

Today's Agenda

- ❖ Health Plan Discussion
 - Tier Alignment
 - Plan Design Changes – Grandfathered Status
- ❖ Marketplace Trends
- ❖ Eligibility Management
 - Dependent Cost & Audit
- ❖ Other Observations



Health Plan Discussion



Participant Cost-Sharing

❖ Tier Alignment

- Current step factors are not industry standard
- Consider realigning step factors to industry standard as shown below
- Changes can be made to be cost neutral to the University system

	Industry Standard	Current
Employee	1	1
EE/Spouse	2.1	1.95
EE/Child(ren)	1.8	1.52
Family	3.2	2.43

Grandfather Status

❖ Forfeit Grandfather Status

- Inclusion of copays in out-of-pocket (PCP, Specialist, Chiropractor, Urgent Care and Prescription Drugs)
- Out-of-Network Emergency Room benefits must be level as in-network (coinsurance increase to 80% from 70%)
- \$0 Preventive Care visits (subject to age and frequency limitations)
- \$0 Women's Health (i.e. \$0 contraceptives, breast pumps, lactation consulting, etc.)
- Coverage of routine costs associated with clinical trials
- Expanded claims and appeal requirements

Proposed Plan Changes – 2016

forfeit grandfathered status

	Blue Cross Blue Shield of AR PPO 1/1/2015		Blue Cross Blue Shield of AR PPO Proposed 1/1/16	
	PPO	Out-of-Network	PPO	Out-of-Network
Calendar Year Deductible				
Individual	\$600	\$850	\$600	\$850
Family	\$1,200	\$1,700	\$1,200	\$1,700
Out-of-Pocket Maximum	Includes Deductibles	Includes Deductibles	Includes Deductibles & All Copays	Includes Deductibles & All Copays
Individual	\$1,700	\$2,250	\$2,500	\$3,050
Family	\$3,400	\$4,500	\$5,000	\$6,100
Physician Office Visits				
Primary Care	\$35 Copay	70% after deductible	\$35 Copay	60% after deductible
Specialist	80% after deductible	70% after deductible	\$50 Copay	60% after deductible
Urgent Care	\$35 Copay	70% after deductible	\$35 Copay	60% after deductible
Wellness/Preventive	\$35 Copay	Not Covered	\$0 Copay	Not Covered
Hospital Services				
Inpatient	80% after deductible	70% after deductible	80% after deductible	60% after deductible
Outpatient	80% after deductible	70% after deductible	80% after deductible	60% after deductible
Emergency Room	80% after deductible, plus \$60 copay	70% after deductible, plus \$60 copay	80% after deductible, plus \$60 copay	80% after deductible, plus \$60 copay
Mental Health				
Inpatient	80% after deductible	70% after deductible	80% after deductible	60% after deductible
Outpatient	80% after deductible	70% after deductible	80% after deductible	60% after deductible
Office Visits	80% after deductible	70% after deductible	\$35 Copay	60% after deductible
Substance Abuse				
Inpatient	80% after deductible	70% after deductible	80% after deductible	60% after deductible
Outpatient	80% after deductible	70% after deductible	80% after deductible	60% after deductible
Chiropractic Care	50% no deductible	Not Covered	50% no deductible	Not Covered
Limitations	20 visits		20 visits	
Prescription Drugs				
Retail				
Generic	\$12 Copay		\$12 Copay	
Preferred Brand	\$35 Copay		\$35 Copay	
Non-preferred brand	\$60 Copay		\$60 Copay	

