

DAEMEN  
COLLEGE



**M&T** Insurance Agency, Inc.

February 14, 2017

# M&T Insurance Agency, Inc.

## Dedicated Service Team



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- Lead Consultant



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- Account Executive
- Group Benefits

## Agenda

- Recap of Goals and Constraints
- Committee Considerations
  - Funding Method
  - Request for Proposal
  - Plan Design Optimization
- Employer Contribution & Healthcare Accounts
- Other Considerations
  - Dual Plan Design Offering
  - Wellness
  - Participants Outside WNY
- Additional Information

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## Recap of Goals and Constraints

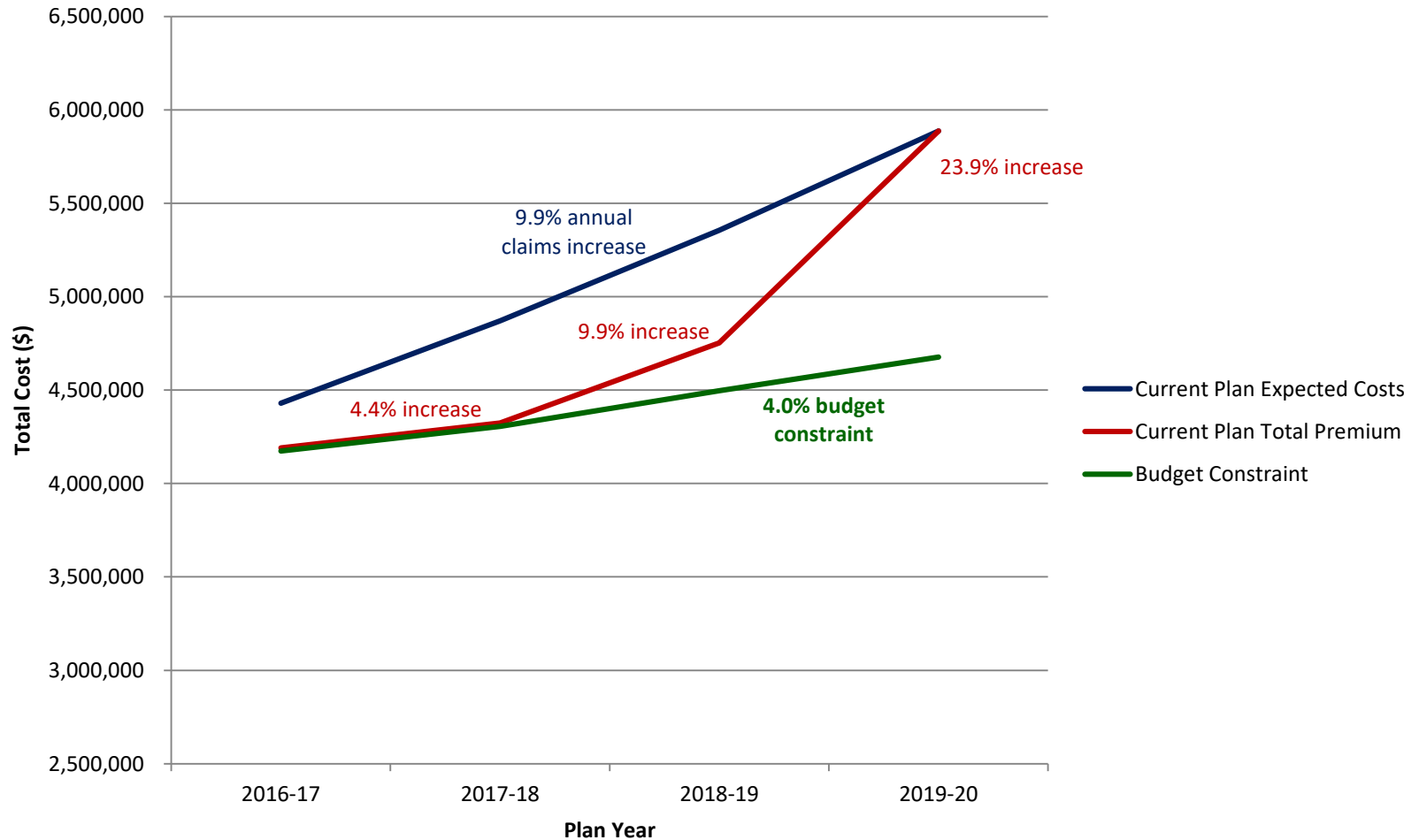
## College Goals

Considerations for future benefit decisions



# Daemen Plan Cost Projections

## Estimated Current Plan Cost vs. Premium Increases



National healthcare costs are projected to increase 7.6% for Medical and 11.6% for Pharmacy.

