



# Health Plan Budget Options

Understanding the impact of benefit changes.



# Health Plan Considerations

- Better Overall coverage, especially for family tiers
- Lower medical out-of-pocket cost for employees and families
- Premium advantages for employees & families
- Competitive Pricing for Employer
- Simplification of insurance – 1 Plan
- Improved service with private plan



# Health Plan Considerations, cont'd

Source: 5/21 Insurance Committee Meeting, State, Local Education, and Local Government Committees

## Premium Rate Setting Considerations

- If the Standard Control Formulary is not adopted, the premium increases will need to be higher

	State and Higher Education Active		Local Education	Local Government
	2021 Plan Year Budget	Level Premium Increase 2021-2023	Level Premium Increase 2021-2023	Level Premium Increase 2021-2023
<b>Only Change of PrEP Medication</b>	2021 - 4.0%, 2022-2023 - 6.2%	See Note*	4.1%	6.9%
<b>PrEP medication, Osteoporosis Medicine and Standard Control Formulary</b>	2021 - 4.0%, 2022-2023 - 1.7%	2.8%	2%	5.4%
*Note: for the state plan a level premium scenario requires a 5.1% increase, which would exceed the 4% cap in the budget				



# Health Plan Budget Options

Description	Insurance Cost	HRA / HSA / GAP / Admin Cost	Total Cost	Total Cost % Change	Employee Portion	Employer Portion	Employee HRA Spend % (EXPECTED)	Employer Budget (After HRA Spend Reduction)	Employer % of Cost	Employer Budget \$ Change	Employer Budget Change %
2022 State Plan LG1	\$843,612	\$0	\$843,612		\$160,620	\$682,992	0.00%	\$682,992	80.96%	\$0	
2023 State Plan LG1	\$932,052	\$0	\$932,052	10.48%	\$176,655	\$755,397	0.00%	\$755,397	81.05%	\$72,405	10.60%
2022 BCBS HRA <i>no coverage until employee meets deductible</i>	\$625,092	\$407,180	\$1,032,271	22.36%	\$113,400	\$918,871	50.00%	\$717,874	86.36%	\$34,882	5.11%

# Health Plan Budget Options

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2022 State Plan LG1	\$843,612	\$0	\$843,612		\$160,620	\$682,992	0.00%	\$682,992	80.96%	\$0	
2023 State Plan LG1	\$932,052	\$0	\$932,052	10.48%	\$176,655	\$755,397	0.00%	\$755,397	81.05%	\$72,405	10.60%
2022 BCBS HRA	\$625,092	\$407,180	\$1,032,271	22.36%	\$113,400	\$918,871	50.00%	\$717,874	86.36%	\$34,882	5.11%
2022 BCBS HRA	\$625,092	\$407,180	\$1,032,271	22.36%	\$113,400	\$918,871	55.00%	\$737,973	86.68%	\$54,981	8.05%
2022 BCBS HRA	\$625,092	\$407,180	\$1,032,271	22.36%	\$113,400	\$918,871	60.00%	\$758,073	86.99%	\$75,081	10.99%
2022 BCBS HRA	\$625,092	\$407,180	\$1,032,271	22.36%	\$113,400	\$918,871	65.00%	\$778,173	87.28%	\$95,181	13.94%

