The Hidden Cost Lever – Rethinking Health Plan Eligibility

The Benefits Brief: Insights that Fit Your Schedule

BJ McAndrew, Employee Benefits Consultant



Before We Begin

- All attendees are in "LISTEN ONLY" mode.
- All questions are taken offline.
- A recorded copy of the webinar and slides will be made available to all attendees.
- Reach out to BJ McAndrew, your host, and he will follow up with you after today's session.

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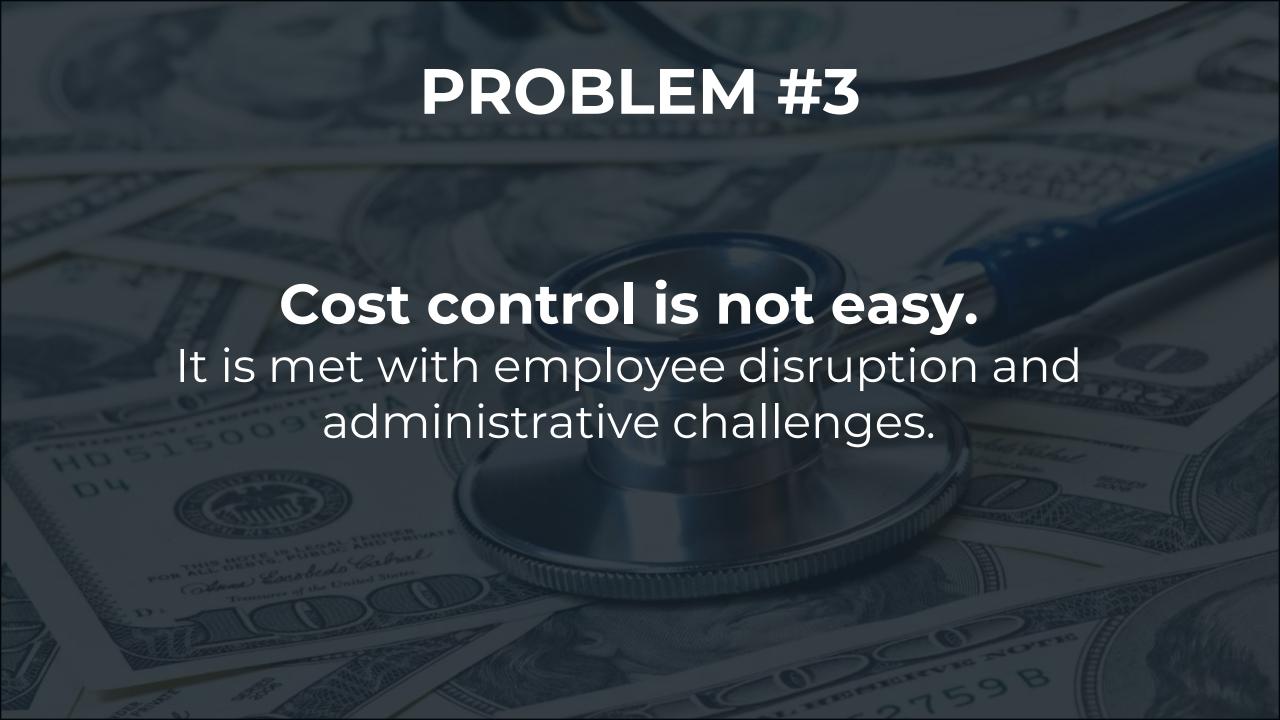
PROBLEM #1

Healthcare Costs are rising at 8.5% which is about 2-3x the average level of wages over the last 10 years.

PROBLEM #2

5% of members = 66% of claim spend.

Health care spend is top heavy.



SOLUTIONS

BASIC OPTIONS

- Shop the market
- Raise deductibles
- Increase employee payroll deductions

ADVANCED OPTIONS

- Reduce the enrollment
- Improve the risk
- Lower the cost of care



Eligibility 101

Who?

When?

Are there alternatives?





Key Metrics

Participation Rate:

Percentage of eligible employees enrolled.

Large Employer Benchmark: **83%** **Dependent Ratio:**

Average dependents per enrolled employee.