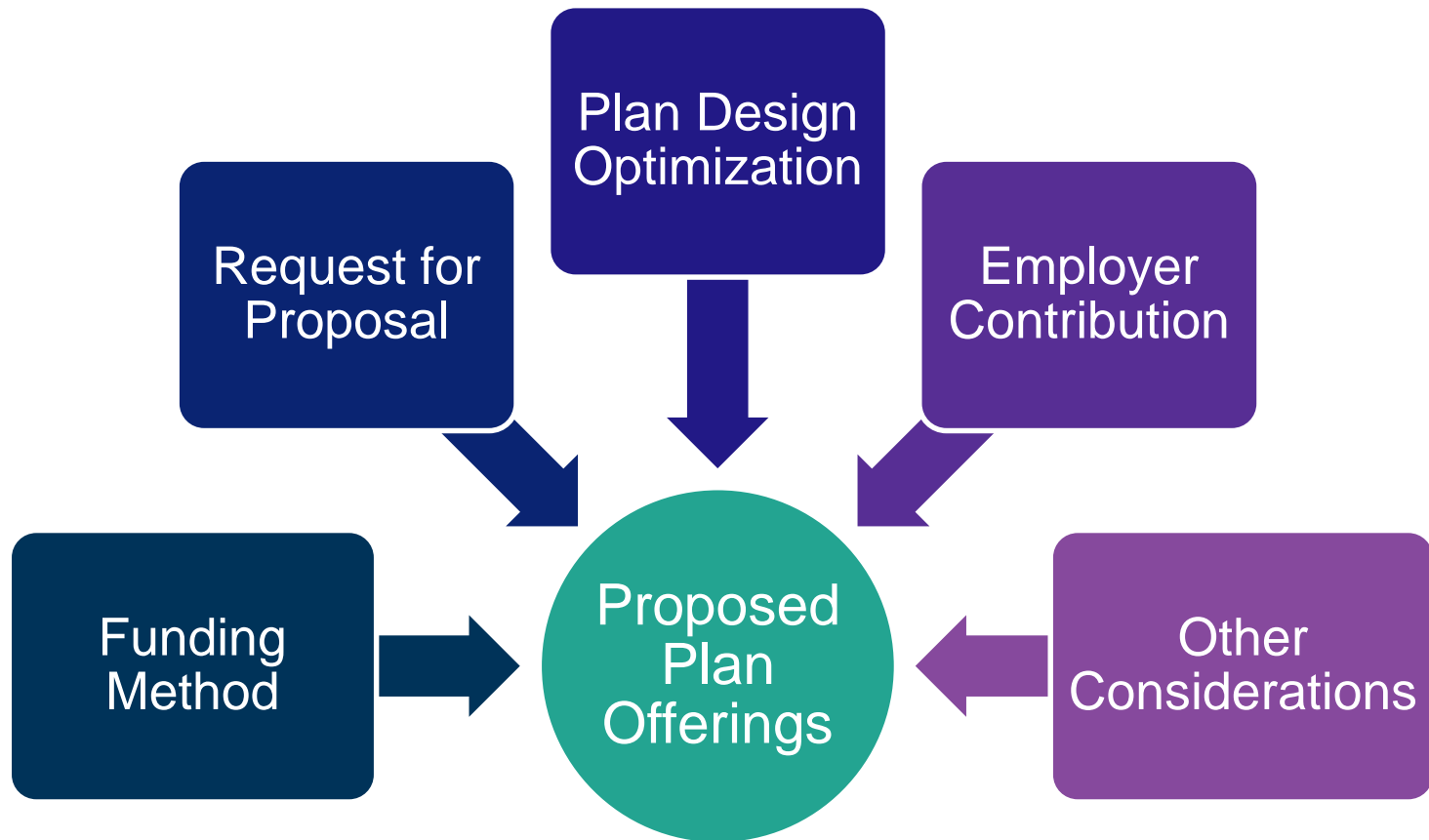
Source: 2017 Segal Health Plan Cost Trend Survey



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## Committee Considerations

## Committee Considerations





## Funding Method

### Self-Funding Review – Medical and Pharmacy

- Self-funding Medical and Pharmacy did not render enough savings
  - Savings were reduced by the RFP driving lower premiums

### Self-Funding Review – Pharmacy Only

- Self-funding Pharmacy Only did not render enough savings
  - Daemen's claims experience for pharmacy only does not produce any expected savings compared to the low fully insured premiums
  - Additional potential risk of \$250,000 to stop loss maximum

**M&T does not recommend self-funding for 2017-2018 plan year**

## Plan Design Considerations

- Committee reviewed 8 plan designs
  - Deductibles ranged from \$0 to \$5,000 single / \$10,000 family
  - Impact on employees and plan premiums were considered
  - Many of these plan designs did not make sense for Daemen
- Carriers will not allow two plan offerings from different carriers
- Univera pricing is favorable on the current plan design, but was not competitive on alternative plan designs
- Daemen has concerns regarding the campus-wide disruption of changing carriers and the impact to staff
- Focus is on plan changes since we are familiar with current plan

