



# High Deductible Health Plan

MSBSD PROPOSAL SUMMARY

Classified Employees' Association Bargaining March 17, 2022

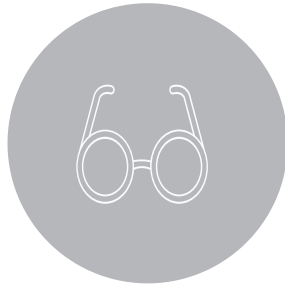
**MATANUSKA  
SUSITNA**  
BOROUGH SCHOOL  
DISTRICT



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## HIGH DEDUCTIBLE HEALTH PLAN (HDHP)

- A health insurance plan with a higher deductible than a traditional insurance plan. The monthly premium is usually lower.
  - For calendar year 2022 the IRS defined a high deductible health plan as any plan with a deductible of at least \$1,400 for an individual or \$2,800 for a family. An HDHP's total yearly out-of-pocket in-network expenses (including deductibles, copayments, and coinsurance) can't be more than \$7,050 for an individual or \$14,100 for a family.
  - No insurance coverage until the deductible is met with certain exceptions: some preventative care, dental expenses, vision expenses.
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Dental and Vision Coverage are provided.



Preventative coverage is still available at 100%

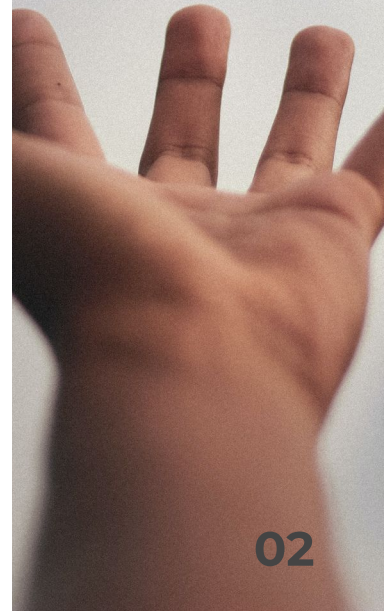


Some prescriptions are covered at 100%

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## HDHP Common Misconceptions

High deductible health plans still provide full medical, dental and vision coverage just with a higher deductible and lower premium.





# WHY HDHP?

WHY IS THE DISTRICT PROPOSING A CHANGE TO A HIGH DEDUCTIBLE HEALTH PLAN?



## ENCOURAGES CONSUMERISM

HDHPs encourage individuals to be more involved in making decision about their health care spending and promote them being better consumers of health care.



## ACCESS TO HEALTH SAVINGS ACCOUNTS

HDHPs allow employees to create and contribute to health savings accounts, which offer greater employee control and offer multiple tax advantages for families.







# WHY Premera?

WHY IS THE DISTRICT PROPOSING A CHANGE IN HEALTH INSURANCE PROVIDER?



## PREMIUM SAVINGS

Premera offers significant savings in annual premium payments.

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## ACCESS TO DATA

We can access data on the plans performance and ensure our plan is working for us.

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## INDEPENDENT CONTROL

We can make changes to the plan design or coverage options.

# PREMERA'S PLAN SUMMARY

	INDIVIDUAL	FAMILY
DEDUCTIBLE	\$1,500	\$3,000
OUT-OF-POCKET MAX	\$7,000	\$14,000
DENTAL	\$75 Indv. and \$225 Fam Deductible 100% Preventative, 80% Basic, 50% Major \$3000 PCY Max	
VISION	\$25 Vision Exam Co-Pay \$300 Vision Hardware each year covered in full	



# PEHT/Premera Side by Side

	PEHT PLAN A	PEHT PLAN C	PEHT PLAN F	PEHT HDHP	PREMERA
<b>PREMIUM</b>	\$29,725	\$27,749	\$25,721	\$23,500	\$20,300
<b>DEDUCTIBLE</b>	\$100 Ind \$300 Fam	\$500 Ind \$1,500 Fam	\$1,500 Ind \$3,000 Fam	\$1,500 Ind \$3,000 Fam	\$1,500 Ind \$3,000 Fam
<b>OUT-OF-POCKET MAX (Including Deductible)</b>	\$1,100 Ind \$3,300 Fam	\$2,500 Ind \$7,500 Fam	\$4,500 Ind \$9,000 Fam	\$5,000 Ind \$10,000 Fam	\$7,000 Ind \$14,000 Fam

PEHT Out-of-pocket max is a coinsurance max. Other costs are still incurred including prescription drugs, inpatient deductibles and emergency room deductibles.