# Plan Comparison

Major Medical Expense	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
Deductible - EE	\$500	\$1,000	\$1,800	\$6,000
Deductible - FF	\$1,250	\$2,500	\$3,600	\$12,000
Coinsurance %	90% / 10%	80% / 20%	70% / 30%	100% / 0%
Hospital Services	90% / 10%	80% / 20%	70% / 30%	100% / 0%
Outpatient Services	90% / 10%	80% / 20%	70% / 30%	100% / 0%
Emergency Room Copay	\$150	\$175	\$200	Ded/Coins
Doctor Office Copay	\$25	\$30	\$35	Ded/Coins
Specialist Copay	\$45	\$50	\$55	Ded/Coins
Rx Copays (Generic/Preferred/Non-Preferred/Specialty)	\$7/\$40/\$90/10% Coins	\$14/\$50/\$100/10% Coins	\$14/\$60/\$110/10% Coins	Ded/Coins
Max Out of Pocket - EE	\$3,600	\$4,000	\$6,800	\$6,000
Max Out of Pocket - FF	\$9,000	\$10,000	\$13,600	\$12,000
<b>Total Monthly Premiums</b>				
EE	\$787.00	\$724.00	<i>current</i> \$588.00	\$418.67
EC	\$1,221.00	\$1,123.00	\$912.00	\$766.17
ES	\$1,771.00	\$1,628.00	\$1,323.00	\$879.21
FF	\$2,127.00	\$1,955.00	\$1,588.00	\$1,270.67
<b>Employer Annual HRA/HSA Contributions</b>				
EE	\$0	\$0	\$0	\$3,400
EC	\$0	\$0	\$0	\$7,600
ES	\$0	\$0	\$0	\$5,800
FF	\$0	\$0	\$0	\$4,000
<b>Total Cost of Healthcare (TCH)</b>				
Weighted Average	\$4,843	\$4,552	\$2,890	\$2,028

588  
587  
41

# Plan Comparison

Major Medical Expense	State Premier	State Standard	State Limited	BCBS HRA 90%
Deductible - EE	\$500	\$1,000	\$1,800	\$6,000
Deductible - EC	\$750	\$1,500	\$2,500	\$12,000
Deductible - ES	\$1,000	\$2,000	\$2,800	\$12,000
Deductible - FF	\$1,250	\$2,500	\$3,600	\$12,000
Coinsurance %	90% / 10%	80% / 20%	70% / 30%	100% / 0%
Hospital Services	90% / 10%	80% / 20%	70% / 30%	100% / 0%
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Emergency Room Copay	\$150	\$175	\$200	100% / 0%
Doctor Office Copay	\$25	\$30	\$35	Ded/Coinsurance
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Rx Copays (Generic/Preferred/Non-Preferred/Specialty)	\$7/\$40/\$90/10% Coins	\$14/\$50/\$100/10% Coins	\$14/\$60/\$110/10% Coins	Ded/Coins
* Max Out of Pocket - EE	\$3,600	\$4,000	\$6,800	\$6,000
Max Out of Pocket - EC	\$5,400	\$6,000	\$13,600	\$12,000
Max Out of Pocket - ES	\$7,200	\$8,000	\$13,600	\$12,000
Max Out of Pocket - FF	\$9,000	\$10,000	\$13,600	\$12,000
Employer Annual HRA Contribution - EE	\$0	\$0	\$0	\$3,400
Employer Annual HRA Contribution - EC	\$0	\$0	\$0	\$7,600
Employer Annual HRA Contribution - ES	\$0	\$0	\$0	\$5,800
Employer Annual HRA Contribution - FF	\$0	\$0	\$0	\$4,000
Net Adjusted OOP Max - EE <i>out of pocket</i>	\$3,600	\$4,000	\$6,800	\$2,600
Net Adjusted OOP Max - EC	\$5,400	\$6,000	\$13,600	\$4,400
Net Adjusted OOP Max - ES	\$7,200	\$8,000	\$13,600	\$6,200
Net Adjusted OOP Max - FF	\$9,000	\$10,000	\$13,600	\$8,000

# What is an HRA?



# What is an HRA?

- HRA = Health Reimbursement Arrangement
- Employer funded program. Employer decides on contribution amounts annually.
- Employees can also contribute to a coordinated FSA.
- Account is created in the employee's name. Employees use the BCBST medical ID card for both health insurance and HRA claims.
- Tax-free HRA contributions and benefits
- Reimburses eligible medical expenses tax-free
  - 213(d) expenses <https://www.irs.gov/pub/irs-pdf/p502.pdf>
  - Can be used by spouse and all eligible dependents
- Employer has option to allow portion of unused HRA amounts to rollover to future years or keep 100% as budget savings.
- Rollover option can be used as a retiree benefit. This includes vesting schedule if desired.