## Request for Proposal Outcome

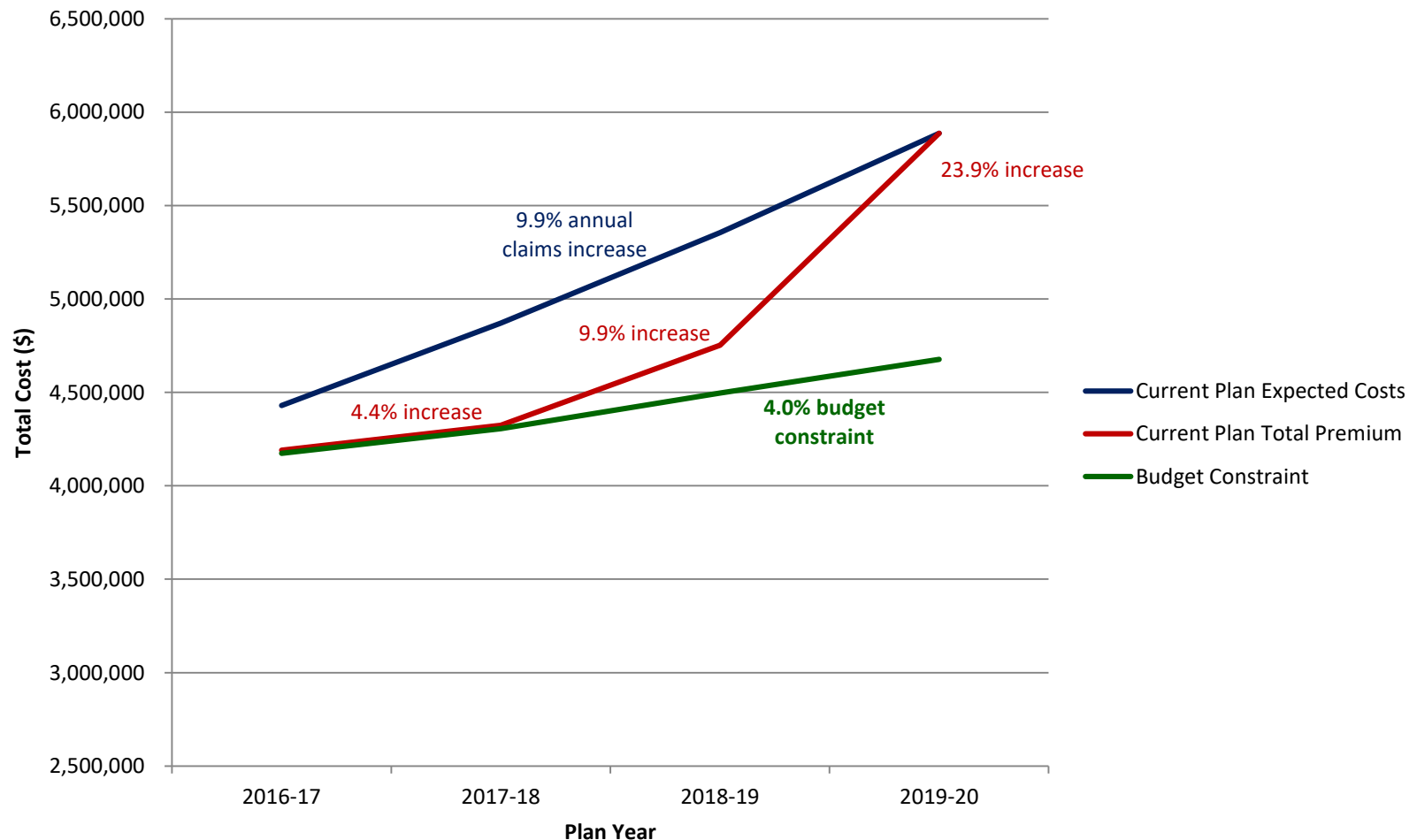
M&T submitted proposals to Univera, Independent Health and BCBS of WNY

- Final results:
  - Univera similar plan design with 0% change in premium
  - Independent Health was not competitive
  - BCBS of WNY 4.4% increase down from 7.5%
    - Proposal included a Qualified High Deductible Plan that provides a 22% decrease in premium
- Second year rate cap of 9.9%

