



MEMORANDUM

TO: Health Care Commission
Duane Goossen, Chair
Steve Dechant
Sandy Praeger
Nancy Ruoff
John Staton

FROM: Doug Farmer

DATE: March 3, 2010

SUBJECT: Medical Plan Design

The State Employee Health Plan (SEHP) currently offers three (3) plan designs. Each plan has a unique design and unique member cost sharing features. Exhibit A (attached) summarizes the 2010 network-only cost sharing features of each plan. Plans B and C both contain higher medical out-of-pocket requirements than the current Plan A, and both have smaller enrollments.

As we have discussed at the last several Health Care Commission (HCC) meetings, to maintain the financial stability of the program, plan design and/or rate changes will need to occur for next year. The ten (10) year fund projection presented to the HCC at its last meeting assumed an increase in the coinsurance maximum for Plan A by \$100 for single and \$200 for family for the next three (3) years, which is included in the 2011 plan design. The projections also included a continual three (3) percent annual migration from Plan A to Plan B.

The following page shows the informal information that was shared at the January 26, 2010 HCC meeting and the February 24, 2010 Employee Advisory Committee meeting except for the additional family deductible option which the savings estimates were not available to present to the EAC. This list included the following additions to the State Employee Health Plan:

Plan	Benefit Change	Additional Plan Cost
A, B & C	Coverage of Orthognathic Surgery - Currently Covered to Age 18 Cost to extend coverage to ages 19-23	\$60,000
C	Adding a limited benefit FSA for dental and vision Cost to administer	\$10,200

Coverage modifications for consideration include:

Plan	Benefit Changes	Dollar Impact of Each Change
A	Increase Office Visit Copay \$5	\$1,800,000
A	Increase the Deductible per Member/Member & Dependent(s): 1. \$200/\$400 2. \$300/\$600 3. \$400/\$800 4. \$500/\$1,000	1. \$1,636,334 2. \$4,909,001 3. \$8,181,669 4. \$10,908,892
A	Add an Additional Deductible for Family Memberships: 1. \$200/\$400/\$600 2. \$300/\$600/\$900 3. \$400/\$800/\$1,200 4. \$500/\$1,000/\$1,500	1. \$3,272,688 2. \$6,818,058 3. \$10,090,725 4. \$13,090,670
A	Increase Member Coinsurance: 1. 25% Coinsurance 2. 30% Coinsurance 3. 35% Coinsurance 4. 40% Coinsurance	1. \$1,363,612 2. \$2,999,945 3. \$4,090,835 4. \$5,454,446
A	Increase the Coinsurance Maximum Per Member/Member & Dependent(s): 1. \$1,400/\$2,800 2. \$1,500/\$3000	1. \$1,636,334 2. \$2,454,501
B	Add a Deductible: 1. \$100/\$200 2. \$150/\$300 3. \$200/\$400 4. \$250/\$500 5. \$300/\$600	1. \$89,309 2. \$138,925 3. \$168,695 4. \$218,311 5. \$248,081
B	Increase the Coinsurance: 1. 35% Coinsurance 2. 40% Coinsurance 3. 45% Coinsurance 4. 50% Coinsurance	1. \$89,309 2. \$188,541 3. \$258,004 4. \$347,313
B	Increase the Coinsurance Maximum Per Member/Member & Dependent(s): 1. \$2,300/\$4,600 2. \$2,400/\$4,800 3. \$2,500/\$5,000 4. \$3,000/\$6,000 5. \$3,500/\$7,000 6. \$4,000/\$8,000	1. \$26,793 2. \$52,593 3. \$79,386 4. \$208,388 5. \$297,697 6. \$387,006

EAC chair Cheryl Buxton will provide the HCC with more details on the EAC's recommendation.

The elimination of plans was also discussed. It is estimated that eliminating one or more plans would provide the following savings:

Eliminated Plan(s):	Savings:
A	\$11,000,000
A & B	\$15,000,000
A & C	\$10,900,000

We are prepared to model any additional options the HCC may wish to see before making a decision on the plan designs. If the commissioners have specific requests prior to the HCC meeting, please forward them to my attention and we will have them available so that the HCC can make a decision at the April 23, 2010, meeting.