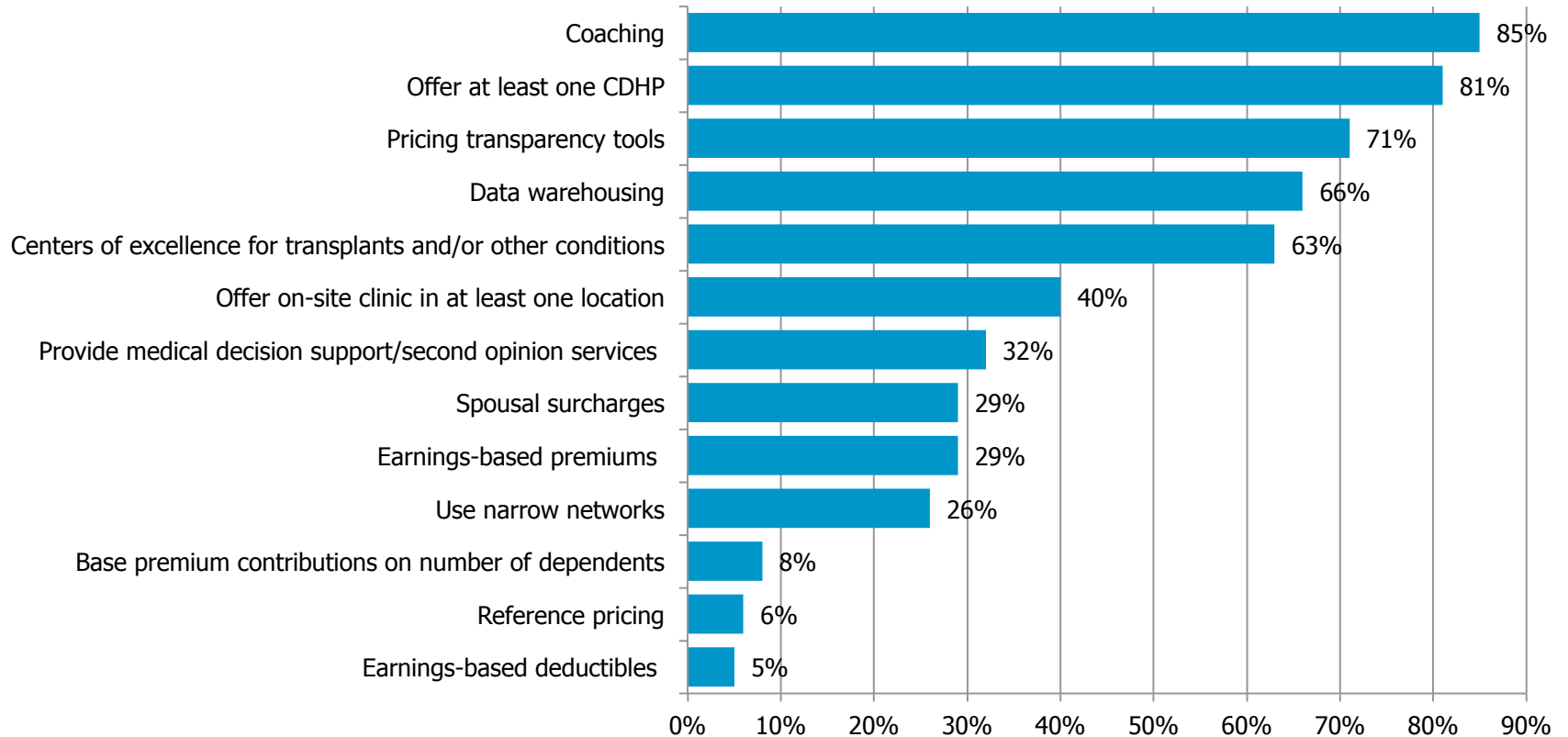


Marketplace Trends



Marketplace Trends: Employer Plans—Current “Best Practices”