**Pricing proposals from each carrier should be treated as confidential.**

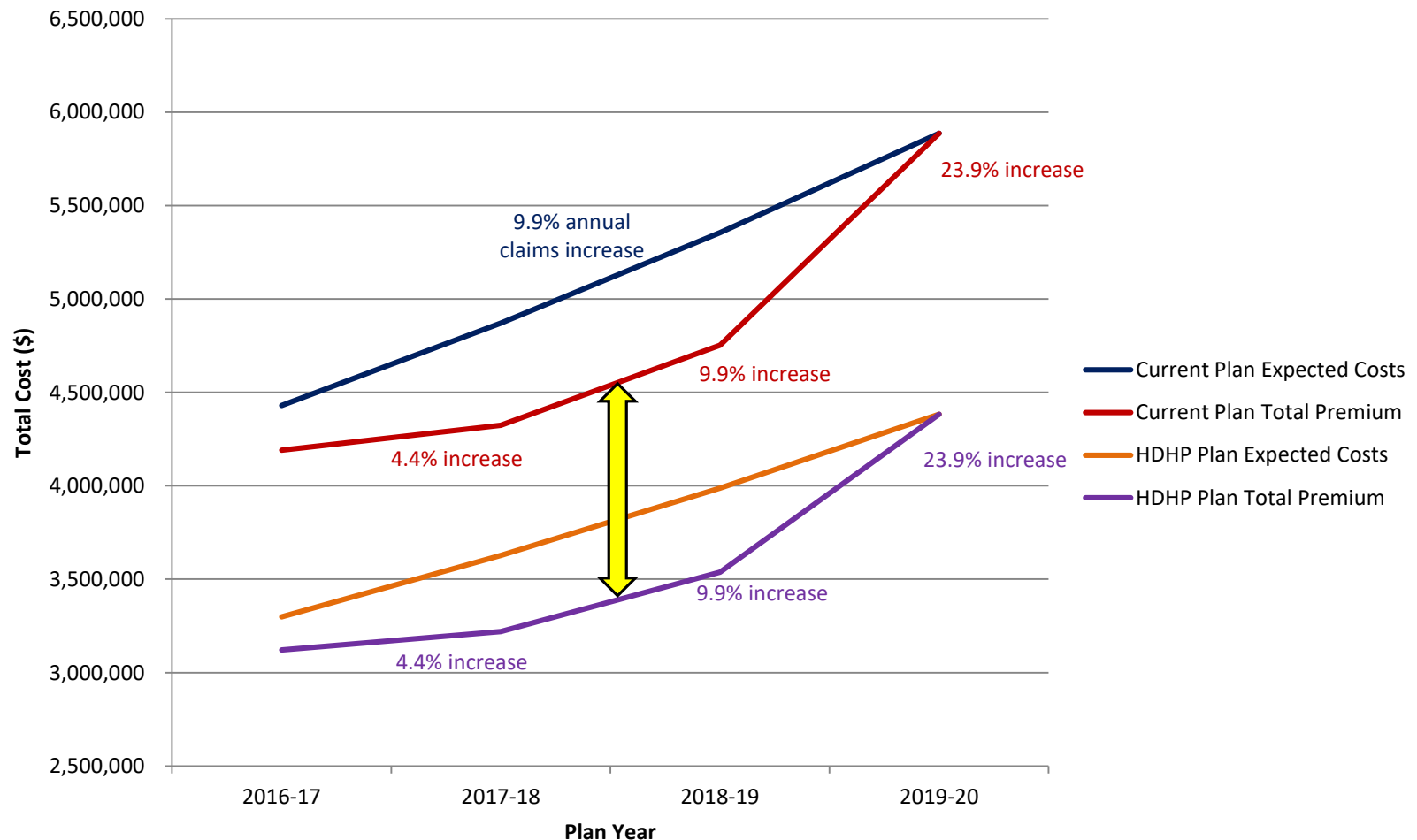
# Savings Opportunities through Plan Design Changes

## Estimated Current Plan Cost vs. Premium Increases



# Savings Opportunities through Plan Design Changes

## Estimated Current & HDHP Plan Cost vs. Premium Increases



## Distilled Plan Design Considerations

	BCBS POS 206	Univera PPO	BCBS HDHP POS 8200
Deductible – IN	\$0	\$0	Combined IN & OON
Deductible – OON	\$1,000/\$2,000	\$1,000/\$3,000	\$1,500/\$3,000
Coinsurance – IN	0%	0%	20%
Coinsurance – OON	25%	25%	40%
Out-of-Pocket Max – IN	\$6,350/\$12,700	\$4,200/\$12,600	\$3,000/\$6,000
Out-of-Pocket Max – OON	\$5,000/\$10,000	\$8,400/\$25,200	\$5,000/\$10,000
Primary & Specialist	\$25	\$25	Ded then 20%
Preventive Services	\$0	\$0	\$0
Inpatient Service	\$500	\$500	Ded then 20%
Maternity	\$0	\$500	Ded then 20%
Outpatient Service	\$75	\$75	Ded then 20%
Emergency Room	\$50	\$50	Ded then 20%
Urgent Care	\$35	\$35	Ded then 20%
Durable Medical	50%	20%	Ded then 20%
Prosthetic & Orthotics	20%	20%	Ded then 20%
Prescription	\$10/\$50/\$100	\$10/\$50/\$100	Ded then \$10/\$50/\$100
<b>Total Annual Premiums:</b>	<b>\$4,323,788</b>	<b>\$4,107,066</b>	<b>\$3,219,529</b>
<b>Difference from Current:</b>	<b>\$132,493</b>	<b>(\$84,229)</b>	<b>(\$971,766)</b>



# Plan Design Optimization

## Utilizing BCBS of WNY's HDHP proposal

- Considered state is POS 8200 HDHP plan with BCBS of WNY as the base plan for contributions
  - \$1,500 single/ \$3,000 family deductible
  - 20% coinsurance
  - \$3,000 single/ \$6,000 family out-of-pocket maximum
- Salary-based contribution tiers will apply to employee premium contributions similar to the current state
- Daemen will fund a % of the deductible via a Healthcare Spending Account based on current contribution levels
  - Healthcare Spending Account may be in the form of a Health Savings Account (HSA) or Health Reimbursement Account (HRA)
  - Healthcare Spending Accounts are used to pay for any out-of-pocket expenses incurred, including deductibles and coinsurance. There are no copays in the POS 8200 HDHP plan.
  - See Additional Information slides for a glossary of terms

