

The Hidden Cost Lever – Rethinking Health Plan Eligibility

The Benefits Brief: Insights that Fit Your Schedule

BJ McAndrew, Employee Benefits Consultant



Cottingham & Butler

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.

608-228-6055

bmcandrew@cottinghambutler.com

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.

PROBLEM #3

Cost control is not easy.

It is met with employee disruption and administrative challenges.

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

Cottingham & Butler

Managing Eligibility



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**

WIN-WIN



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.

Click Here to Learn More!

Cottingham & Butler

[Property & Casualty](#) [Employee Benefits](#) [Industries](#) [News & Events](#) [Client Success](#) [Careers & Culture](#) [About](#)

Learn More

Watch our video below to discover how the Family Advantage Health Plan can revolutionize your benefits strategy while reducing healthcare expenses.



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			
Opt-Out Only Offered to EE Tenured Over "X" Years		20+	
Current # of EE On The Plan		46	
Current # of EE Waiving the Plan		5	
Participation Rate		90.2%	
# of 65+ EE On Plan		9	
Average Demographic Index		1.76	
Gross Employer Costs PEPY		\$17,843	
Net Employer Costs PEPY		\$12,760	
Estimated Fixed Cost PEPM		\$167	
Monthly Pay-in-Lieu		\$300	
# 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
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 7th, 11:30 CST
- ❑ November 4th, 11:30 CST
- ❑ December 2nd, 11:30 CST

Contact Me:
BJ McAndrew
608.228.6055
bmcandrew@cottingambutler.com

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**