*Should we be contributing the difference to an Employee HRA if this option is taken?*



## Annual Maximum Benefits & Net Out-of-Pocket Maximums

BCBS HRA	Medical OOP Max	HRA Annual Max	Net OOP Max
EE	\$6,000	\$3,400	\$2,600
EC	\$12,000	\$7,600	\$4,400
ES	\$12,000	\$5,800	\$6,200
FF	\$12,000	\$4,000	\$8,000

- HRA benefits begin after deductible is met, pays at applicable coinsurance % until HRA max benefit is exhausted
- Max Out-of-Pocket (OOP) Health Plan – HRA Annual Max = Maximum Out of Pocket



A person wearing a white lab coat is shown from the chest up, holding a smartphone in their left hand and using their right hand to interact with the screen. The background is a bright, out-of-focus window. The text "Five Year Projected Costs" is overlaid in the center of the image.

## Five Year Projected Costs



# Employee Impact From Budget Change

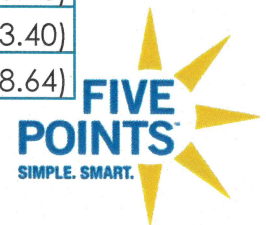


# Employee Monthly Cost Comparison – 12 Month EEs

## BCBST-S/SignalP

*if employee were to switch to HRA*

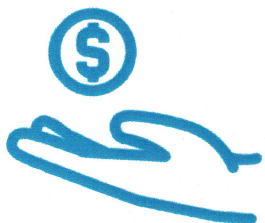
	2023 Premier PPO	BCBS HRA	Employee Per Pay Difference	Employee Annual Difference
<i>(* of participants)</i>	Cost Per 12 Pays	Cost Per 12 Pays	Diff. Per 12 Pays	Diff. Per Year
Employee (20)	\$216.51	\$20.00	$\frac{216.51}{20.00} =$ \$(196.51)	\$(2,358.12)
Employee + Child(ren) (1)	\$650.55	\$300.00	\$(350.55)	\$(4,206.60)
Employee + Spouse (1)	\$1,187.31	\$650.00	\$(537.31)	\$(6,447.72)
Employee + Family (0)	\$1,556.26	\$950.00	\$(606.26)	\$(7,275.12)
	Standard PPO	BCBS HRA	Employee Per Pay Difference	Employee Annual Difference
Employee (5)	\$163.72	\$20.00	\$(143.27)	\$(1,724.64)
Employee + Child(ren) (1)	\$563.09	\$300.00	\$(263.09)	\$(3,157.08)
Employee + Spouse (0)	\$1,055.27	\$650.00	\$(405.27)	\$(4,863.24)
Employee + Family (0)	\$1,395.06	\$950.00	\$(445.06)	\$(5,340.72)
	Limited PPO	BCBS HRA	Employee Per Pay Difference	Employee Annual Difference
Employee (65)	\$-	\$20.00	\$20.00	\$240.00
Employee + Child(ren) (4)	\$324.44	\$300.00	\$(24.44)	\$(293.28)
Employee + Spouse (2)	\$721.95	\$650.00	\$(71.95)	\$(863.40)
Employee + Family (4)	\$1,000.72	\$950.00	\$(50.72)	\$(608.64)





