacies. The CVS Pharmacy entry is highlighted with a yellow border, showing a price of \$7.98 with GoodRx Gold. Other listed pharmacies include Walmart at \$4.00 cash, Kroger Pharmacy at \$7.43 with a free coupon, Kmart at \$10.16 with a free coupon, and Costco at \$10.17 with a free coupon. Each pharmacy entry includes a 'GET FREE COUPON' button.

Pharmacy	Price	Coupon
CVS pharmacy	Pay just \$7.98 with GoodRx Gold at CVS. Save even more on your family's prescriptions at CVS and other pharmacies with a GoodRx Gold membership.	SIGN-UP
Walmart	\$4.00 cash	NO COUPON NECESSARY
Kroger Pharmacy	\$14 est cash price \$7.43 with free coupon	GET FREE COUPON
Kmart	\$11 est cash price \$10.16 with free coupon	GET FREE COUPON
Costco	\$10.17 with free coupon	GET FREE COUPON





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# Questions?



Thank You!