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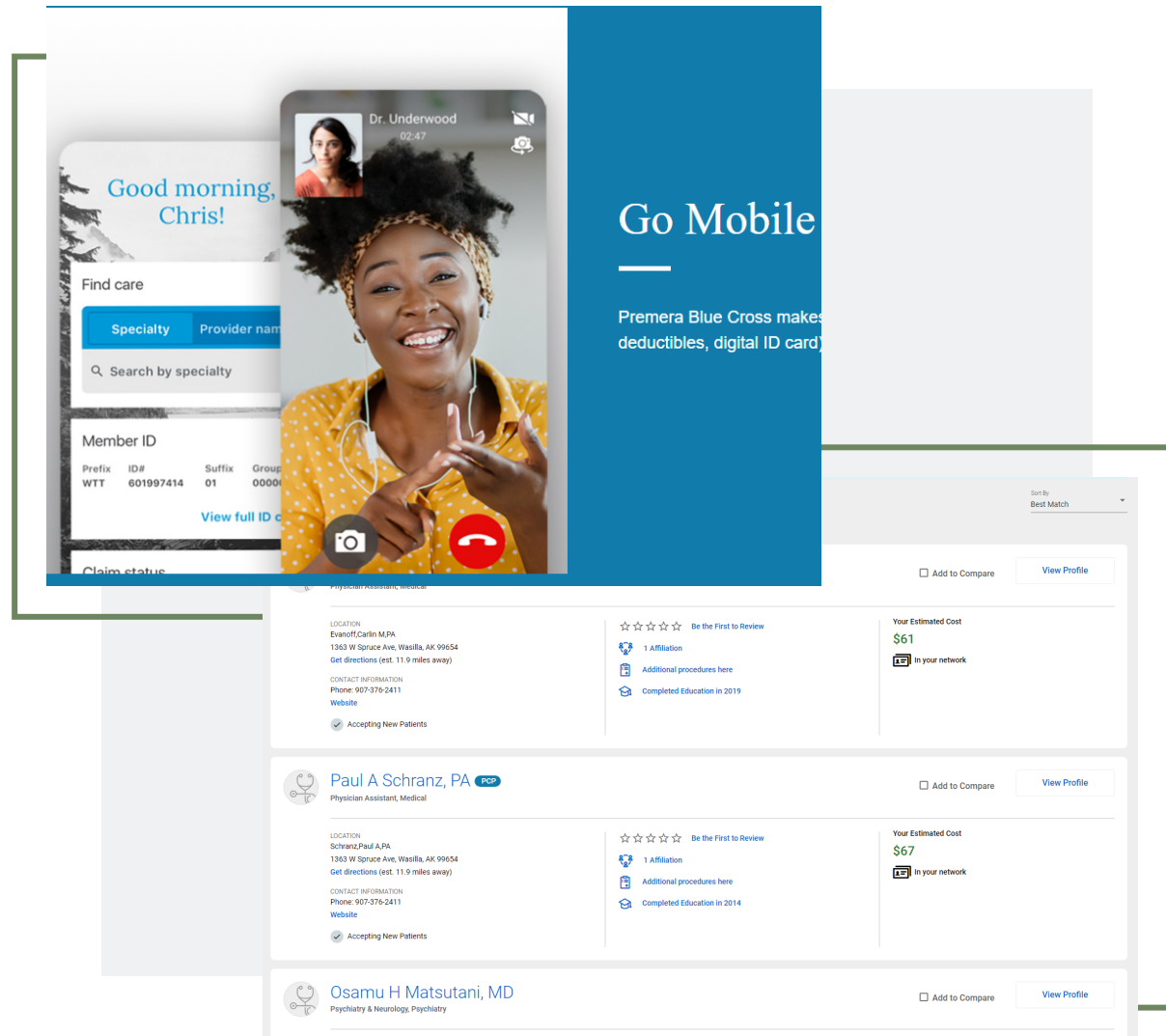
## KEY DIFFERENCES

- Prescription drug coverage is included in the out-of-pocket maximum. It does not have a separate co-pay and is subject to the deductible and coinsurance.
- For family coverage the deductible is an aggregate deductible and the out-of-pocket max is an embedded out-of-pocket max.
- There are not in-network medical expenses payable outside of the deductible and coinsurance such as emergency room deductibles, inpatient hospital deductibles, and prescription co-pays.
- The out-of-pocket limits are true limits, and they include the deductible.





# PREMERA TOOLS AND BENEFITS



**Mobile App:** With the Premera Mobile app you can find in network doctors, show your ID card, check claims, track spending, and more all with your phone.

**Virtual Care Options:** Premera offers multiple virtual care options to include, myAlaska, Doctors on Demand, and 24 hour Nurseline.

**Preventative Care** is provided in many areas without any cost. Preventative services may include screenings, vaccinations, and medications.

**Centers of Excellence:** Premera-Designated Centers of Excellence is teaming with Virginia Mason Medical Center, when you need care in specific areas.