# Plan Design Optimization

Comparing current BCBS POS 206 to BCBS HDHP Option

## Data Assumptions

- Current state is assuming the POS 206 rates and out-of-pocket expenses
- The claims data was modeled under each contribution level scenario (343 employees modeled using each of the 5 salary-based contribution tiers)
- Employee “Net Healthcare Spend” is Employee Premium + Deductible + Copays + Coinsurance - Healthcare Spending Account
- For the purpose of this analysis, an average salary was assumed for participants under each of the current salary-based contribution tiers
- Data was modeled against actual employee and dependent claims utilization for claims incurred October 2015 through September 2016

## Plan Design Optimization – Single Coverage Example

Comparing current BCBS POS 206 to BCBS HDHP Option

Salary Range	Single Coverage Employee Monthly Premium	
	Current	HDHP
Under \$25k	\$21.86	\$8.29
\$25k - \$40k	\$72.14	\$24.87
\$40k - \$60k	\$120.24	\$41.46
\$60k - \$80k	\$135.54	\$58.04
Over \$80k	\$144.28	\$74.62

Single Coverage Health Spending Account	
Current	HDHP
\$0	\$1,100
\$0	\$900
\$0	\$750
\$0	\$500
\$0	\$300

**National average monthly employee contribution for Single Coverage in 2015 was \$89.**

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2015

# Plan Design Optimization - Single Coverage Example

Comparing Net Healthcare Spend under current BCBS POS 206 and BCBS HDHP Option

**LOW Utilization (\$0 - \$6k Claims)**  
**114 employees**

Salary Range	Current	HDHP
Under \$25k	\$531	\$465
\$25k - \$40k	\$1,161	\$769
\$40k - \$60k	\$1,763	\$1,051
\$60k - \$80k	\$1,955	\$1,402
Over \$80k	\$2,064	\$1,742

**MODERATE Utilization (\$6k - \$24k Claims)**  
**10 employees**

Salary Range	Current	HDHP
Under \$25k	\$1,927	\$1,872
\$25k - \$40k	\$2,557	\$2,271
\$40k - \$60k	\$3,159	\$2,620
\$60k - \$80k	\$3,350	\$3,069
Over \$80k	\$3,460	\$3,468

**HIGH Utilization (\$24k - \$60k Claims)**  
**5 employees**

Salary Range	Current	HDHP
Under \$25k	\$1,536	\$1,666
\$25k - \$40k	\$2,165	\$2,065
\$40k - \$60k	\$2,768	\$2,414
\$60k - \$80k	\$2,959	\$2,863
Over \$80k	\$3,069	\$3,262

**CATASTROPHIC Utilization (\$60k+ Claims)**  
**2 employees**

Salary Range	Current	HDHP
Under \$25k	\$4,398	\$1,999
\$25k - \$40k	\$5,028	\$2,398
\$40k - \$60k	\$5,630	\$2,747
\$60k - \$80k	\$5,822	\$3,196
Over \$80k	\$5,931	\$3,595

Majority of employees with Single Coverage would spend less under the HDHP.

Net Healthcare Spend = Premium Contributions + Deductible + Coinsurance + Copays – Healthcare Funds

## Plan Design Optimization - Single Coverage Example

Comparing Net Healthcare Spend under current BCBS POS 206 and BCBS HDHP Option

### Maximum Cost Scenario

Salary Range	Current	HDHP
Under \$25k	\$5,457	\$1,999
\$25k - \$40k	\$6,086	\$2,398
\$40k - \$60k	\$6,689	\$2,747
\$60k - \$80k	\$6,880	\$3,196
Over \$80k	\$6,990	\$3,595

Worst Case Scenario – Highest cost claimant with Single Coverage would have spent more under the Current Plan.

Net Healthcare Spend is based on averages; actual costs may vary for each employee.

## Plan Design Optimization – Family Coverage Example

Comparing current BCBS POS 206 to BCBS HDHP Option

	Family Coverage Employee Monthly Premium	
Salary Range	Current	HDHP
Under \$25k	\$34.98	\$10.79
\$25k - \$40k	\$126.80	\$53.97
\$40k - \$60k	\$218.60	\$97.14
\$60k - \$80k	\$240.46	\$140.31
Over \$80k	\$273.26	\$183.49

Family Coverage Health Spending Account	
Current	HDHP
\$0	\$2,200
\$0	\$1,800
\$0	\$1,500
\$0	\$1,000
\$0	\$600

**National average monthly employee contribution for Family Coverage in 2015 was \$413.**

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2015



# Plan Design Optimization - Family Coverage Example

Comparing Net Healthcare Spend under current BCBS POS 206 and BCBS HDHP Option

**LOW Utilization (\$0 - \$6k Claims)**  
**108 employees**

Salary Range	Current	HDHP
Under \$25k	\$904	\$802
\$25k - \$40k	\$2,054	\$1,553
\$40k - \$60k	\$3,204	\$2,276
\$60k - \$80k	\$3,477	\$3,169
Over \$80k	\$3,888	\$4,001

