



# GTCMHIC ORIENTATION

Director Orientation to the:  
Greater Tompkins County Municipal  
Health Insurance Consortium  
February 15, 2016

# Goal of Orientation

- ❖ **What is Health Care?**
- ❖ **What is Health Insurance?**
  - ❖ **Is it necessary?**
  - ❖ **How does the insurance system work?**
  - ❖ **Why do Health Insurance costs rise so fast?**
- ❖ **Why was the GTCMHIC created?**
  - ❖ **How does the GTCMHIC work?**
  - ❖ **How has the GTCMHIC grown?**
- ❖ **What is a Benefit Plan?**
- ❖ **How to Build a Benefit Plan**
- ❖ **What is Actuarial Value**
- ❖ **What challenges lie ahead?**

# Retreat Agenda

- ❖ Welcome & Introductions (11:00)
- ❖ Explain Health Care, Insurance, and Cost Changes (11:10)
- ❖ Introduce GTCMHIC? How it works? What does its growth look like?(11:30)
- ❖ Snack Break (12:00)
- ❖ Explain Benefit Plans, how are they constructed, and What is Actuarial Value? (12:15)
- ❖ Challenges (12:55)
- ❖ Questions (1:00)

# Introductions

- ❖ Today's Presenters
  - ❖ Don Barber, Executive Director GTCMHIC
  - ❖ Steve Locey, Locey & Cahill, LLC
  - ❖ Beth Miller, Excellus BCBS
  
- ❖ Participants in Attendance
  
- ❖ Acknowledgements



PART 1

# Health Care Basics:

Beth Miller, Excellus BlueCross BlueShield

# What is Health Care?

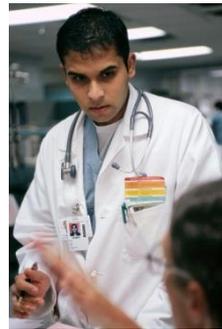
- ❖ Health care (or healthcare) is the diagnosis, treatment, and prevention of disease, illness, injury, and other physical and mental impairments in human beings.
- ❖ Health care is delivered by practitioners in allied health, dentistry, midwifery (obstetrics), medicine, nursing, optometry, pharmacy, psychology and other various health professions.
- ❖ It refers to the work done in providing primary care, secondary care, and tertiary care, as well as in public health.

# Health Care is a Business

- ❖ Patients purchase health care products and/or services from private sector medical care providers and/or facilities.
- ❖ Medical care spending is tracked as part of the Consumer Price Index (CPI) a measure of the change over time in the prices paid by consumers for goods and services.
- ❖ In 2015, health care spending in the United States of America accounted for approximately 17.1% of the estimated \$17.6 Trillion Gross Domestic Product (GDP).
- ❖ Medical care spending is a major component of our GDP which is growing faster than other CPI tracked goods and services.

# Patient Care Choices

- ❖ Where can I access care?  
(Place of Treatment)
- ❖ What Services do I Need?  
(Type of Service)
- ❖ How much will it cost me for my care?  
(Out-of-Pocket Cost)



# Common Places of Treatment

- ❖ Hospital
  - ❖ Inpatient Services
  - ❖ Outpatient Services
  - ❖ Emergency Care Services
- ❖ Skilled Nursing Facilities
- ❖ Ambulatory Surgical Care Centers
- ❖ Urgent Care Facilities
- ❖ Residential Psychiatric / Substance Abuse Facilities
- ❖ Physician Offices / Clinics
- ❖ Patient's Residence (Home Care or Visits)
- ❖ Pharmacies (Retail, Mail-Order, and Specialty)



# Common Types of Services

- ❖ Primary Care Services and Immunizations
- ❖ Diagnostic Laboratory and Radiology
- ❖ Convenient Care / After Hours Care
- ❖ Urgent Care / Emergency Care
- ❖ Specialist Care (orthopedics, oncology, cardiology, etc.)
- ❖ Surgical Services (Surgeon and Assistant Surgeon)
- ❖ Anesthesiology Services
- ❖ Therapy Services (Physical, Speech, Occupational, etc.)
- ❖ Rehabilitation Services (Physical, Mental Health, etc.)
- ❖ Pharmaceutical Services and Medications

# Prescription Drug Basics

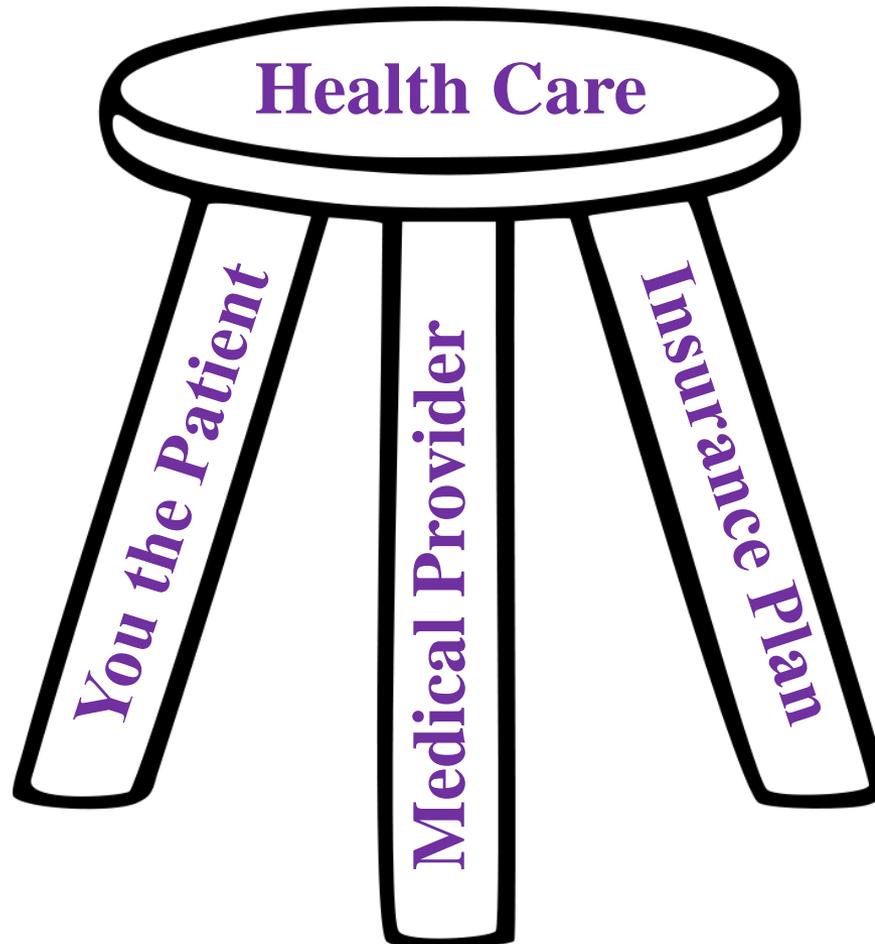
- ❖ Generic Medications (Tier 1)
  - ❖ 80% of Prescriptions Filled
  - ❖ Average Cost Per Prescription = \$26.25
  
- ❖ Brand Name Medications
  - ❖ Includes Preferred (Tier 2) and Non-Preferred (Tier3)
  - ❖ Specialty Medications are Commonly Tier 3 Drugs
  - ❖ 20% of Prescriptions Filled
  - ❖ Average Cost Per Prescription = \$399.31
  
- ❖ Specialty Medications
  - ❖ 0.96% of Prescriptions Filled
  - ❖ 26.50% of Overall Prescription Drug Spend
  - ❖ Average Cost Per Prescription = \$2,750.06

# Your Cost of Care

- ❖ Deductibles
- ❖ Coinsurance Amounts  
(e.g., 20%)
- ❖ Copayment Amounts  
(e.g., \$15.00)
- ❖ Out-of-Network Provider  
Balance Bills
- ❖ Non-Covered Products  
or Services



# Working Collaboratively





PART 11

# Using a Benefit Plan:

Beth Miller, Excellus BlueCross BlueShield



Person Needs Medical Care

Medical Care is Sought



Common Questions to ask the Doctor:

1. What are my treatment options?
2. What services will be performed?
3. What services do I really need?
4. How much will the services cost?
5. Will a generic drug work for me?



Billed to Insurer

Cost of Care

Pay Co-Pay to Doctor



Insurer Determines

if service is covered



Discounted rate paid to Doctor



Bill to Patient

Common Patient Costs:

1. Deductible
2. Coinsurance Amounts (e.g., 20%)
3. Non-Covered Items/Services
4. Non-Par Provider Balances

DATE OF SERVICE	CODE	DESCRIPTION OF SERVICE	CHARGES	PAYMENTS	BALANCE
06/01/10	XXXXA	OFFICE VISIT 20 MINUTES	\$200.00	\$100.00	\$100.00
06/01/10	XXXXB	BLOOD DRAW	\$100.00	\$100.00	\$1.00
CURRENT	00-00 DAYS	00-90 DAYS	90-120 DAYS	120+ DAYS	AMOUNT DUE:
\$0.00					\$07.00

## Claims Adjudication Process:

1. Is the Patient covered by the Plan?
2. What type of plan design is in place?
3. Is the service a covered item?
4. Is the service medically necessary?
5. Is the Provider participating?
6. Does the Patient have cost sharing?
  - a. Deductible
  - b. Coinsurance
  - c. Copayment

Claim received  
by Insurer/Admin.

Claim received  
by Insurer/Admin.