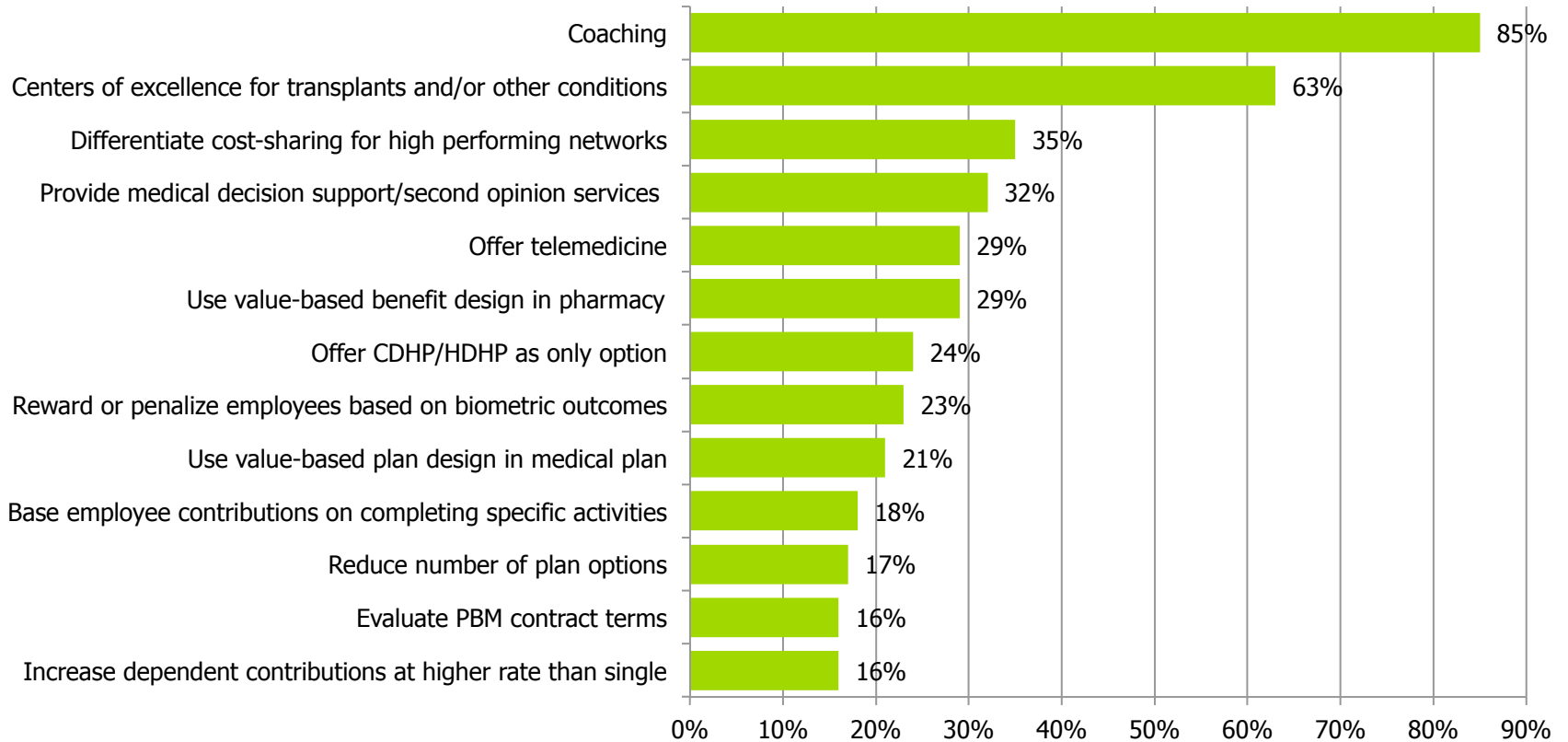
Current Prevalence Among Large Employers



Source: NBGH Large Employer 2015 Health Plan Design Survey

Marketplace Trends: What Are Employers Considering for 2016?

Employers Plan to Do



Source: 2014 NBGH/Towers Watson Employer Survey on Purchasing Value in Health Care



Eligibility Management



Medical/Rx Claim Cost by Member Type

Based on most recent 12 months claims experience through May 2015 – includes large claimants (which are employees). Claim cost only.

	Annual Claim Cost
Member (all)	\$3,288
Employee	\$3,961
Spouse	\$4,468
Child	\$1,422