**MODERATE Utilization (\$6k - \$24k Claims)**  
**71 employees**

Salary Range	Current	HDHP
Under \$25k	\$1,720	\$2,550
\$25k - \$40k	\$2,870	\$3,468
\$40k - \$60k	\$4,019	\$4,286
\$60k - \$80k	\$4,293	\$5,304
Over \$80k	\$4,704	\$6,222

**HIGH Utilization (\$24k - \$60k Claims)**  
**27 employees**

Salary Range	Current	HDHP
Under \$25k	\$2,610	\$3,905
\$25k - \$40k	\$3,760	\$4,823
\$40k - \$60k	\$4,910	\$5,641
\$60k - \$80k	\$5,183	\$6,659
Over \$80k	\$5,594	\$7,577

**CATASTROPHIC Utilization (\$60k+ Claims)**  
**6 employees**

Salary Range	Current	HDHP
Under \$25k	\$3,010	\$3,830
\$25k - \$40k	\$4,160	\$4,748
\$40k - \$60k	\$5,309	\$5,566
\$60k - \$80k	\$5,583	\$6,584
Over \$80k	\$5,994	\$7,502

Most families with under \$6,000 in claims would save under the HDHP.

Some families with higher healthcare claims may spend more under the HDHP.

Net Healthcare Spend = Premium Contributions + Deductible + Coinsurance + Copays – Healthcare Funds

## Plan Design Optimization - Family Coverage Example

Comparing Net Healthcare Spend under current BCBS POS 206 and BCBS HDHP Option

### Maximum Cost Scenario

Salary Range	Current	HDHP
Under \$25k	\$4,795	\$3,930
\$25k - \$40k	\$5,945	\$4,848
\$40k - \$60k	\$7,095	\$5,666
\$60k - \$80k	\$7,368	\$6,684
Over \$80k	\$7,779	\$7,602

Worst Case Scenario – Highest cost claimant with Family Coverage would have spent more under the Current Plan.

Net Healthcare Spend is based on averages; actual costs may vary for each employee.

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## Employer Contribution & Healthcare Accounts

## Employer Contribution

Employer Contributions considered in previous examples continue to be salary-based.

Salary Range	Single Coverage Employer Contribution %	
	Current	HDHP
Under \$25k	95.90%	98.00%
\$25k - \$40k	86.48%	94.00%
\$40k - \$60k	77.46%	90.00%
\$60k - \$80k	74.59%	86.00%
Over \$80k	72.96%	82.00%

Salary Range	Family Coverage Employer Contribution %	
	Current	HDHP
Under \$25k	97.48%	99.00%
\$25k - \$40k	90.87%	95.00%
\$40k - \$60k	84.26%	91.00%
\$60k - \$80k	82.69%	87.00%
Over \$80k	80.33%	83.00%

Daemen may contribute a higher percentage of premiums if a HDHP is implemented.

## Employer Contribution – Healthcare Spending Account

Health Spending Account funding may be salary-based, similar to employer contributions.