Discounted rate paid

to Medical Provider





PART III

# Hyper-Inflation of Health Insurance:

Beth Miller, Excellus BlueCross BlueShield

# Why Have Health Insurance Costs Increased Faster than CPI

Health Insurance cost increases are a function of many factors including, but not limited to:

- ❖ Medical Care Inflation
- ❖ Advancements in Medical Technology
- ❖ Advancements in Pharmaceuticals
- ❖ Federal and State Mandated Benefits
- ❖ **Decrease in the “Value” of Cost Sharing Items**
- ❖ Federal and State Taxes and Fees
- ❖ Medical Malpractice Costs (Insurance & Litigation)

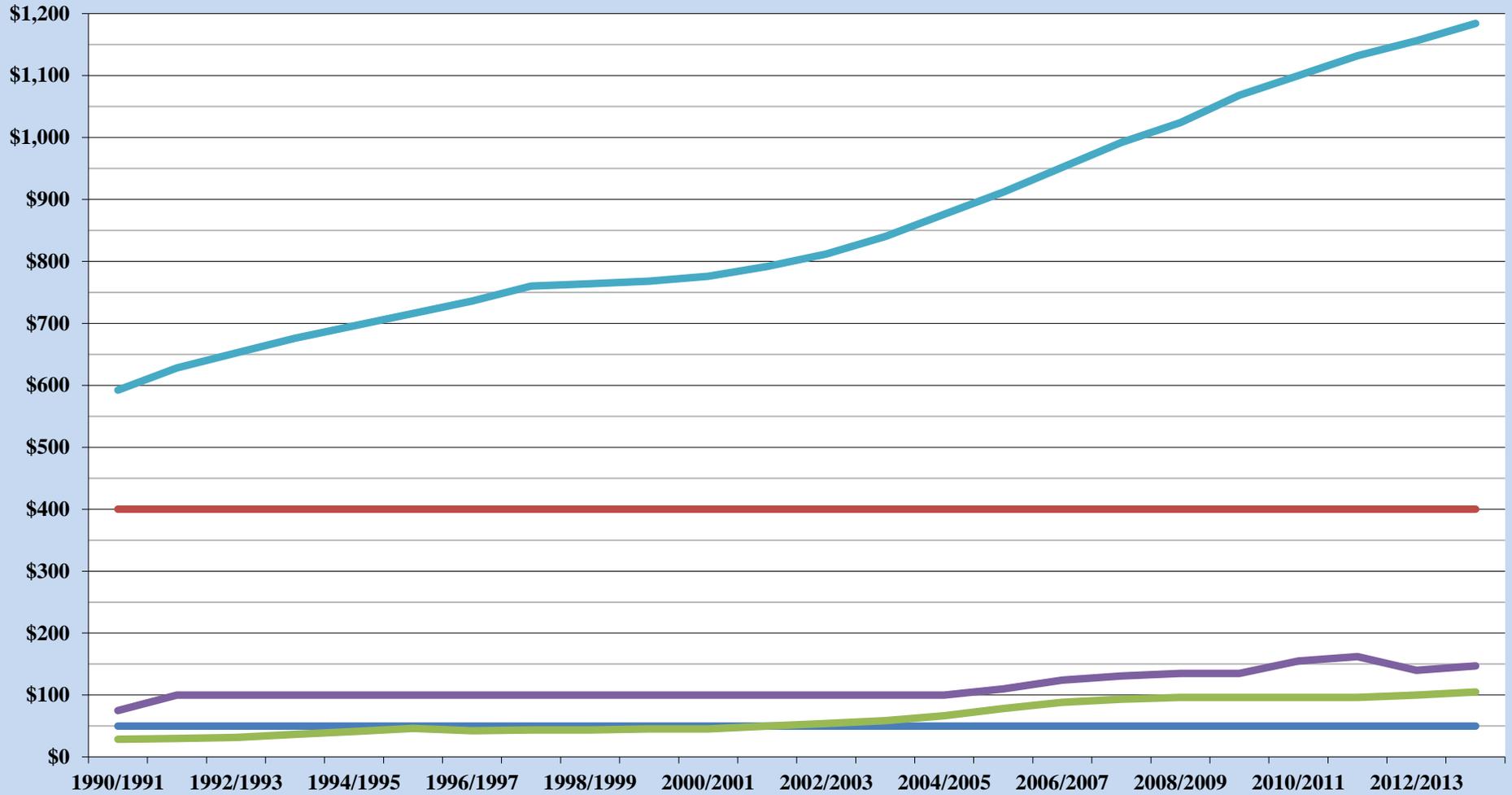
# Benefit Plans Haven't Kept Pace

- ❖ Health Insurance Evolves Over Time
- ❖ 3 to 5 Years Between Contracts
- ❖ Health Insurance Trends Outpace Cost-Sharing Changes
- ❖ Lack of Focus on True Cost Distribution
- ❖ Plans are Negotiated Line Item by Line Item
- ❖ Modest Premium Changes = “Major” Benefit Changes

# Cooperative Health Insurance Fund of CNY

## BOCES Benefits vs. Medicare Benefits

1990/1991 to 2013/2014



# Medical Technology Advancements

- ❖ MRI, CAT Scans, Digital X-Rays
- ❖ Transplants (Heart, Kidney, Liver, etc.)
- ❖ Cancer Treatments and Therapies
- ❖ Joint Replacements (Knees and Hips)
- ❖ Premature Newborn Treatment and Care
- ❖ Flu Shots and Shingles Vaccine
- ❖ Specialty Pharmaceuticals

# Specialty Medication Pipeline

- ❖  $\approx$  1,300 New Drugs in Development
- ❖  $\approx$  600 Specialty Drugs in Late-Stage Development
  - ❖ 40% of these Medications are Oncology Drugs
- ❖ Pipeline Outlook
  - ❖ Oncology
  - ❖ Rheumatoid Arthritis
  - ❖ CNS Disorders
  - ❖ Infectious Diseases
  - ❖ Respiratory Disorders

# State and Federal Mandates



- ❖ 1993 to 2003
  - ❖ 30 New Benefit Mandates
- ❖ 2003 to 2013
  - ❖ 51 New Benefit Mandates
  - ❖ 2010 PPACA Added

Legislative changes to health insurance are mandated changes which occur without Consortium approval. In addition, these changes are made outside of the collective bargaining environment without labor or management consideration or approval.

# Government Mandate Highlights

- ❖ Well Child Visits
- ❖ Routine Cervical Cancer Screenings
- ❖ Mental Health Parity Act
- ❖ Diabetic Treatment
- ❖ Chiropractic Care Coverage
- ❖ Adopted Newborn Coverage from Birth
- ❖ Breast Reconstruction
- ❖ Oral Contraceptives
- ❖ Prostrate Cancer Screenings
- ❖ Annual Routine Physical and Adult Immunizations
- ❖ Bone Density Treatment
- ❖ Chemical Dependency for inpatient and outpatient
- ❖ Contraceptives Drugs & Devices
- ❖ NYS Dependent to age 29
- ❖ HCR Dependents to 26
- ❖ NYS Same Sex Marriage
- ❖ Timothy's Law (Mental Health Parity)
- ❖ Removal of Annual Maximums



PART IV

# Health Insurance 101:

Steve Locey, Locey & Cahill, LLC

# Why Do I Need Health Insurance?

- ❖ Illness, Disease, and Injury are Unpredictable Events.
- ❖ The Cost of Services can be Exorbitant.
- ❖ Approximately 20% of the Population Spends 80% of the Premium Dollars Collected.
- ❖ Pooling Risk Protects You from Financial Catastrophe.
- ❖ The Patient Protection and Affordable Care Act Requires You to Have Health Insurance.
- ❖ One never knows when they or a loved one will be part of the 20% population.

# What is Health Insurance

- ❖ Health Insurance is an agreement in which a person or a person's employer makes regular payments (premiums) to a company and the company promises to pay money and/or cover certain medical (health care) services, procedures, materials, or costs if the person is sick or injured (benefits).
- ❖ The amount of the premiums and the level of benefits will vary based on the agreement the person or the person's employer has with the insurance company.
- ❖ Even though our use of medical services increases with age, premiums are pooled over a broad demographic population which evens out the premium cost over a person's lifetime.

# Sample Excellus BCBS Client

Incurred between January 1, 2012 and December 31, 2012, paid through March 31, 2013

## High Cost Claimant Costs by Member (>= \$25,000)

	High Cost Claimants by Most Costly Diagnosis	Prior Plan Cost	Current Plan Cost	UM	CM	DM	Rx Sp CM		
1	196 Secondary and Unspecified Malignant Neoplasm of Lymph N	\$335,633	\$1,063,623	YES	YES	NA	NA		
2	238 Neoplasm of Uncertain Behavior of Other and Unspecified	\$13,124	\$441,920	NA	NA	NA	NA		
3	227 Benign Neoplasm of Other Endocrine Glands and Related S	\$103,889	\$393,046	YES	YES	YES	NA		
4	572 Liver Abscess and Sequelae of Chronic Liver Disease	\$47,576	\$260,259	YES	NA	YES	NA		
5	162 Malignant Neoplasm of Trachea, Bronchus, and Lung	\$52,141	\$191,355	NO	NO	NO	NA		
6	724 Other and Unspecified Disorders of Back	\$9,684	\$174,144	YES	NA	NA	NA		
7	733 Other Disorders of Bone and Cartilage	\$73,675	\$133,579	YES	YES	NA	NA		
8	99681 Complications of Transplanted Kidney	\$6,074	\$121,509	YES	YES	NA	NA		
9	562 Diverticula of Intestine	\$1,855	\$119,026	NA	NA	NA	NA		
10	V5811 Encounter for antineoplastic chemotherapy	\$295,897	\$114,362	YES	NA	NA	NA		
11	189 Malignant Neoplasm of Kidney and Other and Unspecified	\$16,753	\$104,522	YES	YES	NA	NA		
12	715 Osteoarthritis and Allied Disorders	\$23,273	\$104,433	YES	NA	YES	NA		
13	753 Congenital Anomalies of Urinary System	\$14,937	\$102,991	YES	NA	NA	NA		
14	153 Malignant Neoplasm of Colon	\$2,451	\$100,764	NA	NA	NA	NA		
15	536 Disorders of Function of Stomach	\$8,254	\$99,967	YES	NA	NA	NA		
16	491 Chronic Bronchitis	\$19,091	\$97,636	YES	NA	YES	NA		
17	428 Heart Failure	\$129,961	\$92,629	YES	NA	NA	NA		
18	99666 Infection and Inflammatory Reaction Due to Internal Joi	\$26,714	\$89,488	YES	NA	YES	NA		
19	237 Neoplasm of Uncertain Behavior of Endocrine Glands and	\$0	\$88,683	NA	NA	YES	NA		

14 People Exceeded \$100,000 in Medical Paid Claims in 2012 for a Total Spend of \$3,425,533



UM - Utilization Management, CM - Case Management, DM - Disease Management, Rx Sp CM - Pharmacy Benefit Specialty Drug CM

# How are Premium Rates Set?

- ❖ Predict Overall Expense Budget
  - ❖ Paid Claims Statistical Trend Models (94% of expenses)
  - ❖ Administrative and “Overhead” Expenses
  - ❖ Insurance Costs – Even Insurance Companies Buy Insurance
  - ❖ Taxes and Fees
- ❖ Determine Reserves / Liability Adjustments
- ❖ Expenses + Reserve/Liability Adjustments = Income
- ❖ Premiums = 98% of Income
- ❖ Adjust Premiums Based on Benefit Design Using Excellus, ProAct, and Locey & Cahill, LLC Data Bases

# Why Purchase Stop-Loss Insurance?

- ❖ Article 47 Require the Purchase of Stop-Loss Insurance
- ❖ Aggregate Stop-Loss Insurance
  - ❖ Protects the GTCMHIC from financial harm caused by all claims exceeding projections which could be caused by a pandemic.
  - ❖ Annual Consortium Deductible = 125% of Expected Claims Cost
  - ❖ Consortium Coverage Maximum = \$1,000,000
  - ❖ Annual Cost  $\approx$  \$67,000
- ❖ Specific Stop-Loss Insurance
  - ❖ Protects the GTCMHIC from financial harm caused by a single catastrophic large loss case.
  - ❖ Annual Per Person Deductible = \$400,000
  - ❖ Coverage Maximum Per Person = Unlimited
  - ❖ Annual Cost  $\approx$  \$700,000