Large Employer Benchmark: **2.03**











Choose Wisely

My Plan:

Network: Blue Cross Blue Shield

Plan Design: HDHP

Monthly Family Premium: \$500

Deductible: \$3300

Out-of-Pocket Maximum: \$6600

Spouse's Plan

Network: Blue Cross Blue Shield

Plan Design: HDHP

Monthly Family Premium: \$750

Deductible: \$4500

Out-of-Pocket Maximum: \$9000





Family Advantage Health Plan

Strategy You Might Not Know

Incentives:

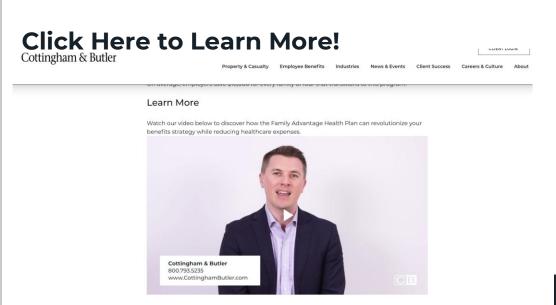
- 100% out of pocket coverage.
- Monthly stipend to help offset premiums from spouse's employer.

Eligibility:

- Enrolled on the company plan for the past 12 months+.
- Access to another plan through spouse or parent's employer.

What's the opportunity?

- ✓ Happy Employees!
- ✓ High-cost claimant friendly
- ✓ Program Savings! Avg. of \$10,000 per family of 4.





Tenure-Based Opt-Out

Strategy You Might Not Know

- Incentive: Cash-in-lieu to take alternative plan (do not need to be on your plan today)
- **Eligibility:** Employees with a minimum tenure level (eg. 10, 15, 20 years, etc.)
- Reward the Tenured
- Incentivize to find a better alternative



Opt-Out Benefit - By Tenure					
	Current # of El Current # of El Current # of El Current # of El Current # of 65+ El Average Demo Gross Employe Estimated Fixe Monthly P # of People Moving Off Plan 0 1	ot-Out Only Offered to EE Tenured Over "X" Years		20+	
Current # of EE Current # of EE Current # of EE W Participati # of 65+ EE Average Demog Gross Employer Net Employer Estimated Fixe Monthly Pa	Current # of EE On The Plan		46		
	Current # of EE Waiving the Plan		5		
Current # of EE Current # of EE W Participatio # of 65+ EE Average Demog Gross Employe Net Employer Estimated Fixed Monthly Pa	n Rate 90.2%		.2%		
	# of 65+ E	E On Plan	9		
Average Demo	ographic Index	1.76			
	Gross Employ	er Costs PEPY	\$17	\$17,843	
Net Employer Costs PEPY		\$12,760			
	Estimated Fix	ed Cost PEPM	\$1	167	
	Monthly F	ay-in-Lieu	\$3	00	
	# of People Moving Off Plan	Pay-In-Lieu \$ Amounts	Net Plan Cost Savings	Net Employer Savings	
	0	(\$19,377)	0	(\$19,377)	
	1	(\$23,252)	\$16,350	(\$6,902)	
	2	(\$27,128)	\$32,700	\$5,572	
	2	(\$31,003)	\$49.050	\$18 0/17	

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3	(\$31,003)	\$49,050	\$18,047
4	(\$34,879)	\$65,400	\$30,521
5	(\$38,754)	\$81,750	\$42,996
6	(\$42,629)	\$98,100	\$55,470
7	(\$46,505)	\$114,450	\$67,945
8	(\$50,380)	\$130,799	\$80,419
9	(\$54,256)	\$147,149	\$92,894
10	(\$58,131)	\$163,499	\$105,368
11	(\$62,006)	\$179,849	\$117,843
12	(\$65,882)	\$196,199	\$130,317
13	(\$69,757)	\$212,549	\$142,792
14	(\$73,633)	\$228,899	\$155,267
15	(\$77,508)	\$245,249	\$167,741
20	(\$96,885)	\$326,999	\$230,114
25	(\$116,262)	\$408,748	\$292,486
30	(\$135,639)	\$490,498	\$354,859



What's Next?

Micro-Strategy Series Dates:

- ☐ September 2nd, 11:30 CST
- ☐ October **7**th, 11:30 CST
- □ November 4th, 11:30 CST
- ☐ December 2nd, 11:30 CST

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Upcoming Topics

- Managing Large Claims—the 5/50
 Phenomenon in Health Plan Economics
- Regain Control of Your Financials—
 Determine Which Funding is Best for You
- Proactively Manage Pharmacy Spend
- Choose Wisely—Steering to High-Value, Cost-Effective Providers