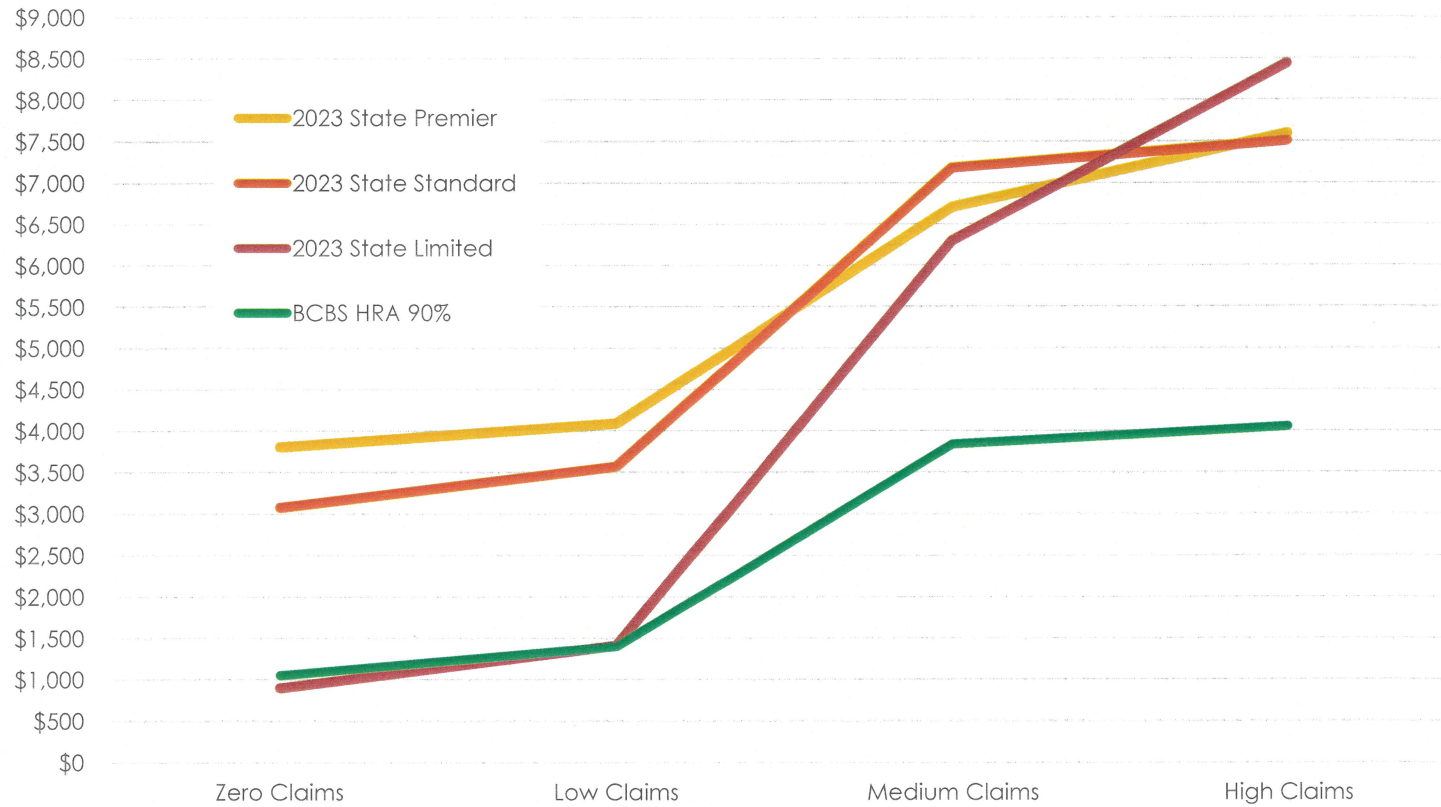
## The Total Cost Of Healthcare

$$\begin{aligned} & \text{Your Insurance Premium Cost} \\ & + \text{Your Out-of-Pocket Expenses} \\ & - \text{Employer HRA Contributions} \\ & = \text{Your Total Cost} \end{aligned}$$



# TCH Actuarial Study

## Census Weighted Average TCH Analysis



# Total Cost – Average Joe

Hospital and Doctor Bills	\$840	\$840	\$840	\$840
Employee Pay These OOP Expenses	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
Deductibles	\$0	\$0	\$0	\$309
Separate Prescription Deductible	\$0	\$0	\$0	\$0
Coinsurance	\$0	\$0	\$0	\$0
Urgent Care Copay	\$0	\$0	\$0	\$0
Emergency Room Copay	\$0	\$0	\$0	\$0
Primary Care Office Visit Copays	\$75	\$90	\$105	\$0
Specialist Copays	\$0	\$0	\$0	\$0
Generic Drugs Copays	\$168	\$336	\$336	\$0
Non-Preferred Drugs Copays	\$0	\$0	\$0	\$0
Employer HRA/HSA Contributions	\$0	\$0	\$0	(\$531)
Gap Reimb. for OOP Costs	\$0	\$0	\$0	\$0
Adjustment for Max OOP	\$0	\$0	\$0	\$531
<b>Net OOP Cost</b>	<b>\$243</b>	<b>\$426</b>	<b>\$441</b>	<b>\$309</b>
Your Total Cost = OOP + Annual Premiums	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
EE	\$2,841	\$2,391	\$441	\$549
EC	\$8,293	\$7,609	\$4,775	\$4,218
ES	\$14,734	\$13,515	\$9,545	\$8,418
FF	\$19,485	\$18,041	\$13,379	\$12,164
<b>Participation Weighted TCH</b>	<b>\$4,091</b>	<b>\$3,569</b>	<b>\$1,414</b>	<b>\$1,402</b>