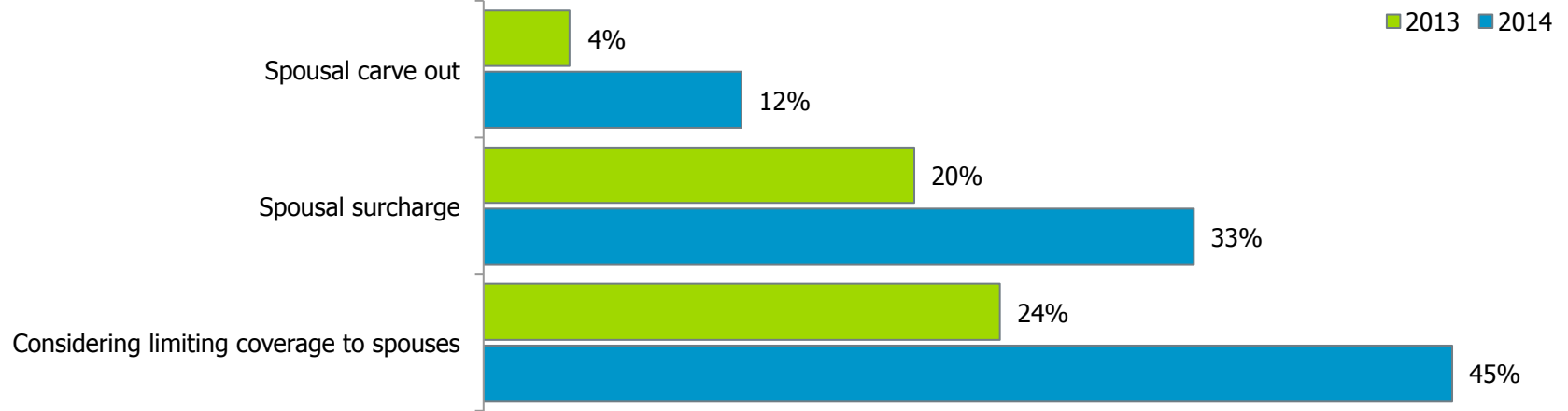
Note current spouse annual cost is 12.8% higher than the employee annual cost.

Eligibility Verification Audits

- ❖ What is an eligibility verification audit?
 - A process to identify, verify, and confirm eligible participants and eliminate ineligible employees and dependents who are not qualified to participate in an employer health plan.
 - Dependent eligibility verification audits remain one of the top cost-containment tools for self-funded plan sponsors.
- ❖ Emerging trends
 - With the advent of more “working spouse” rules, verification of other coverage is becoming increasingly more common in order to maximize the value of the rule.
 - Employers are typically establishing one of the following working spouse rules: surcharge, waiver/carve-out, or mandatory enrollment.
 - Verification of other coverage can be performed after an employer sets up a new working spouse rule, or prior to implementation of the eligibility change. This can be performed in conjunction with a full eligibility audit.
 - Proper verification of other coverage can deliver annual health plan cost savings of 3-9%, depending on the actual rule.

Spousal Eligibility Options

What Are Employers Doing with Spouses?