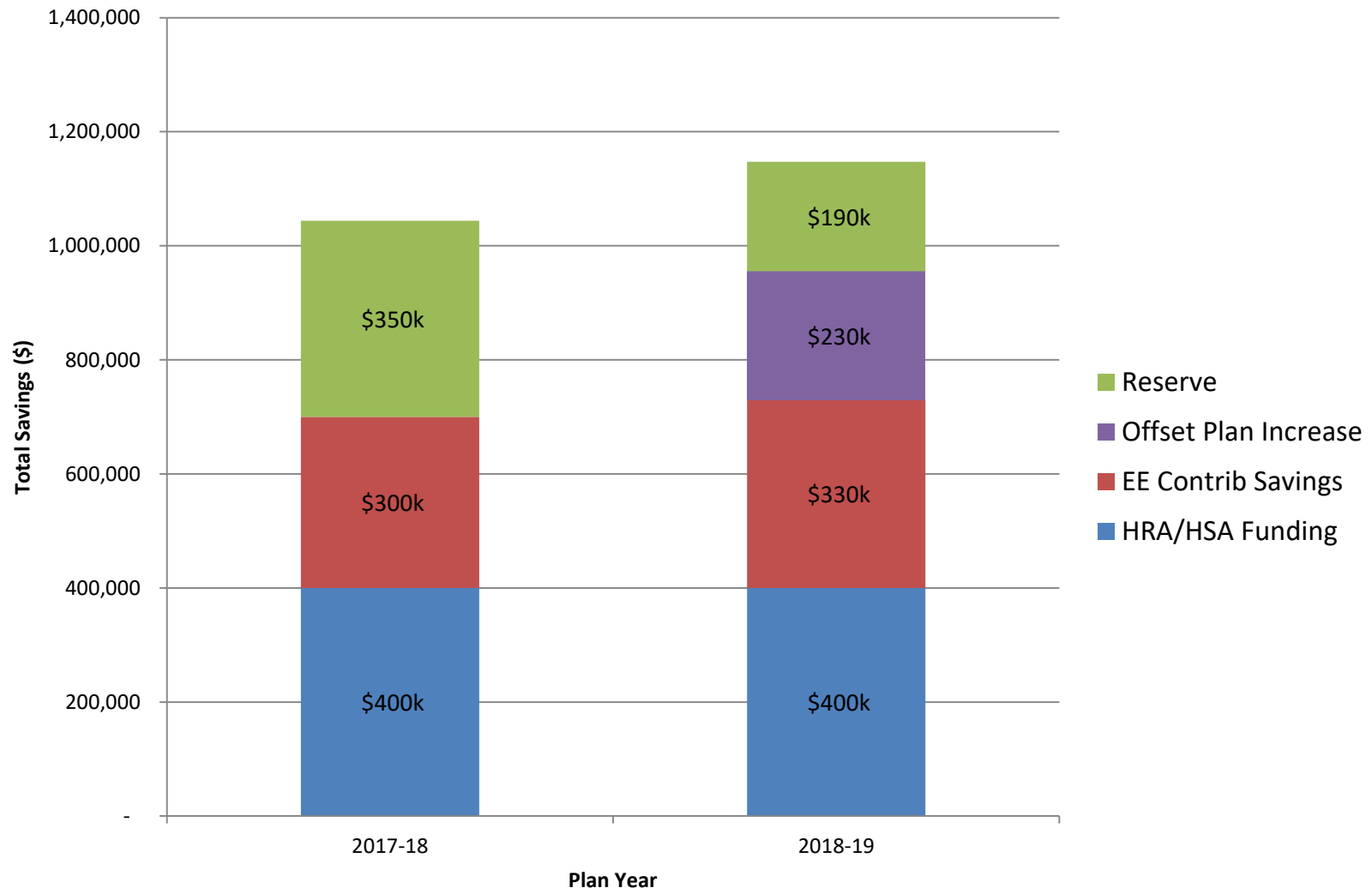
	Single Coverage Health Spending Account	
Salary Range	Current	HDHP
Under \$25k	\$0	\$1,100
\$25k - \$40k	\$0	\$900
\$40k - \$60k	\$0	\$750
\$60k - \$80k	\$0	\$500
Over \$80k	\$0	\$300

	Family Coverage Health Spending Account	
Salary Range	Current	HDHP
Under \$25k	\$0	\$2,200
\$25k - \$40k	\$0	\$1,800
\$40k - \$60k	\$0	\$1,500
\$60k - \$80k	\$0	\$1,000
Over \$80k	\$0	\$600

Daemen may contribute more Health Spending Account funds to lower salary tiers.

## Sample Allocation of HDHP Premium Savings

Based on total plan costs under BCBS Current Plan renewal vs. HDHP in each year





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## Other Considerations

# Dual Offering Option

## Current BCBS POS 206 and BCBS HDHP POS 8200

- Consideration is to offer BCBS HDHP POS 8200 plan with a \$1,500 single/ \$3,000 family deductible, 20% coinsurance and a \$3,000 single/ \$6,000 family out-of-pocket maximum **as the base plan for contributions to premiums.**
- Consideration is to allow Current POS 206 to remain an option, **however it would be a buy-up** from the HDHP.
- Consideration is for Daemen to contribute funds into a Healthcare Spending Account (HRA or HSA) based on contribution levels previously illustrated for those enrolled in the HDHP POS 8200 plan.

Salary Range	Single Monthly Employee Contribution Assuming Dual Offering			Single Contract Annual Difference Renewal vs HDHP
	Current	Renewal	HDHP	
Under \$25k	\$21.86	\$140.16	\$8.29	\$1,582.45
\$25k - \$40k	\$72.14	\$157.17	\$24.87	\$1,587.50
\$40k - \$60k	\$120.24	\$183.65	\$41.46	\$1,706.28
\$60k - \$80k	\$135.54	\$200.23	\$58.04	\$1,706.28
Over \$80k	\$144.28	\$216.81	\$74.62	\$1,706.28

Salary Range	Family Monthly Employee Contribution Assuming Dual Offering			Family Contract Annual Difference Renewal vs HDHP
	Current	Renewal	HDHP	
Under \$25k	\$34.98	\$351.87	\$10.79	\$4,092.89
\$25k - \$40k	\$126.80	\$396.22	\$53.97	\$4,107.01
\$40k - \$60k	\$218.60	\$467.34	\$97.14	\$4,442.40
\$60k - \$80k	\$240.46	\$510.51	\$140.31	\$4,442.40
Over \$80k	\$273.26	\$553.69	\$183.49	\$4,442.40

## GoodLife Requirements – Participation Incentive

New legislation does not permit BCBS of WNY to offer a deductible differential for participation in GoodLife requirements.

As a result, Daemen is considering a premium differential of \$50 per month for non-participants.