# Total Cost – Average Jones Family

Hospital and Doctor Bills	\$3,140	\$3,140	\$3,140	\$3,140
Employee Pay These OOP Expenses (Family Coverage)	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
Deductibles	\$0	\$0	\$0	\$764
Separate Prescription Deductible	\$0	\$0	\$0	\$0
Coinsurance	\$0	\$0	\$0	\$0
Urgent Care Copay	\$90	\$100	\$110	\$0
Emergency Room Copay	\$0	\$0	\$0	\$0
Primary Care Office Visit Copays	\$300	\$360	\$420	\$0
Specialist Copays	\$0	\$0	\$0	\$0
Generic Drugs Copays	\$420	\$840	\$840	\$0
Non-Preferred Drugs Copays	\$0	\$0	\$0	\$0
Employer HRA/HSA Contributions	\$0	\$0	\$0	(\$2,376)
Gap Reimb. for OOP Costs	\$0	\$0	\$0	\$0
Adjustment for Max OOP	\$0	\$0	\$0	\$2,376
<b>Net OOP Cost</b>	<b>\$810</b>	<b>\$1,300</b>	<b>\$1,370</b>	<b>\$764</b>
Your Total Cost = OOP + Annual Premiums	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
EE	N/A	N/A	N/A	N/A
EC	\$8,293	\$7,609	\$4,775	\$4,218
ES	\$14,734	\$13,515	\$9,545	\$8,418
FF	\$19,485	\$18,041	\$13,379	\$12,164
<b>Participation Weighted TCH</b>	<b>\$13,223</b>	<b>\$12,182</b>	<b>\$8,523</b>	<b>\$7,632</b>

# Total Cost – Managing Diabetes

Hospital and Medical Bills	\$5,630	\$5,630	\$5,630	\$5,630
Employee Pay These OOP Expenses	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
Deductibles	\$500	\$1,000	\$1,300	\$2,230
Separate Prescription Deductible	\$0	\$0	\$0	\$0
Coinsurance	\$80	\$60	\$0	\$0
Urgent Care Copay	\$0	\$0	\$0	\$0
Emergency Room Copay	\$150	\$175	\$200	\$0
Primary Care Office Visit Copays	\$75	\$90	\$105	\$0
Specialist Copays	\$270	\$300	\$330	\$0
Generic Drugs Copays	\$168	\$336	\$336	\$0
Non-Preferred Drugs	\$1,080	\$1,200	\$1,320	\$0
Employer HRA/HSA Contributions	\$0	\$0	\$0	(\$3,400)
Gap Reimb. for OOP Costs	\$0	\$0	\$0	\$0
Adjustment for Max OOP	\$0	\$0	\$0	\$3,400
<b>Net OOP Cost</b>	<b>\$2,323</b>	<b>\$3,161</b>	<b>\$3,591</b>	<b>\$2,230</b>
Your Total Cost = OOP + Annual Premiums	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
EE	\$4,921	\$5,126	\$3,591	\$2,470
EC	\$10,130	\$9,918	\$7,484	\$4,388
ES	\$16,571	\$15,824	\$12,254	\$8,588
FF	\$20,998	\$19,902	\$15,600	\$13,030
<b>Participation Weighted TCH</b>	<b>\$6,129</b>	<b>\$6,236</b>	<b>\$4,493</b>	<b>\$3,138</b>

