

Review Your Insurance Costs & Explore Your Options

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The Employee Insurance Advisory Committee and the Board Insurance Committee held a joint meeting on Wednesday, Jan. 24, 2007, to begin looking at plan designs for the 2008 calendar/benefit year. Taking into consideration the requests of many employees from the past planning year, the committee focused on offering options to employees rather than limiting choice and adopting only one plan.

Changes in insurance plans are complex and often difficult and time consuming to understand. This newsletter is the first attempt to share information with employees about potential changes and offerings in the medical coverage benefit plan. Meetings will be offered in the future for employees to ask questions and express views about the options to be offered.

To begin your review of your medical costs and insurance options that would be right for you, look at the current benefit design that LPSS has in place for its employees.

- The annual deductible is \$750 for an individual. For a family of three or more the deductible is \$2250.
- After the deductible is met, the co-insurance percentage is 80% in-network and 60% out-of-network. This means that for a doctor office visit, after the \$750 has already been paid by the employee, the employee's cost for the visit is 20% of the doctor bill. This is in effect for both primary care and specialists.
- The out-of-pocket maximum is \$3,000 in-network and \$4,000 out-of-network for an individual. This means that once the employee has spent \$3,000 on (in-network preferred provider) medical bills or \$4,000 out-of-network, future doctor or hospital costs are covered 100% by the insurance.
- The current plan requires individuals to pay a prescription deductible of \$100. After that deductible is met, the plan offers a prescription co-pay of \$10 on generic drugs, \$25 on preferred name-brand drugs, and \$50 for non-preferred name-brands. The current plan also offers employees the option of getting prescriptions through a mail service, which allows an individual to get a three-month supply of prescriptions for the cost of a two-month co-pay. The mail option offers a savings to the employee (Ex. 3 months local Rx @ \$10 = \$30; 3 months mail Rx @ \$10 = \$20).

Now, look at the options for benefit coverage that the insurance committee has reviewed for 2008.

Option 1: The Current Plan (PPO1)

- The current plan as described above will continue to be offered, which may have no change in the premium. The employee's premium portion currently is \$86.83 monthly for employee only, \$253.14 for employee+one, and \$381.93 for family coverage.

Employees may recall that the previous plan design offered a co-pay for doctor visits. The committee remembered that many employees wanted to keep the doctor visit co-

pay and has taken that into consideration in the options that may be offered to employees for 2008.

Option 2: Current Plan + Co-Pays (PPO2)

- A second option will include all features of the current plan, with the added benefit of a doctor visit co-pay. The co-pay would be \$30 for primary care or specialists. Co-pays do not count toward the deductible. That means you may estimate spending \$750 on co-payments in one year, but that would not go toward the \$750 deductible. The deductible is met with other medical expenses.
- This option would include a premium increase of 7%–10% of the current premium. That means the employee would pay about \$43.08 more per month (\$129.91) for employee only coverage, \$71.93 more (325.07) for employee+one, or \$94.17 more (\$476.10) for a family. Employees should consider all costs associated with a plan when making an informed decision. When you add up all medical costs for the year, employees also should add the amount of premium you pay for coverage (Current Annual Premium = \$1,041.96, employee only; \$3,037.68, employee+one; or \$4,583.16, family). By adding the premium cost, which is taken out of employee pay before checks are issued, to your annual estimate of medical costs, you can get a true picture of how much you are spending.

Option 3: High Deductible Health Plan (HDHP) with Health Savings Account (HSA)

- A third option is a High Deductible Health Plan (HDHP), which qualifies for a Health Savings Account (HSA). If employees have used Flex Spending in the past, this type of plan is similar with the exception that money put aside for medical expenses does not have to be used in one calendar/benefit year. It can be carried forward, which is why it is referred to as a savings account.
- This plan offers a savings on premium of 18%–21%. This means instead of the current \$86.83 monthly premium for an individual, an employee would pay \$9.29, a savings of \$77.54 monthly on premium. This savings could be placed in an HSA to help pay for future medical expenses. With an HDHP, an individual annual premium is only \$111.48, which amounts to an annual savings of \$930.48 on premium. On this plan, an employee+one monthly premium would be \$123.68 (\$1484.16 annually) and a family premium would be \$212.43 (\$2,549.16 annually).
- The HDHP benefit design would include a \$2,500 deductible for an individual OR a \$5,050 deductible for a family (this is regulated by the IRS, which does not recognize the Employee+One option; therefore, an employee plus a spouse or a child or both, are all considered Family). The out-of-pocket maximum for an individual would be \$4,000 OR \$7,500 for a family. It is important to note that under family coverage, the individual deductible and out-of-pocket maximum is not part of the plan. If you choose the HDHP with family coverage, the \$5,050 deductible can be met by one or more members of the family; the \$7,500 out-of-pocket maximum includes medical costs for all family members.
- Both the individual and family HDHP include co-insurance coverage of 80% in-network or 60% non-network. That means, after an employee or a family has met the deductible, eligible medical costs for the employee will be 20% of the bill if the provider is considered in-network, or 40% of the bill if the provider is not in the network.

- Both HDHP options include a drug co-pay of \$10, \$25 or \$50 after the deductible is met. All prescription costs apply to the deductible until it is met.
- Employees who choose a plan with a high deductible will be eligible to open a Health Savings Account to set aside money to be able to reimburse themselves for medical costs, such as those that go toward meeting the deductible. Just like a regular savings account, there are numerous options for saving money in this account. Employees may choose to deposit a lump sum or spread the deposits over each month with a payroll deduction. This will be discussed in more detail in the near future.

These three alternatives have been discussed by the insurance committee and will be studied over the next few months. This newsletter serves to keep employees up-to-date about possible changes in the LPSS benefit plan design. Please feel free to submit questions to the [Public Relations Department](#). Your input will help us in future communications about the insurance plan.

In the meantime, if you'd like to look up more information about HDHPs, here are links to some websites with objective information about these types of plans.

- www.opm.gov/hsa/
- www.ustreas.gov/offices/public-affairs/hsa/
- <http://sitesearch.kiplinger.com/search.php?q=hsa>