PART V

# GTCMHIC Overview:

Don Barber, GTCMHIC Executive Director

# Consortium Mission & Vision

**Belief:** Individually and collectively we invest in realizing high quality, affordable, dependable Health Insurance

**Mission Statement:**

**GTCMHIC is an efficient inter-municipal cooperative that provides high-quality, cost-stable health insurance for members and their employees and retirees.**

**Vision Statement:**

**GTCMHIC provides its municipal partners in Tompkins County and the six contiguous counties, a menu of health insurance plans to the benefit of the employees, retirees, and their families.**

- **The Consortium administers operations by collaborating with claims administrators, providers, and employee representatives in an effort to manage its costs, efficiencies, and success.**
- **The Consortium strives to provide a trust-worthy, responsive, and efficient vehicle that enables access to its quality products, models a new health insurance paradigm, and educates its members to become more directly involved in their own personal health.**
- **The Consortium promotes a culture of preventative health care for the well-being of its members.**

# Why was the GTCMHIC Started?

- ❖ Due to limited revenue from property taxes, local governments formed the TCCOG to find ways of sharing services.
- ❖ At TCCOG meetings, health insurance became a focus as premiums were outpacing the growth in revenue.
- ❖ TCCOG was awarded a Shared Municipal Services Incentive (SMSI) grant of nearly \$250,000 to assist in the development, approval, and implementation of the GTCMHIC.
- ❖ Article 47 of the New York State Insurance Law allowed all municipalities to belong to the GTCMHIC.
- ❖ Not one Article 47 Municipal Cooperative Health Benefits Plan had been created since the legislation passed in 1992.

# Creating the GTCMHIC

- ❖ Creating a governance structure was no small task and establishing balance between large municipalities like the County with over 1,200 employees with small towns and villages with less than 10 employees required a significant amount of negotiation and creativity.
- ❖ In 2009 the framework of the GTCMHIC was formed with the drafting of the Municipal Cooperative Agreement (MCA) which had to be signed by all participating municipalities. Late in 2009 and into 2010 the GTCMHIC submitted its application to the NYS Ins. Dept. and soon discovered that the hardest work was still to come.
- ❖ One task was to create a meaningful role for labor within the Consortium's decision making process. Joint Committees on benefit plan design had been used in other municipal insurance risk pools and seemed to make sense for the GTCMHIC. However, NYSID's reading of Article 47 required Labor to have voting seats on the Board.

# Starting the GTCMHIC

- ❖ The Participating Municipalities collectively had to invest \$1,220,000 into a Rate Stabilization Reserve to satisfy the capital surplus requirements of Article 47. To meet this requirement, capitalization was not done equally
- ❖ We negotiated with the NYSID for an IBNR reserve equal to 12% of the expected incurred claims for the year. This was one half of the statutory requirement of 25% and 5% less than the reserves required by other municipal cooperative health benefit plans by the NYSID.
- ❖ GTCMHIC was awarded a Certificate of Authority on October 1, 2010
- ❖ The GTCMHIC began operations on January 1, 2011 and started providing health insurance coverage to approximately 4,400 people. In 2011, the GTCMHIC collected approximately \$26,000,000 in premium and paid out approximately \$22,000,000 in benefits.

# Article 47 of the NYS Ins. Law

- ❖ Allows Municipalities who Employ <50 Employees to Pool with Municipalities who Employ 50 or more Employees.
- ❖ Regulatory Requirements Include, But are not Limited to:
  - ❖ Adoption of a Municipal Cooperative Agreement
  - ❖ Establishment of Financial Reserves to Cover Liabilities
  - ❖ Creating a Role for Labor in the Governance Structure
    - ❖ Joint Committee on Plan Structure and Design
    - ❖ Voting Seats on the GTCMHIC Board of Directors
  - ❖ NYS DFS Reporting and Oversight

**GTCMHIC Certificate of Authority was Issued on 10/01/2010**  
**GTCMHIC Operations Began on 01/01/2011**

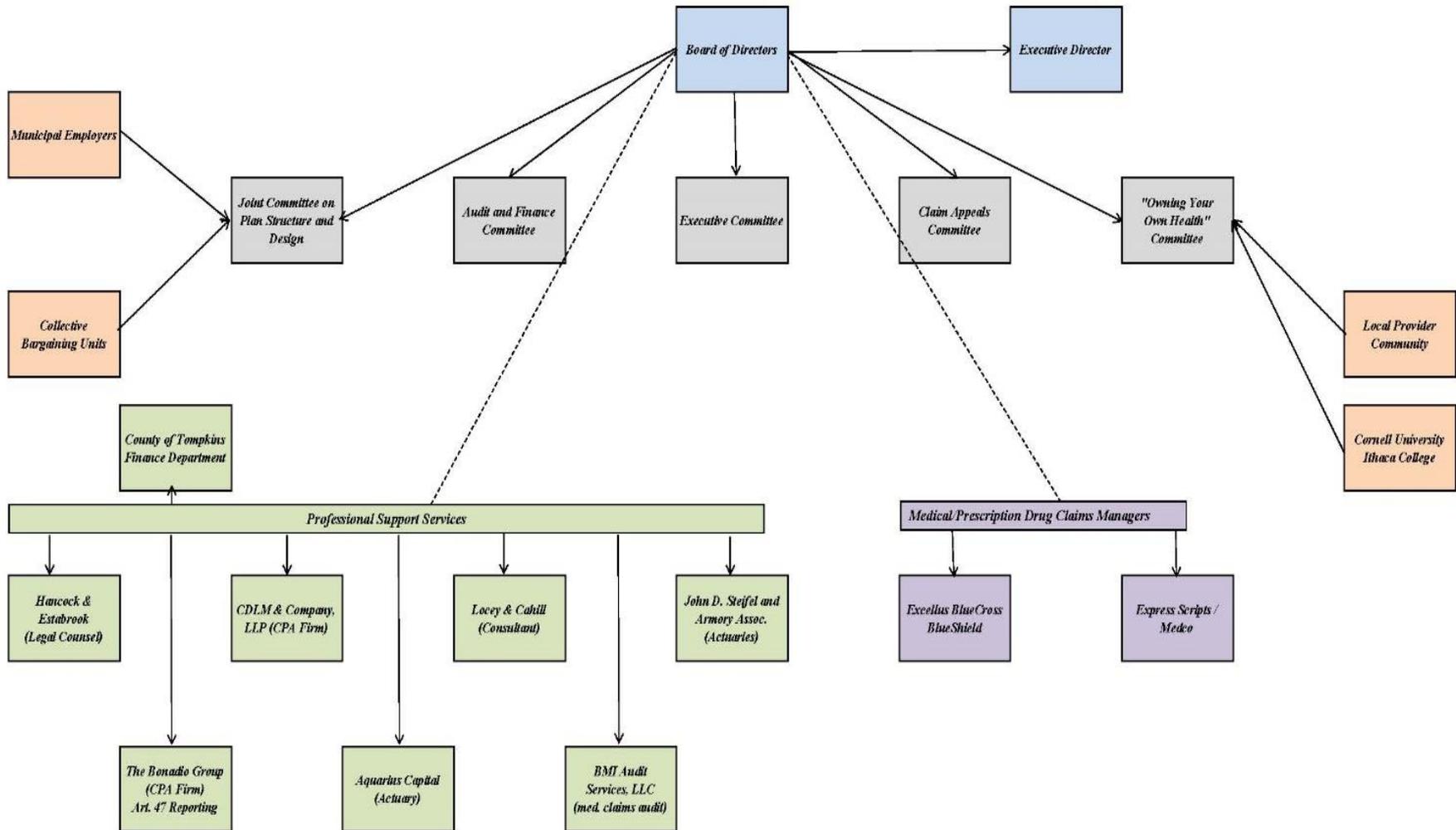
# The Municipal Cooperative Agreement

- ❖ The MCA is an agreement between municipal owners of an Insurance Company that writes benefit plans which must be approved by the NYS Dept. of Financial Services.
- ❖ The MCA provides the operational framework of the GTCMHIC by:
  - ❖ Affirming the shared fiscal responsibility for covering all eligible incurred claims. Each municipalities financial stake is based on total premiums contributed;
  - ❖ Establishes the Board of Directors which consists of one representative for each municipal member and a number of labor representatives who each have equal voting power. However, weighted voting can be invoked in certain instances, but has not been to date;
  - ❖ Stipulating that the Board is responsible to direct & protect the Consortium;
  - ❖ Creating the Joint Committee on Plan Structure and Design
  - ❖ Describing how municipalities may join the Consortium, leave the Consortium, or how the Consortium could be dissolved.

# How is the MCA Organized

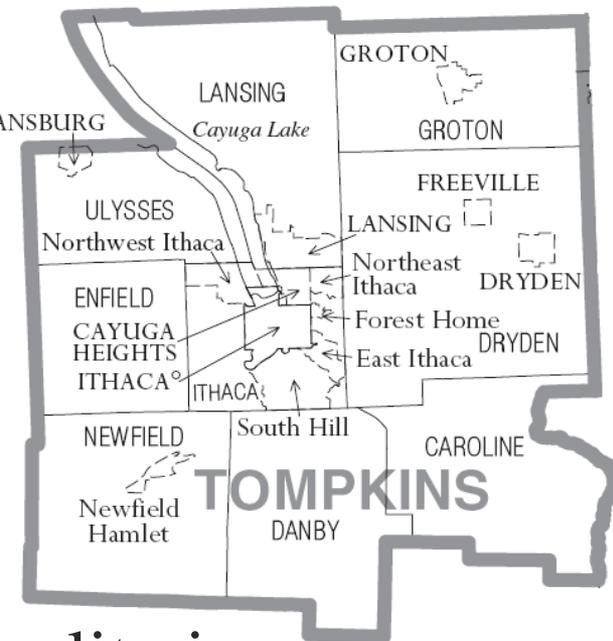
- Sections A&B describe Participants and their responsibilities
- Sections C-H describe the Board of Directors, their operating procedures, and responsibilities
- Section I describes the Plan Administrator
- Section J describes the function of the Chief Financial Officer
- Section K describes the Joint Committee on Plan Structure and Design
- Sections L-N describe Premiums
- Sections O-X describe processes for Participants to work with each other for items like changes to MCA, joining, leaving, dissolution, and disputes, etc.