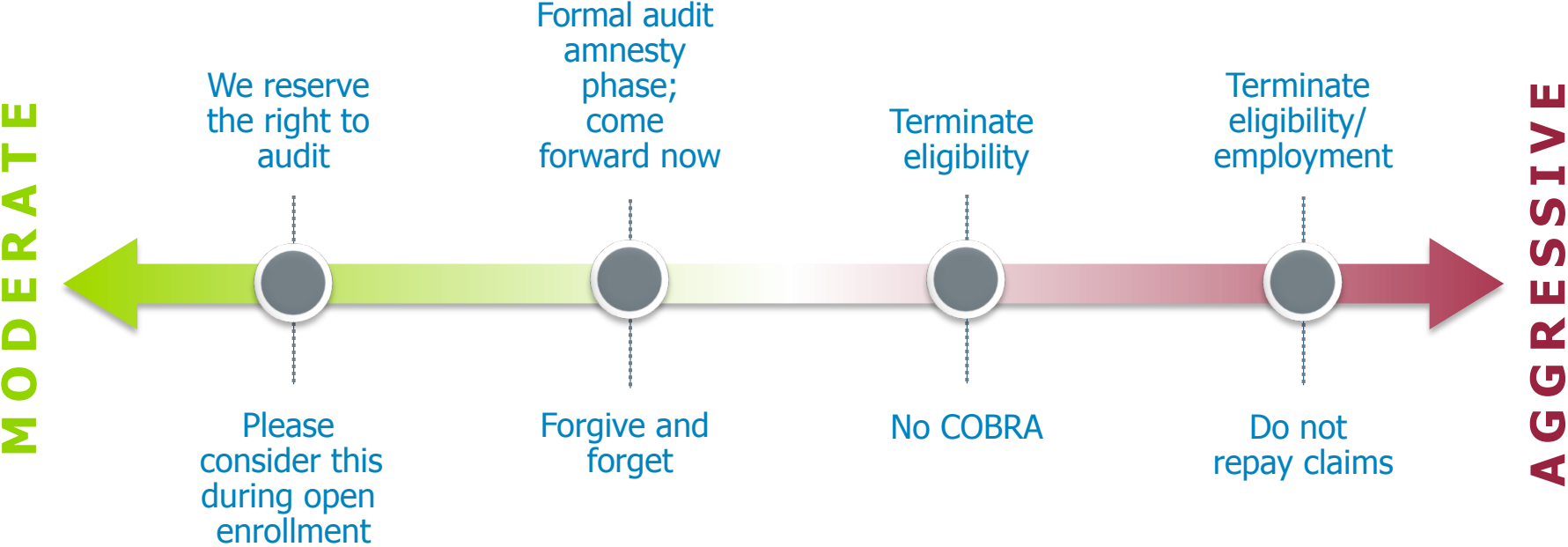


Why It Matters/Key Considerations

- ❖ Spouses generally cost \$6,239 per member, per year (InfoLock® data as of 06/30/14).
- ❖ Real savings are achieved when spouses terminate from plan.
- ❖ Health reform does not require coverage of spouses.
- ❖ UPS, University of Virginia, and the Associated Press are among the most recent employers to carve out spouses.
- ❖ Largest employers are most likely to charge spouses more or limit coverage.

Source: National Business Group On Health Large Employers' 2015 Health Plan Design Survey

Eligibility Verification Audit Spectrum of Consequences



Sample Criteria for Proving Eligibility

Spouse

- ✦ A copy of most recently filed tax return confirming the status of spouse as an eligible dependent
- or
- ✦ A copy of spouse's most recently filed tax return that reflects the same home address, and
- ✦ A copy of marriage license

Common-Law Spouse/ Domestic Partnership

- ✦ A copy of most recently filed tax return confirming the status of common-law spouse as an eligible dependent
- or
- ✦ A copy of common-law spouse's most recently filed tax return that reflects the same home address, and
- ✦ A notarized copy of the company affidavit confirming informal marriage/domestic partnership

Children Under the Age of 26

- ✦ A copy of front page of most recently filed tax return confirming the status of each child as an eligible dependent or a copy of spouse's most recently filed return, if spouse claims each child, and
- ✦ A copy of each child's birth certificate
- or
- ✦ A copy of a court decree or a QMSCO

Note: If the court decree does not require that health insurance be provided, but verifies joint custody, this may be used in lieu of a tax return

Medically Disabled Dependent

- ✦ A copy of the front page of most recently filed federal tax return confirming the status of child(ren) as eligible dependents and a copy of each child's birth certificate
- ✦ If a dependent child submits his or her own tax return, a copy of the 1040 will also be provided with a copy of the Social Security award letter

Eligibility Audit Savings

Dependent Eligibility Audit Savings Calculation

Total Covered Employees	1,963
Covered Employees with Dependents	988
Total Number of Spouses	870
Annual Cost per Spouse	\$4,468
Annual Employer Spend for Dependents	\$3,887,160
Percentage of Dependents Removed From Plan	5.0%
Total Dependents Removed	44

Total Annual Savings **-\$196,592**

Dependent Eligibility Audit Savings Calculation

Total Covered Employees	1,963
Covered Employees with Dependents	988
Total Number of Children	1,260
Annual Cost per Spouse	\$1,422
Annual Employer Spend for Dependents	\$1,791,720
Percentage of Dependents Removed From Plan	5.0%
Total Dependents Removed	63

Total Annual Savings **-\$89,586**

Total Spouse and Children Annual Savings **-\$286,178**



Other Observations



Dental and Vision

❖ Dental

- Experience review indicates estimated loss ratio in 2013 for the 2014 renewal period wherein ASU received a rate pass was approximately 78.5%
- Loss ratio in 2014 for the 2015 renewal period wherein ASU received a plus 5.8% renewal was approximately 83%
- Current rolling 12 months experience loss ratio is 79%. We would expect little to no rate increase for 2016

❖ Vision

- Currently in a rate guarantee through 2016
- Due to favorable experience, we have approached VSP regarding enhancement of benefit (i.e. an increase in contact lens benefit) at no additional cost and extension of the current rate guarantee until 2020

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