# Total Cost – Outpatient Knee Surgery

Hospital and Medical Bills	\$8,750	\$8,750	\$8,750	\$8,750
Employee Pay These OOP Expenses	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
Deductibles	\$500	\$1,000	\$1,800	\$2,600
Separate Prescription Deductible	\$0	\$0	\$0	\$0
Coinsurance	\$584	\$1,068	\$1,362	\$0
Urgent Care Copay	\$0	\$0	\$0	\$0
Emergency Room Copay	\$150	\$175	\$200	\$0
Primary Care Office Visit Copays	\$75	\$90	\$105	\$0
Specialist Copays	\$270	\$300	\$330	\$0
Generic Drugs Copays	\$63	\$126	\$126	\$0
Non-Preferred Drugs Copays	\$0	\$0	\$0	\$0
Employer HRA/HSA Contributions	\$0	\$0	\$0	(\$3,400)
Gap Reimb. for OOP Costs	\$0	\$0	\$0	\$0
Adjustment for Max OOP	\$0	\$0	\$0	\$3,400
<b>Net OOP Cost</b>	<b>\$1,642</b>	<b>\$2,759</b>	<b>\$3,923</b>	<b>\$2,600</b>
Your Total Cost = OOP + Annual Premiums	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
EE	\$4,240	\$4,724	\$3,923	\$2,840
EC	\$9,449	\$9,516	\$7,816	\$3,850
ES	\$15,890	\$15,422	\$12,586	\$8,050
FF	\$20,317	\$19,500	\$15,932	\$13,400
<b>Participation Weighted TCH</b>	<b>\$5,448</b>	<b>\$5,834</b>	<b>\$4,825</b>	<b>\$3,432</b>

# Total Cost – Complications of Pregnancy

Hospital and Doctor Bills	\$96,385	\$96,385	\$96,385	\$96,385
Employee Pay These OOP Expenses	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
Deductibles (EE + Children)	\$750	\$1,500	\$2,500	\$4,400
Separate Prescription Deductible	\$0	\$0	\$0	\$0
Coinsurance (EE + Children)	\$4,650	\$4,500	\$11,100	\$0
Urgent Care Copay	\$0	\$0	\$0	\$0
Emergency Room Copay	\$0	\$0	\$0	\$0
Primary Care Office Visit Copays	\$75	\$90	\$105	\$0
Specialist Copays	\$270	\$300	\$330	\$0
Generic Drugs Copays	\$252	\$504	\$504	\$0
Non-Preferred Drugs Copays	\$3,240	\$3,600	\$3,960	\$0
Employer HRA/HSA Contributions	\$0	\$0	\$0	(\$7,600)
Gap Reimb. for OOP Costs	\$0	\$0	\$0	\$0
Adjustment for Max OOP	(\$3,837)	(\$4,494)	(\$4,899)	\$7,600
<b>Net OOP Cost</b>	<b>\$5,400</b>	<b>\$6,000</b>	<b>\$13,600</b>	<b>\$4,400</b>
Your Total Cost = OOP + Annual Premiums	2023 State Premier	2023 State Standard	2023 State Limited	BCBS HRA 90%
EE	N/A	N/A	N/A	N/A
EC	\$13,207	\$12,757	\$17,493	\$8,000
ES	\$21,448	\$20,663	\$22,263	\$14,000
FF	\$27,675	\$26,741	\$25,609	\$19,400
<b>Participation Weighted TCH</b>	<b>\$19,560</b>	<b>\$18,884</b>	<b>\$21,091</b>	<b>\$12,892</b>

# Health Plan Considerations Summary

- Rates are firm for a September 2022
- Employees Receive deductible & Coinsurance Credit for 2022 plan year
- Education is key for both:
  - Employees
  - Doctors & Pharmacies
- Plan resets on January 1<sup>st</sup> each year



## Dental & Vision Considerations

- Private Plans offer better coverage
- Better Networks
- Better out of network benefits
- Certain plans don't have waiting periods
- Dental: Class 1 services don't count toward annual out of pocket max (BCBS)
- Dental: Rollover for unused benefits (Ameritas)
- Vision: Better Frames & Network



# Special Notice

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# Questions and Thank you

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