Greater Tompkins County Municipal Health Insurance Consortium



# Who is in the Consortium?

Consortium membership was initially offered to each municipality within the geographical boundaries of Tompkins County which included the County, City of Ithaca, and thirteen Towns and Villages.



This has now expanded to any municipality in Tompkins County and the Counties contiguous to Tompkins County which includes any municipality in Cayuga, Chemung, Cortland, Schuyler, Seneca, and Tioga Counties.

# GTCMHIC Update

## Our List of Municipal Partners

- ❖ City of Cortland
- ❖ City of Ithaca
- ❖ County of Tompkins
- ❖ Town of Caroline
- ❖ Town of Danby
- ❖ Town of Dryden
- ❖ Town of Enfield
- ❖ Town of Groton
- ❖ Town of Ithaca
- ❖ Town of Lansing
- ❖ Town of Marathon
- ❖ Town of Truxton
- ❖ Town of Ulysses
- ❖ Town of Virgil
- ❖ Town of Willett
- ❖ Village of Cayuga Heights
- ❖ Village of Dryden
- ❖ Village of Groton
- ❖ Village of Homer
- ❖ Village of Trumansburg

# Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC)

- ❖ The Consortium Today “At a Glance”
  - ❖ 20 Municipal Employers
    - ❖ 1 County, 2 Cities, 12 Towns, and 5 Villages
  - ❖ 4 Large Employers (greater than 50 employees)
  - ❖ 16 Small Employers (less than 50 employees)
  - ❖ Approximately 2,300 Total Employees/Retirees
  - ❖ Approximately 5,000 Covered Lives
  - ❖ 2016 Health Insurance Budget = \$39 Million
  - ❖ First New Article 47 Consortium

# Employee/Retiree Protections

- ❖ Benefits and Rights Protected by Collective Bargaining Agreements / Personnel Policies
- ❖ New York State Department of Financial Services Guidance and Oversight
- ❖ Representation in the Process
- ❖ Sharing of Information and Results



PART VI

# How has the Consortium Grown?:

Steve Locey, Locey & Cahill, LLC

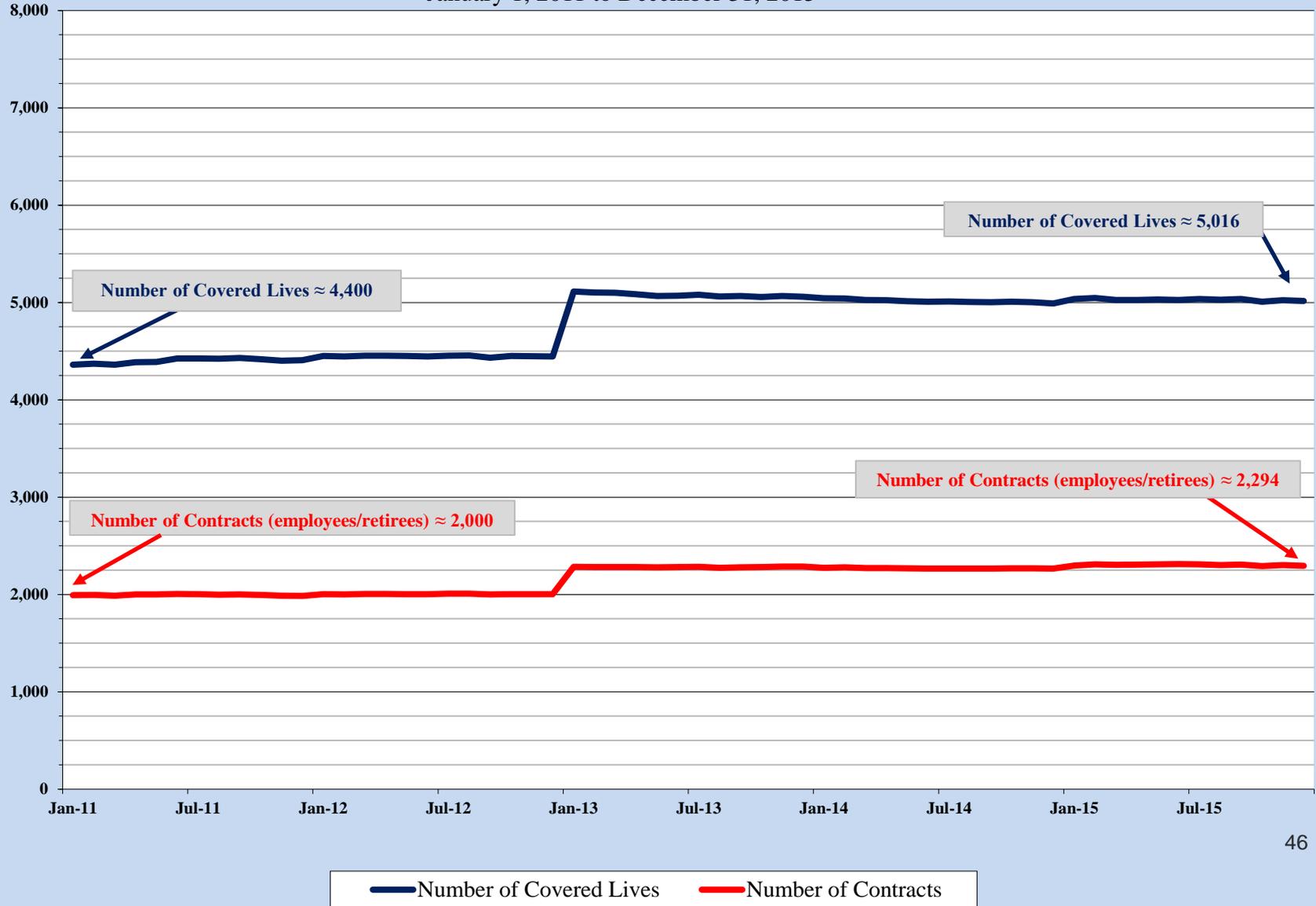
# Consortium Financial Model

- ❖ Self-Insurance
- ❖ Article 47 of the N.Y. State Insurance Law
- ❖ Premiums and Risks are Pooled
- ❖ Premiums are Established to Cover Statistically Predicted Claims and Fixed Costs (admin. Fees, insurances, etc.)
- ❖ Paying for Actual Claims Incurred
- ❖ Maintaining Reserve Accounts
- ❖ Excess Funds are Invested and Used for Future Budgets