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## HEALTH SAVINGS ACCOUNTS (HSA)

- A tax-advantaged savings account which is set up to allow eligible individuals to set aside money to pay for certain health care costs.
  - Contributions can be made by the employer or employee but are subject to the annual contribution limits set by the IRS.
    - Individual 2022 contribution limit \$3,650
    - Family 2022 contribution limit \$7,300
  - Funds never expire and remain available to the employee even after separation.
  - Funds can be accessed at any time for qualified medical expenses.
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# WHY HSA?

WHAT ARE THE ADVANTAGES OF A HEALTH SAVINGS ACCOUNT ?



## TRIPLE TAX ADVANTAGE

- Contributions are tax free
- Investment earnings are tax free
- Qualified withdrawals are tax free



## INDIVIDUAL BENEFITS

- Accounts are owned by the employee and are transferable.
- Funds can be invested and have the potential to grow over time.
- Funds can be used anytime for qualified medical expenses.





# QUALIFIED MEDICAL EXPENSES



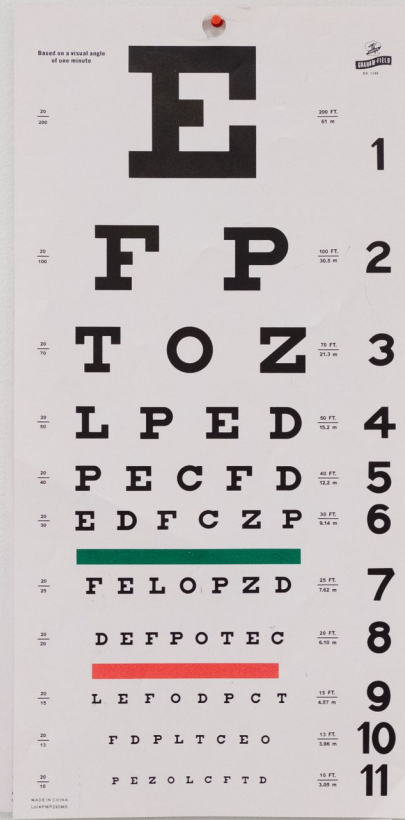
## Examples of Eligible Expenses

- Over-the counter medications without a prescriptions.
- Copays/Co-Insurance/Deductibles
- Physical exams
- Dental treatment (including orthodontia)
- Vision expenses (including glasses, contacts and laser eye surgery)
- Chiropractor care/physical therapy
- Immunizations, Flu shots
- Prenatal care/Menstrual products



## Examples of Ineligible Expenses

- Medical Premiums
- Late fees on medical bills
- Cosmetics
- Dependent care expenses
- Toothbrushes/toothpaste
- Vitamins for general well-being
- Cosmetic procedures( face lifts or teeth whitening).



# ELIGIBILITY?

WHO IS ELIGIBLE TO CONTRIBUTE TO A HEALTH SAVINGS ACCOUNT?



## HAVE AN HDHP

Must have coverage with a qualified high deductible health plan as defined by the IRS.



## NO OTHER COVERAGE

Can not have other disqualified coverage including an FSA, Medicare, or Tricare



## NOT A DEPENDENT

Can not be claimed as a dependent on someone else's tax return.

*\*Eligibility is applicable only to making contributions. If at some point in the future, individuals are in-eligible they may still use any HSA funds previously contributed for qualified medical expenses.*



## EMPLOYEE ANNUAL PREMIUM SAVINGS

<i>Plan A/B</i>		<i>Plan C/B</i>		<i>Plan F/B</i>
\$4,737		\$2,760		\$732

For an employee making \$45,000 this would be between a 1.6% and 10.5% increase in take home pay.

*(Premium savings are using FY 2022 amounts)*



# WHAT DOES THIS MEAN FOR ME?

LOOKING AT PER PERIOD IMPACT OF THE CHANGE TO PREMERA'S HIGH DEDUCTIBLE HEALTH PLAN.

	<u>CUSTODIAN</u> (GRADE 3/STEP 10)	SPEC ED ASST (GRADE 7/STEP 10)	HVAC MECHANIC (GRADE 14/STEP 10)
CURRENT RATES			
<b>HOURLY RATE:</b>	\$22.01	\$28.83	\$37.38
<b>PER PERIOD PAY:</b>	\$1,908	\$2,146	\$3,240
<b>HEALTH PREMIUM:</b>	(\$266)	(\$266)	(\$266)
<b>NET PAY:</b>	\$1,642	\$1,880	\$2,974
DISTRICT PROPOSAL			
<b>HOURLY RATE:</b>	\$22.51	\$29.33	\$37.88
<b>PER PERIOD PAY:</b>	\$1,951	\$2,183	\$3,283
<b>HEALTH PREMIUM:</b>	(\$113)	(\$113)	(\$113)
<b>NET PAY:</b>	\$1,838	\$2,070	\$3,170
<b>NET PAY INCREASE:</b>	\$196	\$190	\$196

