



PERS Health Premium Process

Government Finance Committee
November 7, 2013

Legislative Directions

- NDCC 54-52.1-04 – Prepare bids, distribute, advertise, use a consultant
 - The economy to be affected.
 - The ease of administration.
 - The adequacy of the coverage's.
 - The financial position of the carrier, with special emphasis as to its solvency.
 - The reputation of the carrier and any other information that is available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.
- NDCC 54-52.1-04.2 – allows the board to self insure the plan if it is more competitive than fully insured

Bid process – 2012/2013

- Starts the May before the next session (May of 2012)
- Bids distributed in June/July before the next session (July of 2012)
- Bids returned in August before the next session (August of 2012)
- PERS review in August and September (of 2012)
- Forward premiums/options to OMB including any plan gains in late Sept or Oct (of 2012)
- Executive Budget (December 2012)
- Legislative consideration (Jan 2013 to end of session)
- Following final action plan is implemented.

2012 - Last time

- Plan was bid as fully insured only to limit the risk to the state as a result of ACA
- As an option to extend for 2 years
- Once ACA is settled then bid will return to both fully insured and self insured
- Last time we received two responses
 - BCBS
 - Sanford

2013-15 Premiums

BCBS Premium

Sanford Premium

12.98%

25.49%

OPTIONS

**Plan Design
Reserves**

Plan Design Options - Grandfathered Status

Cost Sharing	Existing Plan Design		Alt #1		Alt #2		Alt #3		Alt #4		Alt #5		Alt #6	
	PPO	Basic	PPO	Basic	PPO	Basic	PPO	Basic	PPO	Basic	PPO	Basic	PPO	Basic
Single Deductible	\$400	\$400	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Family Deductible	\$1,200	\$1,200	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
Single Coinsurance/ Max	80%/750	75%/1250	80%/750	75%/1250	80%/900	75%/1500	80%/900	75%/1500	80%/900	75%/1500	80%/900	75%/1500	80%/900	75%/1500
Family Coinsurance Max	80%/1500	75%/2500	80%/1500	75%/2500	80%/1800	75%/3000	80%/1800	75%/3000	80%/1800	75%/3000	80%/1800	75%/3000	80%/1800	75%/3000
Office call copayment	\$25	\$30	\$25	\$30	\$25	\$30	\$30	\$35	\$30	\$35	\$30	\$35	\$30	\$35
Emergency Rm copayment	\$50	\$50	\$50	\$50	\$50	\$50	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60
RX:														
Formulary														
Generic	\$5/85%	\$5/85%	\$5/85%	\$5/85%	\$5/85%	\$5/85%	\$5/85%	\$5/85%	\$10/85%	\$10/85%	\$10/85%	\$10/85%	\$10/85%	\$10/85%
Brand	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$20/75%	\$25/75%	\$25/75%	\$25/75%	\$25/75%
Co insurance Max	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,200	\$1,200
Nonformulary	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$25/50%	\$30/50%	\$30/50%
Savings			0.70%		0.60%		0.55%		0.80%		0.30%		0.13%	
\$886.62 Monthly State Premium					1.30%		1.85%		2.65%		2.95%		3.08%	
Plan Trend/ Premium Increase (\$1,001.72)	12.98% (\$115.10)		12.28% (\$108.09)		11.68% (\$103.56)		11.13% (\$98.68)		10.33% (\$91.59)		10.03% (\$88.93)		9.9% (\$87.76)	
Premium Cost Shift		\$0.00	\$7.01		\$11.54		\$16.42		\$23.51		\$26.17		\$27.34	
Annual cost shift to OOP		\$0.00	\$84.12		\$138.48		\$197.04		\$282.12		\$314.04		\$328.08	
Annual member out of pocket (OOP) avg	\$1,864.00 (\$0.00)		\$1,948.12 (\$84.12)		\$2,002.48 (\$54.36)		\$2,061.04 (\$58.56)		\$2,146.12 (\$85.08)		2,178.04 (\$31.92)		\$2,192.08 (\$14.04)	
Avg annual % of pay (\$48,888)	3.81%		3.98%		4.10%		4.22%		4.39%		4.46%		4.48%	
Total Add. State Premium (millions) (11,500 FTE's)	\$31.8		\$29.8		\$28.6		\$27.2		\$25.3		\$24.5		\$24.2	
Total Add. State Premium - general funds (millions) (60%)	\$19.1		\$17.9		\$17.1		\$16.3		\$15.2		\$14.7		\$14.5	

NDPERS PPO Health Plan Design Cost Shifts

Maximum changes allowed to retain Grandfathered Status

	<u>Estimated PPO Percentage Change</u>
<u>Annual Premium Reductions to change deductible:</u> from \$400 single/\$1200 family to \$450 single/\$1350 family	0.7%
<u>Annual Premium Reductions to change coinsurance maximum:</u> from \$750/1500 to \$900/1800 IN and \$1250/2500 to \$1500/3000 OON	0.6%
<u>Annual Premium Reduction for a \$5 increase in office visit copay:</u>	0.5%
<u>Annual Premium Reduction for a \$10 increase in emergency room copay:</u>	0.05%
<u>Annual Premium Reductions to change RX Formulary Generic copay:</u> from \$5 copay to \$10 copay	0.8%
<u>Annual Premium Reductions to change RX Formulary Brand copay:</u> from \$20 copay to \$25 copay	0.3%
<u>Annual Premium Reductions to change RX Non-Formulary copay:</u> from \$25 copay to \$30 copay	0.08%
<u>Annual Premium Reductions to change RX Formulary coinsurance maximum:</u> from \$1000 to \$1200	0.05%
Total of all changes shown above:	3.08%

*PERS Health Plan –
Plan Design*

Considerations:

Plan Design

PPO/Basic

HDHP/HSA

- Plan Design
 - Grandfathered Status
 - Additional benefits required if Grandfathered status is lost
 - Wellness (1.5%)
 - Birth Control (.5%)

*State PPO/Basic is Grandfathered
HDHP/HSA is not Grandfathered*

Reserves

•Should reserves be allocated to buy down 2013-15 premiums

- 1% premium buy down for 24 months: \$ 5.3 million
- 2% premium buy down for 24 months: \$10.6 million
- 3% premium buy down for 24 months: \$15.9 million
- 4% premium buy down for 24 months: \$21.2 million
- 5% premium buy down for 24 months: \$26.5 million
- 6% premium buy down for 24 months: \$31.8 million

2013-15 Premiums

BCBS Premium

BUY DOWN

+12.98%

-2.26

Final Premium for 2015-2017

+10.72%

About 5.5% per year

Employer Premiums

- For State employers is set in 54-52.1-06
- Not set in statute for Political subdivisions
- Under ACA premiums can vary by 5% without losing grandfathered status.

PERS/Employer Process - Summary

Variables:

- Plan Design
- Reserves

- Employers
 - Premium distribution

- Bid
- Review

- Governors consideration
- Legislative Consideration
 - Implementation



**THANK YOU
QUESTIONS?**