# Greater Tompkins County Municipal Health Insurance Consortium

## 2011-2015 Monthly Covered Lives and Contracts

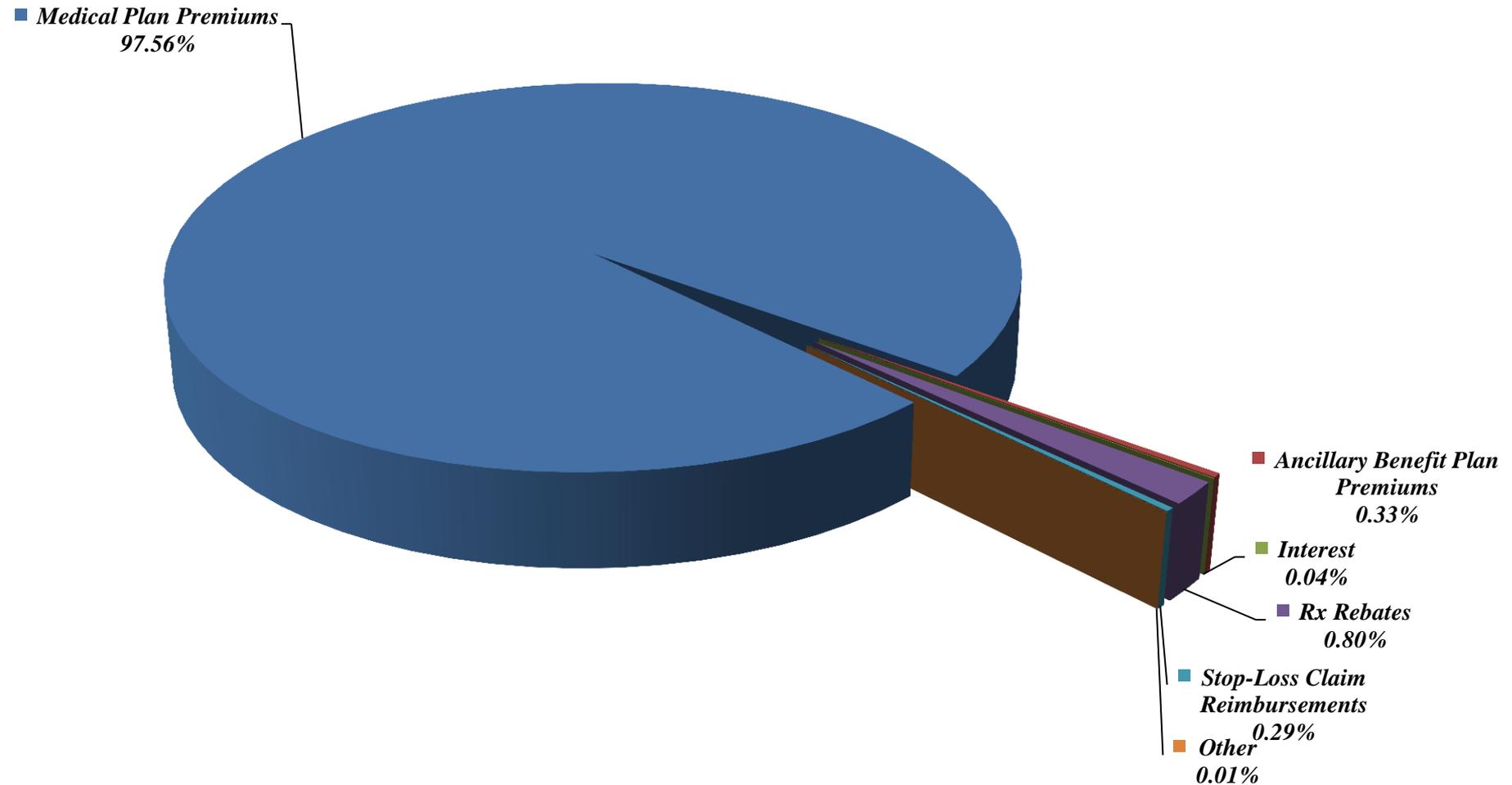
January 1, 2011 to December 31, 2015



# Greater Tompkins County Municipal Health Ins. Consortium

## 2015 Income Distribution

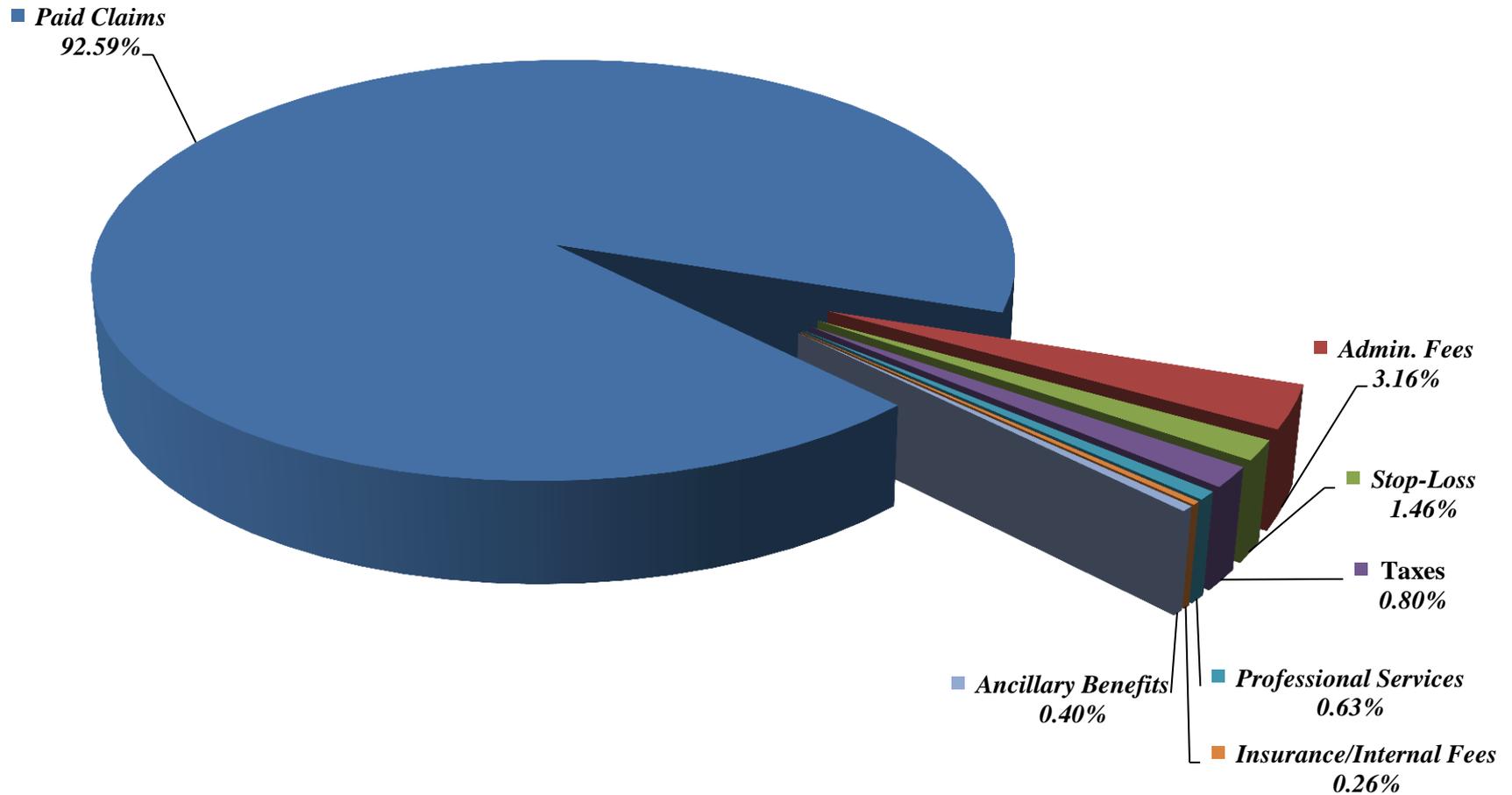
January 1, 2015 to December 31, 2015



# Greater Tompkins County Municipal Health Ins. Consortium

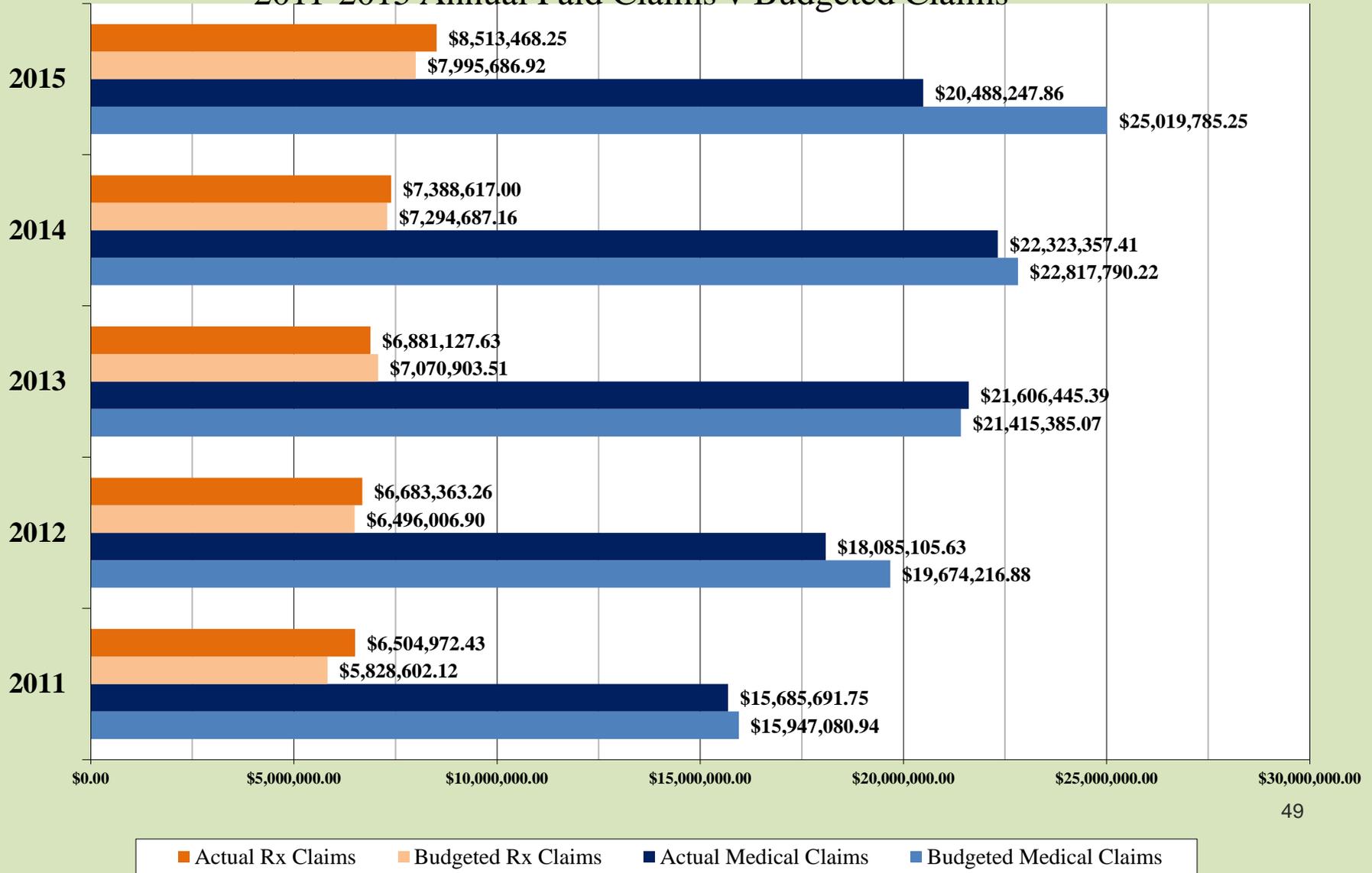
## 2015 Expense Distribution

January 1, 2015 to December 31, 2015



# Greater Tompkins County Municipal Health Ins Consortium

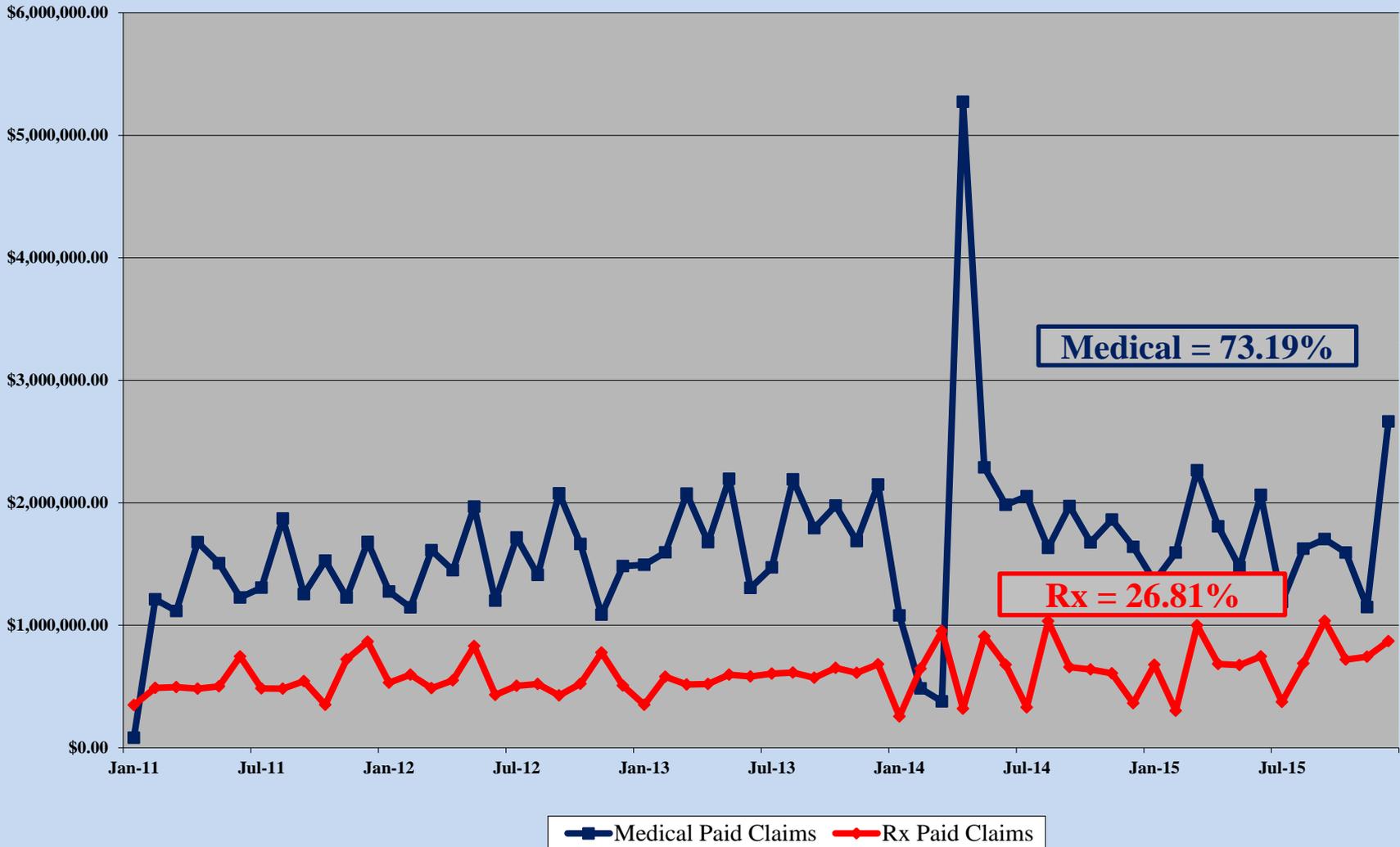
## 2011-2015 Annual Paid Claims v Budgeted Claims