12%

10%

7%

(Health premiums are FY 2022 amounts)

# EVALUATING MEDICAL SPENDING



01 - Cost of the Plan

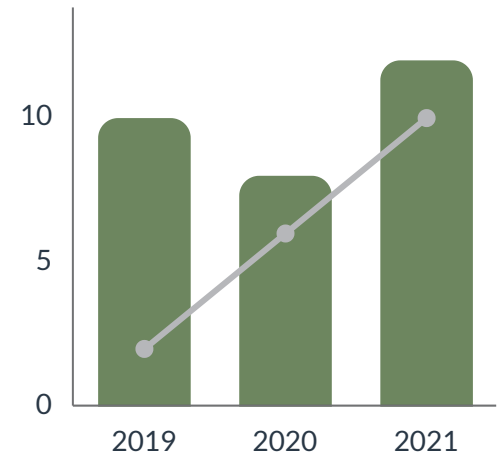


03 - What is covered by the plan

02 - Who is covered on the plan



04 - What are your year over year costs



### Employee Health Spending Comparison/Multiple Family Member Usage

#### PEHT - Plan C Analysis - Family Coverage

Employee Premium Savings Summary	
PEHT - Plan C Annual Premium (\$266 per pay period)	\$ 4,790
Premera HDHP Premium (\$113 per pay period)	\$ 2,030
Employee Annual Premium Savings	\$ 2,760

	PEHT Plan C Ind/Fam	Premera HDHP Ind/Fam
Deductible	\$500/\$1,500	\$1,500/\$3,000
Coinsurance Max	\$2,000/\$6,000	-
Out-of-Pocket Max	\$8,550/\$17,100	\$7,000/\$14,000

Employee Annual Premium Savings	\$ 2,760
District Health Savings Account Annual Contribution	\$ 1,500
<b>Funds Available for Possible Medical Expenses</b>	<b>\$ 4,260</b>

#### Family Coverage - expenses spread between multiple family members

Billed Medical Expenses	\$ -	\$ 10,000	\$ 20,000	\$ 30,000	\$ 40,000	\$ 50,000	\$ 60,000
PEHT Deductible	\$ -	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
PEHT Coinsurance Max	\$ -	\$ 1,700	\$ 3,700	\$ 5,700	\$ 6,000	\$ 6,000	\$ 6,000
PEHT Other Costs	\$ -	\$ 20	\$ 580	\$ 580	\$ 1,100	\$ 1,100	\$ 1,100
<b>Employee Cost</b>	<b>\$ -</b>	<b>\$ 3,220</b>	<b>\$ 5,780</b>	<b>\$ 7,780</b>	<b>\$ 8,600</b>	<b>\$ 8,600</b>	<b>\$ 8,600</b>
Premera Deductible	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Premera Out-Of-Pocket	\$ -	\$ 1,400	\$ 3,400	\$ 5,400	\$ 7,400	\$ 9,400	\$ 11,000
Premera Other Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Employee Cost</b>	<b>\$ -</b>	<b>\$ 4,400</b>	<b>\$ 6,400</b>	<b>\$ 8,400</b>	<b>\$ 10,400</b>	<b>\$ 12,400</b>	<b>\$ 14,000</b>
Difference in Employee Cost	\$ -	\$ 1,180	\$ 620	\$ 620	\$ 1,800	\$ 3,800	\$ 5,400
Funds Available for Expenses	\$ 4,260	\$ 4,260	\$ 4,260	\$ 4,260	\$ 4,260	\$ 4,260	\$ 4,260
<b>Impact to Employee</b>	<b>\$ 4,260</b>	<b>\$ 3,080</b>	<b>\$ 3,640</b>	<b>\$ 3,640</b>	<b>\$ 2,460</b>	<b>\$ 460</b>	<b>\$ (1,140)</b>





# TIMELINE

TRANSITION TARGET DATES AND DEADLINES ARE LISTED BELOW

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## DEADLINE TO NOTIFY PEHT

We are required to notify PEHT by  
May 1 if we intend to terminate  
coverage.

**May 1**

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**June 1**

## OPEN ENROLLMENT

We recommend having open  
enrollment start no later than June 1,  
2022.

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## PLAN YEAR BEGINS

The new plan year begins July 1, 2022.

**July 1**

A close-up photograph of a person's arm wearing a blue blood pressure cuff. A hand is holding a stethoscope over the cuff. The cuff has a circular gauge with two scales: the outer scale for systolic pressure (0-240 mmHg) and the inner scale for diastolic pressure (0-120 mmHg). The needle is pointing to approximately 120 mmHg on the systolic scale. A label on the cuff reads "MABIS Precision™" and "BATTERY" with an arrow pointing to the bottom. The word "QUESTIONS?" is overlaid in large, bold, black letters across the center of the image.

# QUESTIONS?