**Single Monthly Employee Contribution  
Dual Offering - GoodLife Participant**

Salary Range	Current	Renewal	HDHP
Under \$25k	\$21.86	\$140.16	\$8.29
\$25k - \$40k	\$72.14	\$157.17	\$24.87
\$40k - \$60k	\$120.24	\$183.65	\$41.46
\$60k - \$80k	\$135.54	\$200.23	\$58.04
Over \$80k	\$144.28	\$216.81	\$74.62

**Single Monthly Employee Contribution  
Dual Offering - NON GoodLife Participant**

Salary Range	Current	Renewal	HDHP
Under \$25k		\$190.16	\$58.29
\$25k - \$40k	Deductible	\$207.17	\$74.87
\$40k - \$60k	difference is no	\$233.65	\$91.46
\$60k - \$80k	longer available	\$250.23	\$108.04
Over \$80k		\$266.81	\$124.62

**Family Monthly Employee Contribution  
Dual Offering - GoodLife Participant**

Salary Range	Current	Renewal	HDHP
Under \$25k	\$34.98	\$351.87	\$10.79
\$25k - \$40k	\$126.80	\$396.22	\$53.97
\$40k - \$60k	\$218.60	\$467.34	\$97.14
\$60k - \$80k	\$240.46	\$510.51	\$140.31
Over \$80k	\$273.26	\$553.69	\$183.49

**Family Monthly Employee Contribution  
Dual Offering - NON GoodLife Participant**

Salary Range	Current	Renewal	HDHP
Under \$25k		\$401.87	\$60.79
\$25k - \$40k	Deductible	\$446.22	\$103.97
\$40k - \$60k	difference is no	\$517.34	\$147.14
\$60k - \$80k	longer available	\$560.51	\$190.31
Over \$80k		\$603.69	\$233.49

## **Participants Outside WNY**

Benefits will be similar to WNY employees

### **NYC Employees**

- Will be offered a PPO plan
- Network similar to current plan
- Plan designs will mimic those offered to WNY employees
- Contributions may vary from WNY as premiums differ between POS and PPO

### **Other members outside of WNY**

- Under the POS 206 option, members would be permitted to continue using the BCBS Away From Home Care Program.
- Under a HDHP option, members will have access to plan designs similar to WNY but would be considered Out-of-Network.

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Thank you.



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## Additional Information



## Definitions

**High Deductible Health Plan (HDHP):** A type of health insurance plan that, compared to traditional health insurance plans, requires greater out-of-pocket spending with lower monthly premiums. An HSA-qualifying HDHP must have a deductible of at least \$1,250 for single coverage and \$2,500 for family coverage. The plan must also limit the total amount of out-of-pocket max cost-sharing for covered benefits each year to \$6,250 for single coverage and \$12,500 for families.

**Deductible:** A specific dollar amount that your health insurance company may require that you pay out-of-pocket each year before your health insurance plan begins to make payments for claims.

**Co-payment:** A specific charge that your health insurance plan may require you to pay for a specific medical service or supply, also referred to as a “co-pay”.

**Coinsurance:** The amount that you are obliged to pay for covered medical services after you've satisfied any co-payment or deductible required by your health insurance plan. Coinsurance is typically expressed as a percentage of the charge or allowable charge for a service rendered by a healthcare provider.

## Definitions

**In-Network**: Allowed amount for covered health care services to providers who contract with your health insurance or plan. In-network services usually costs you less than out-of-network services.

**Out-of-Network**: Allowed amount for covered health care services to providers who do not contract with your health insurance or plan. Out-of-network services usually costs you more than in-network services.

**Out-Of-Pocket Maximum**: An annual limitation on all cost-sharing for which patients are responsible under a health insurance plan. This limit does not apply to premiums, balance-billed charges from out of network health care providers, or services that are not covered by the plan.

## Definitions

**HSA (Health Savings Account)**: A tax advantaged savings account to be used in conjunction with certain high-deductible health insurance plans to pay for qualifying medical expenses. Tax-free contributions may be made by employee and/or employer. Funds are owned by the employee and remain in the account from year to year. Funds may be invested.

**HRA (Health Reimbursement Account)**: Employer funded account that can be used to reimburse employees for incurred medical expenses that are not covered by the company's standard insurance plan. Because the employer funds the plan, any distributions are considered tax deductible to the employer.

**Partially Self-Funded**: The term used to describe a group healthcare option midway between traditional group insurance and self-funding your organization's health insurance. Partial self-insuring *or partial self-funding* is an option and strategy designed to realize the greatest savings on health insurance while keeping the organization, and its staff, as safe from risk as possible.

## Affordable Care Act (ACA) Requirements

All medical plans must include the following services that are not subject to the deductible

**Preventive Services-** All medical plans must include the following services that are not subject to the deductible

- ♦ Annual Physical
- ♦ Well Child Visit
- ♦ Immunizations
- ♦ Prenatal & Post-partum Visits
- ♦ Pap Smear
- ♦ Bone Mineral Density Test
- ♦ Prostate Test
- ♦ Contraceptives
- ♦ Colonoscopy
- ♦ Mammogram
- ♦ Cholesterol Test

### Additional Requirements

- ♦ Dependents to age 26 regardless of student status
- ♦ No Annual Limits

# Disclosure

**Investment and Insurance Products: •Are NOT Deposits •Are NOT FDIC-Insured •Are NOT Insured By Any Federal Government Agency •Have NO Bank Guarantee •May Go Down In Value**

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