# Greater Tompkins County Municipal Health Insurance Consortium

## Monthly Paid Claims Per Covered Life

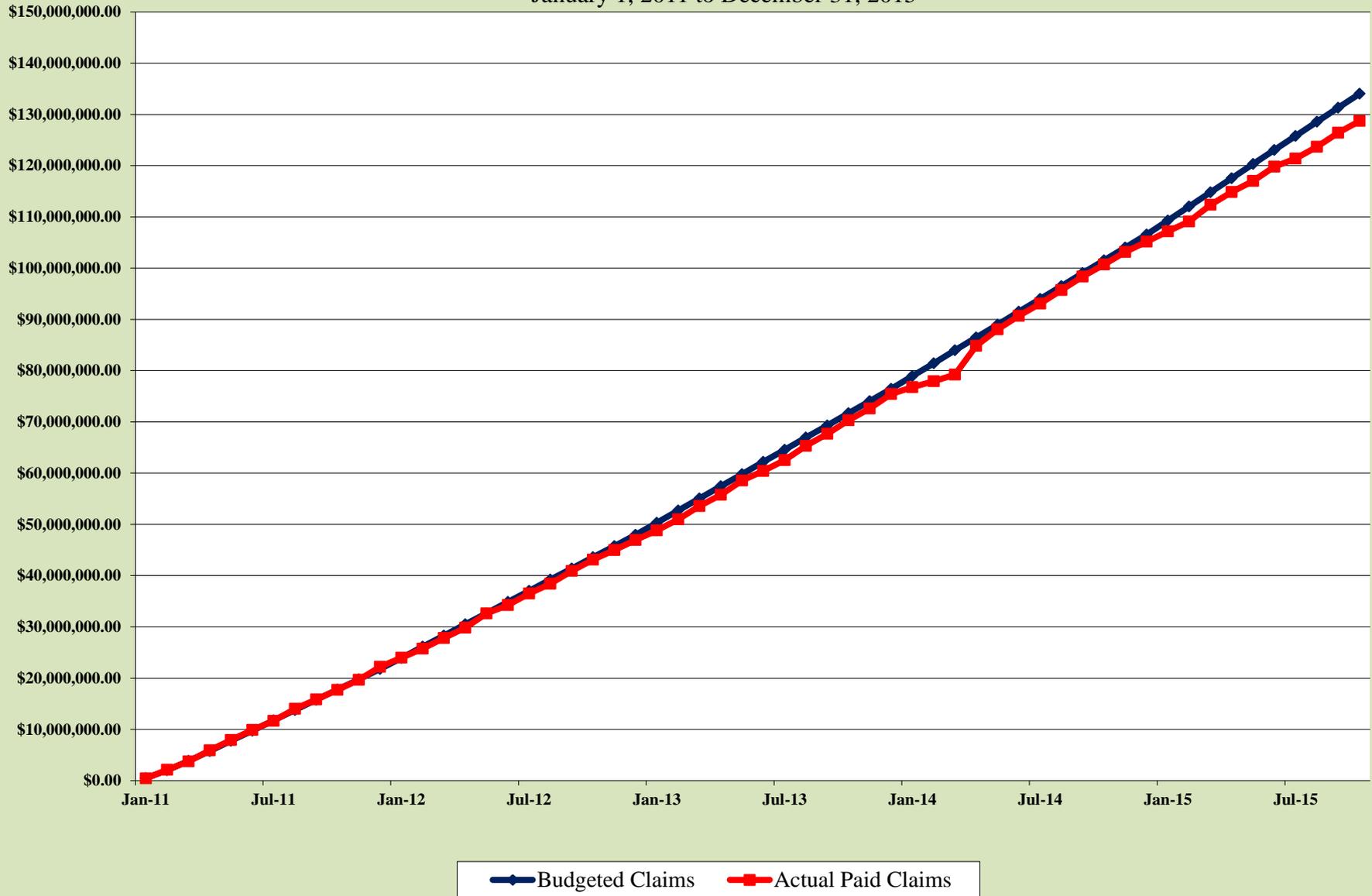
January 1, 2011 to December 31, 2015



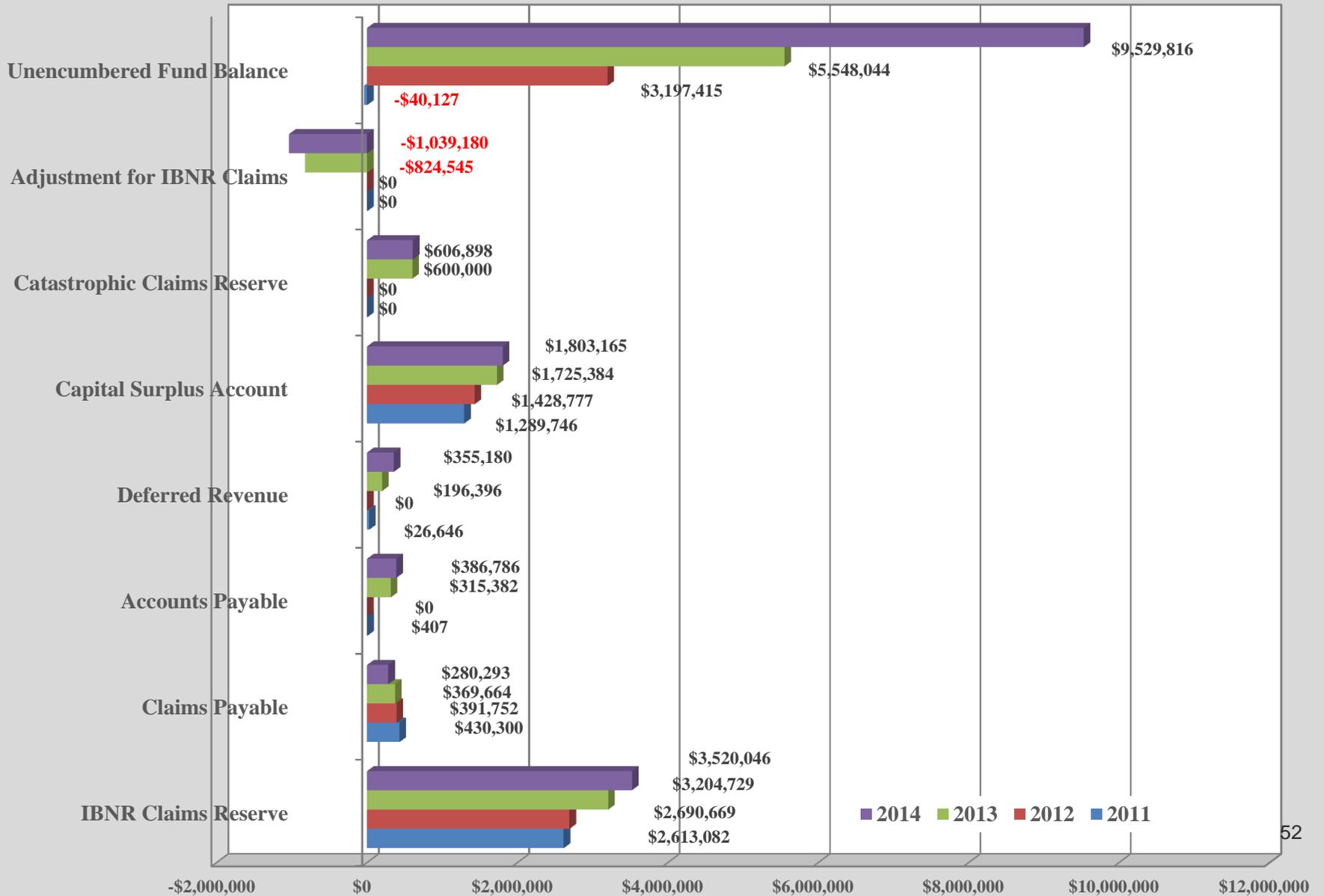
# Greater Tompkins County Municipal Health Ins Consortium

## 2011-2015 Monthly Paid Claims v Budgeted Claims

January 1, 2011 to December 31, 2015



# Greater Tompkins County Municipal Health Insurance Consortium Net Asset Distribution (2011 - 2014)



# Financial Impact of Consortium

- ❖ The Consortium reduced overall health insurance spending by:
  - ❖ Pooling Resources and Increasing Efficiencies
  - ❖ Increasing Buying Power (“Economies of Scale)
  - ❖ Reducing Administrative Expenses
  - ❖ Spreading Risk Over a Larger Population
  - ❖ More Stable Annual Premium and Budget Process

# Greater Tompkins County Municipal Health Insurance Consortium

GTCMHIC Budget Income % Increase and Excellus Small Group PPO % Rate Increase

<i>Fiscal Year</i>	<i>Budget Income % Increase (2017-2019 Projected)</i>	<i>Excellus BCBS Small Group PPO Rates % Increase *</i>	<i>Excellus BCBS Administrative Fee</i>	<i>Excellus BCBS Administrative Fee % Increase</i>
<i>2011</i>	9.50%	10.00%	\$28.00	n/a
<i>2012</i>	9.50%	11.50%	\$29.12	4.00%
<i>2013</i>	9.00%	11.90%	\$30.43	4.50%
<i>2014</i>	8.00%	ACA	\$31.80	4.50%
<i>2015</i>	5.00%	12.20%	\$32.60	2.52%
<i>2016</i>	4.00%	7.10%	\$33.58	3.01%
<i>2017</i>	<i>5.00%</i>	TBD	\$34.59	3.01%
<i>2018</i>	<i>5.00%</i>	TBD	TBD	TBD
<i>2019</i>	<i>5.00%</i>	TBD	TBD	TBD
<i>Average Increase</i>	<i>7.50%</i>	<i>10.54%</i>		<i>3.88%</i>

Take a  
**BREAK**

GET OUT OF YOUR CHAIR,  
IT'S **KILLING** YOU





PART VII

# What are Benefit Plans?:

Steve Locey, Locey & Cahill, LLC

# What are Benefit Plans?

Benefit Plans are a contract between a person and/or their employer and a licensed health insurance company that contains a listing of covered medical care services provided to eligible.

As part of a benefit plan health insurance companies typically contract with health care service providers who offer medical care and/or services to you at a reduced agreed upon amount.

Benefit Plans must meet minimum Federal and State requirements and include all mandated benefits.

# Alphabet Soup of Health Insurance

- ❖ Indemnity or Traditional Plans
- ❖ Preferred Provider Organization (PPO) Plans
- ❖ Point of Service (POS) Plans
- ❖ Health Maintenance Organization (HMO) Plans
- ❖ High Deductible Health Plans (HDHP)
- ❖ Health Savings Accounts (HSA)
- ❖ Flexible Spending Accounts (FSA)

# Common Misconception

## *My Health Insurance hasn't changed in twenty years.*

- ❖ For Most Municipal Employees, other than Rx Co-Pays, this statement is *false* as Health Insurance is ever-evolving and improving in favor of the member:
  - ❖ New Medical Procedures
  - ❖ New Pharmaceuticals
  - ❖ Mandated Benefits (Federal and State)
  - ❖ Affordable Care Act
- ❖ The fact is Health Insurance has changed dramatically in the past twenty years. Even if a Member's deductible, co-payment, or out-of-pocket maximum has not.



PART VIII

# Health Insurance Risk Models

Stephen Locey, Locey & Cahill, LLC

# Who Assumes the Risk?

## Insurance Company Annual Financial Risk Level



## Employer Annual Financial Risk Level



# NYS Health Insurance Risk Models

- ❖ NYS Self-Insured Plans
  - ❖ Single Employer Self-Insured Plan
  - ❖ *Article 47 Municipal Cooperative Health Benefits Plan*  
*Greater Tompkins County Municipal Health Insurance Consortium*
  - ❖ Article 44 Employee Welfare Funds

# Risk Models Prior to the Formation of the Consortium

**All Participating Municipalities were Fully-Insured through an Article 43 insurance company, Excellus BCBS using the following financial models:**

**Experience Rated:**

City of Cortland  
City of Ithaca  
County of Tompkins  
Town of Ithaca

**Community Rated:**

Town of Caroline Village of Cayuga Heights  
Town of Danby Village of Dryden  
Town of Dryden Village of Groton  
Town of Enfield Village of Homer  
Town of Groton Village of Trumansburg  
Town of Lansing Town of Virgil  
Town of Ulysses Town of Marathon  
Town of Willett Town of Truxton

# What is Our Risk Model?

- ❖ Self-Insurance
- ❖ Article 47 of the N.Y. State Insurance Law
- ❖ Premiums and Risks are Pooled
- ❖ Premiums are Established to Cover Statistically Predicted Claims and Fixed Costs (admin. Fees, insurances, etc.)
- ❖ Paying for Actual Claims Incurred
- ❖ Maintaining Reserve Accounts
- ❖ Excess Funds are Invested and Used for Future Budgets

# What plans are available?

- ❖ GTCMHIC has a menu of plan options for consideration by labor and management. New plans may be added upon request and approval by the Board of Directors.
- ❖ Indemnity, PPO, Comprehensive, and Medicare Supplemental plans are available, along with the recently added “metal level” plans that meets the ACA definition of “Platinum, Gold, Silver, and Bronze” as offered on the “health insurance exchange.”
- ❖ A variety of plan offerings are necessary to gain new members to the consortium and to offer labor and management the required tools to keep costs in check while still providing excellent benefits.

# PPO Plans vs Indemnity Plans

Plan Benefit and Cost Sharing Highlights		Sample PPO Plan		Sample Indemnity Plan	
		In-Network	Out-of-Network	In-Network	Out-of-Network
<b>Deductible</b>	<b>Individual</b>	Not Applicable	\$1,000 Out-of-Network (Medical Only)	\$100 Combined In and Out-of-Network (Medical Only)	
	<b>Family</b>	Not Applicable	\$3,000 Out-of-Network (Medical Only)	\$200 Combined In and Out-of-Network (Medical Only)	
<b>Out-of-Pocket Maximum</b> <i>(Medical Plan Coinsurance and Medical Plan Copayments, Deductible is not included in this amount)</i>	<b>Individual</b>	\$1,000 In-Network (Medical Only)	\$1,000 Out-of-Network (Medical Only)	\$400 Combined In and Out-of Network (Medical Only)	
	<b>Family</b>	\$3,000 In-Network (Medical Only)	\$3,000 Out-of-Network (Medical Only)	\$800 Combined In and Out-of Network (Medical Only)	
<b>Out-of-Pocket Maximum</b> <i>(Rx Plan Copayments)</i>	<b>Individual</b>	\$1,000 Rx Copays Only	Not Applicable	\$1,000 Rx Copays Only	Not Applicable
	<b>Family</b>	\$3,000 Rx Copays Only	Not Applicable	\$3,000 Rx Copays Only	Not Applicable
<b>Primary Care Physician</b>		\$10.00	20% After Deductible	20% After Deductible	20% After Deductible
<b>Specialist Physician</b>		\$10.00	20% After Deductible	20% After Deductible	20% After Deductible
<b>Inpatient Hospital</b>		Covered In Full	20% After Deductible	Covered In Full	0% of Allowed Amount
<b>Annual Maximum</b>		Unlimited	Unlimited	Unlimited	Unlimited
<b>Lifetime Maximum</b>		Unlimited	Unlimited	Unlimited	Unlimited

# Rx Plans 2-Tier vs 3-Tier vs 4-Tier

- ❖ 2-Tier Rx Plans have different copayments for generic medications and brand name medications.
- ❖ 3-Tier Rx Plans utilize a formulary to segregate medications into three tiers. Tier 1 is typically generic medications, Tier 2 is for preferred brand name medications and Tier 3 is for non-preferred brand name medications.
- ❖ 4-Tier Rx Plans are very similar to 3-Tier Rx Plans with the exception that these Plans create an additional Tier 4 for Specialty Medications with an even greater copay.

# Process for Changing Plans

- ❖ Plans may only change upon successful collective bargaining or legislative action as permitted.
- ❖ The GTCMHIC cannot unilaterally change benefit plans.
- ❖ Each municipality has their own group number and selected plan offerings per their agreements and policies.
- ❖ To add a new plan you must contact Beth Miller at Excellus BCBS who will coordinate with Ashley Masucci at ProAct, Inc.
- ❖ Please allow 60- 90 days to implement a new group



PART IX

# Actuarial Values Defined and Explained

Stephen Locey, Locey & Cahill, LLC

# Actuarial Value (AV)

The term “Actuarial Value” references the share of hospital, medical, surgical, and pharmacy care expenses the plan covers for a typical or average group of enrollees within a standard deviation of + or - 2%.

A Plan can determine its AV by using:

1. The AV Calculator developed by the Centers for Medicare & Medicaid Services (CMS) Center for Consumer Information & Insurance Oversight (CCIIO) which was implemented in accordance with the Patient Protection and Affordable Care Act of 2010; or
2. The services of an Independent Actuary who will evaluate the Plan’s benefits to determine the likely amount of out-of-pocket costs for the average person covered by the Plan.

# Actuarial Value Calculator

The term “Actuarial Value” references the share of health care expenses the plan covers for a typical or average group of enrollees within a standard deviation of + or - 2%.



As an example, if enrolled in a Platinum Plan the average person would expect the plan to cover approximately 90% of their health care costs in a given year.

# “ACA Metal Level Plans”

## Levels of Coverage:

The Affordable Care Act contains language which defines the Actuarial Value (AV) of a health insurance plan’s coverage based on the percent of health care expenses covered by the plan for a typical population. Health insurance plans will be placed into four categories based on their Actuarial Value (AV):

- ❖ Platinum Plan Models      Actuarial Value (AV) = 90%
- ❖ Gold Plan Models          Actuarial Value (AV) = 80%
- ❖ Silver Plan Models        Actuarial Value (AV) = 70%
- ❖ Bronze Plan Models        Actuarial Value (AV) = 60%

It should be noted that the most common plan models found in the Health Insurance Exchanges are PPO Style Plans and High Deductible Health Plans.

# ACA 2016 Mandated Limits

- ❖ Maximum Annual Deductible = \$6,850 Ind. / \$13,700 Fam.
- ❖ Maximum Annual Out-of-Pocket = \$6,850 Ind. / \$13,700 Fam.
- ❖ No Annual Limit on Essential Health Benefits
- ❖ No Lifetime Limit on Essential Health Benefits



The above maximums and limits must include all out-of-pocket expenses such as deductibles, coinsurance amounts, and copayments for the hospital, medical, surgical, and pharmacy benefits. This maximums and limits do not include any costs related to out-of-network provider billings and/or the cost for any non-covered services or products.

# Calculate

- Use Integrated Medical and Drug Deductible?
- Apply Inpatient Copay per Day?
- Apply Skilled Nursing Facility Copay per Day?
- Use Separate OOP Maximum for Medical and Drug Spending?
- Indicate if Plan Meets CSR Standard?

Desired Metal Tier Gold ▾

HSA/HRA Options		Narrow Network Options	
HSA/HRA Employer Contribution?	<input type="checkbox"/>	Blended Network/POS Plan?	<input type="checkbox"/>
Annual Contribution Amount:		1st Tier Utilization:	
		2nd Tier Utilization:	

- Deductible (\$)
- Coinsurance (% , Insurer's Cost Share)
- OOP Maximum (\$)
- OOP Maximum if Separate (\$)

Tier 1 Plan Benefit Design		
Medical	Drug	Combined
		\$500.00
		80.00%
		\$3,000.00

Tier 2 Plan Benefit Design		
Medical	Drug	Combined
		\$500.00
		60.00%
		\$3,000.00

[Click Here for Important Instructions](#)

Type of Benefit	Tier 1				Tier 2			
	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate
<b>Medical</b>	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
Emergency Room Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$250.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
All Inpatient Hospital Services (inc. MHSA)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$25.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialist Visit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Imaging (CT/PET Scans, MRIs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Speech Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Occupational and Rehabilitative Physical Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preventive Care/Screening/Immunization	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00
Laboratory Outpatient and Professional Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
X-rays and Diagnostic Imaging	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Skilled Nursing Facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$250.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Surgery Physician/Surgical Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<b>Drugs</b>	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
Generics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$5.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Non-Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$70.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialty Drugs (i.e. high-cost)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$70.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

### Options for Additional Benefit Design Limits:

Set a Maximum on Specialty Rx Coinsurance Payments? <input type="checkbox"/>
Specialty Rx Coinsurance Maximum:
Set a Maximum Number of Days for Charging an IP Copay? <input type="checkbox"/>
# Days (1-10):
Begin Primary Care Cost-Sharing After a Set Number of Visits? <input type="checkbox"/>
# Visits (1-10):
Begin Primary Care Deductible/Coinsurance After a Set Number of Copays? <input type="checkbox"/>
# Copays (1-10):

### Output

Calculate

Status/Error Messages:

Error: Result is outside of +/- 2 percent de minimis variation.

Actuarial Value:

82.4%

Metal Tier:

**User Inputs for Plan Parameters**

- Use Integrated Medical and Drug Deductible?
- Apply Inpatient Copay per Day?
- Apply Skilled Nursing Facility Copay per Day?
- Use Separate OOP Maximum for Medical and Drug Spending?
- Indicate if Plan Meets CSR Standard?
- Desired Metal Tier: Platinum

HSA/HRA Options		Narrow Network Options	
HSA/HRA Employer Contribution?	<input type="checkbox"/>	Blended Network/POS Plan?	<input type="checkbox"/>
Annual Contribution Amount:		1st Tier Utilization:	
		2nd Tier Utilization:	

	Tier 1 Plan Benefit Design		
	Medical	Drug	Combined
Deductible (\$)			\$100.00
Coinsurance (% , Insurer's Cost Share)			80.00%
OOP Maximum (\$)			\$400.00
OOP Maximum if Separate (\$)			

	Tier 2 Plan Benefit Design		
	Medical	Drug	Combined
Deductible (\$)			\$100.00
Coinsurance (% , Insurer's Cost Share)			80.00%
OOP Maximum (\$)			\$400.00
OOP Maximum if Separate (\$)			

[Click Here for Important Instructions](#)

Type of Benefit	Tier 1				Tier 2			
	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate
<b>Medical</b>	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input type="checkbox"/> All		
Emergency Room Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
All Inpatient Hospital Services (inc. MHSA)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialist Visit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Imaging (CT/PET Scans, MRIs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Speech Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Rehabilitative Occupational and Rehabilitative Physical Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preventive Care/Screening/Immunization	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00
Laboratory Outpatient and Professional Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
X-rays and Diagnostic Imaging	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Skilled Nursing Facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Outpatient Surgery Physician/Surgical Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<b>Drugs</b>	<input checked="" type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input type="checkbox"/> All		
Generics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$5.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$20.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Non-Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Specialty Drugs (i.e. high-cost)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

**Options for Additional Benefit Design Limits:**

Set a Maximum on Specialty Rx Coinsurance Payments?	<input type="checkbox"/>
Specialty Rx Coinsurance Maximum:	
Set a Maximum Number of Days for Charging an IP Copay?	<input type="checkbox"/>
# Days (1-10):	
Begin Primary Care Cost-Sharing After a Set Number of Visits?	<input type="checkbox"/>
# Visits (1-10):	
Begin Primary Care Deductible/Coinsurance After a Set Number of Copays?	<input type="checkbox"/>
# Copays (1-10):	

**Output**

Status/Error Messages:

Error: Result is outside of +/- 2 percent de minimis variation.

Actuarial Value:

95.2%

Metal Tier:

# Maintaining a Plan's AV

- ❖ The GTCMHIC established the following process to ensure the Standard Metal Level Plans maintain an Actuarial Value (AV) as defined by the Patient Protection and Affordable Care Act (ACA) equal to an overall plan benefit for the average participant of 90% for the Platinum Plan, 80% for the Gold Plan, 70% for the Silver Plan, and 60% for the Bronze Plan:
  1. Changes to the benefits provided by the Metal Level Plans will occur no more frequently than once a year with said benefit changes being effective on January 1st of the year following the adoption of the said benefit change.
  2. Changes to the benefits provided by the Metal Level Plans will be approved by the GTCMHIC's Board of Directors on or before November 1st of each year provided the benefit changes maintain the Actuarial Value of the plan in question as defined in Resolution No. 001-2014.

## Maintaining a Plan's AV (continued)

3. Changes to the benefits provided by the Metal Level Plans will be communicated to the affected members no later than December 1st of each year.
4. The GTCMHIC will adhere to the following definition of the Actuarial Value of each plan.

The Greater Tompkins County Municipal Health Insurance Consortium Standard ACA Metal Level Plans will have an Actuarial Value (AV) as defined by the Patient Protection and Affordable Care Act (ACA) equal to an overall plan benefit for the average participant of 90% for the Platinum Plan, 80% for the Gold Plan, 70% for the Silver Plan, and 60% for the Bronze Plan.

# Maintaining a Plan's AV (continued)

Said AV will be calculated annually using the AV Calculator developed by the Centers for Medicare & Medicaid Services (CMS) Center for Consumer Information & Insurance Oversight (CCIIO) which was implemented in accordance with the Patient Protection and Affordable Care Act. If such calculator is no longer available or in use, the GTCMHIC will have an independent Actuary develop the AV of the health insurance plan on an annual basis. In either case, it is the intent that the result will represent an empirical estimate of the AV calculated in a manner that provides a close approximation to the actual average spending by a wide range of consumers in a standard population and that said AV will be equal to 90% for the Platinum Plan, 80% for the Gold Plan, 70% for the Silver Plan, and 60% for the Bronze Plan within an acceptable deviation of + or – 2%



PART XI

# Building a Benefit Plan

Stephen Locey, Locey & Cahill, LLC

# Building a Health Insurance Plan

## Basic and Required “Building Blocks” of a Benefit Plan

- ❖ Determine the “Style” of the Plan or Type of Plan (indemnity, PPO, POS, HMO, HDHP, etc.)
- ❖ Membership (Who is Covered?)
- ❖ NYS Minimum and Mandated Benefits
- ❖ PPACA Essential Health Benefits
- ❖ List of Exclusions



# Who is Required to be Covered?

- ❖ Contract Holder
  - ❖ Active Employees
  - ❖ Qualified Retirees
  
- ❖ Dependent Children
  - ❖ Covered to Age 26
  - ❖ Handicapped Dependents
  - ❖ Young Adult Option
  
- ❖ Qualified Medical Child Support Orders
  
- ❖ COBRA Continuation of Benefits

# Who May Also be Covered?

- ❖ Legal Spouses
  - ❖ Same Sex Marriages Where Legally Recognized
  - ❖ Includes Separated, but Not Divorced Spouses
- ❖ Domestic Partners
- ❖ Dependent Children to Age 30
  - ❖ New York State “Make Available Option”

# Building a Health Insurance Plan

## Key Decision Elements in Overall Plan Design



- ❖ Member Cost Sharing Items and Levels  
Deductibles, Coinsurance Amounts, Copayments, Limits
- ❖ Out-of-Network Reimbursement Methodology
- ❖ Day Limitations on Certain Benefits  
(e.g., Physical Therapy, Speech Therapy, Physical Rehab)
- ❖ Inclusion of Optional Benefits  
(e.g., Acupuncture, Vision, Hearing, Dental, and Wellness)

# How are Changes Made to “Old Style” Health Insurance Plans?

- ❖ Plans may only change upon successful collective bargaining or legislative action as permitted.
- ❖ The GTCMHIC cannot unilaterally change benefit plans.
- ❖ Each municipality has their own group number and selected plan offerings per their agreements and policies.
- ❖ To add a new plan you must contact Beth Miller at Excellus BCBS who will coordinate with Ashley Masucci at ProAct, Inc.
- ❖ Please allow 60- 90 days to implement a new group

# How are Changes Made to “GTCMHIC Metal Level” Plans?

- ❖ AV is Calculated on an Ongoing and Periodic Basis
- ❖ If AV is not within Standard Deviation Range, Suggested Changes will be Reviewed with the Joint Committee
- ❖ The Joint Committee will Recommend Changes to the Board
- ❖ The Board of Directors will Approve the Plan Changes
- ❖ Notifications are Made to Covered Members
- ❖ Changes are Coordinated with Excellus and ProAct
- ❖ Plan Changes Effective January 1<sup>st</sup> Following Approval



PART XII

## Challenges – Today and Future:

Steve Locey, Locey & Cahill, LLC

Beth Miller, Excellus BlueCross BlueShield

Ashley Masucci, ProAct, Inc.

# Specialty Medications

## What are Specialty Medications?

*High cost oral or injectable medications used to treat complex or chronic conditions. These drugs are predicted to become more prevalent as treatment is moving more and more to an in-home setting for conditions requiring Specialty Medications.*

**2014 Avg. Plan Cost Per Script:**

***\$2,750.06***

**2014 # of Specialty Prescriptions:**

***746 Scripts for 80 Members***

**2014 Avg. Member Cost Per Script:**

***\$27.50***



# Specialty Medications

**Where can members have specialty medications filled?**

At any in-network Specialty Pharmacy. ProAct is partnered with Noble Health Services, a Specialty Pharmacy located in New York State.

**Example conditions that may require Specialty Medications:**  
Hepatitis B and C, Rheumatoid Arthritis, Anemia, HIV, Cancer, Multiple Sclerosis

**Why Fill your Specialty Medication at Noble?**

24 hour clinical support, Free educational materials, Free ancillary Supplies, Home Delivery

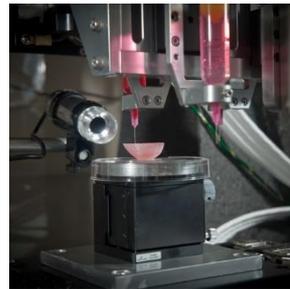


# Medicine of the Future

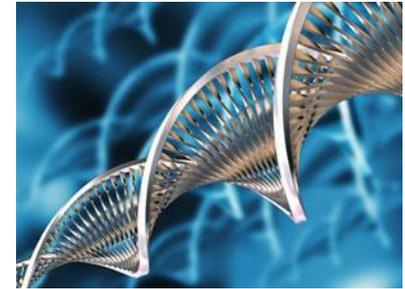
Universal Electronic  
Medical Records



3D Printing of Prosthesis  
and Exoskeletons



Genetic Engineering  
Genome Sequencing



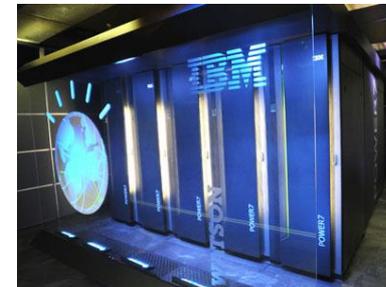
Greater Use of Robotics  
(e.g., Prosthetics)



Electronic  
Diagnostics and  
Remote Treatment



Diagnostic Artificial  
Intelligence



# Future Expectations

The past can be a great predictor of the future. As a result, we expect these items to impact health insurance coverages and costs as we move forward

- ❖ Medical Care Inflation
- ❖ Advancements in Medical Technology
- ❖ Advancements in Pharmaceuticals
- ❖ Federal and State Mandated Benefits
- ❖ Taxes and Fees



PART XIII

Summation and Q&A Period:  
Don Barber, GTCMHIC Executive Director

