Analysis of Board’s VEHI Proposal using 2015 Claims Data (Corrected)

BSU Para-Educator Negotiations
January 27, 2017
Caveats for this Analysis

• The Claims Data used in this analysis is for all Barre SU Single Plans, not solely for Para-Educator Plans. 58 out of 216 Single Plans are Para-Educator Plans; 7 Paras have 2PP or Family Plans.

• This analysis is a savings/loss comparison of the FY17/FY18 VHP Plan to the new FY18 Gold CDHP Plan with the Board proposals for premium contribution and HRA contribution.

• Savings/loss shown are for a full-year, so actual values for 2017-2018 would be half of those shown.
Assumptions in this Analysis

• The overall Barre SU VEHI group is representative of the Para-Educator sub-group
• All expenses after meeting deductible have a 20% co-pay
• All tax savings assume a 15% tax bracket
• All 65 Para plans are analyzed as Single Plans, even though a handful are 2PP or Family
Single Plan

• Board Contribution of $5700
• Board funds $1000 to an HRA for Gold or Silver CDHP
• Examine four cases
  Plan #153 (Total Expenditures <$1000)
  Plan #162 (Total Expenditures between $1000 and $1800)
  Plan #142 (Total Expenditures between $1800 and $2500)
  Plan #93 (Total Expenditures >$2500)
Plan #153 (Total Expenditures <$1000)
Member Paid $418.46
Plan Paid $399.30
Total Expenditures $817.76

Premium Savings $323.41
Out of Pocket Savings $418.46
Tax Benefit on OOP $418.46 x 0.21 = $87.88
Total Savings/Loss = $829.75

Employee in Gold CDHP would save $829.75/2 over current VHP Dual Option Plan for ½ of 2017-2018
Plan #162 (Total Expenditures $1000-$1800)

Member Paid $335.92
Plan Paid $1,043.62
Total Expenditures $1,379.54

Premium Savings $323.41
Out of Pocket Savings $335.92
Tax Benefit on OOP $335.92 x 0.21 = $70.54
Pay toward deductible (over HRA) $(379.54)

Total Savings = $350.34

Employee in Gold CDHP would save $350.34/2 over current VHP Dual Option Plan for ½ of 2017-2018
Plan #142 (Total Expenditures $1800-$2500)

Member Paid $204.72
Plan Paid $2033.20
Total Expenditures $2237.92

Premium Savings $323.41
Out of Pocket Savings $204.72
Tax Benefit on OOP $204.72 x 0.21 = $42.99
Pay toward deductible ($1800-$1000) $(800.00)
Pay toward Out of Pocket Maximum (assume 20% of $2237.92-$1800) $(87.58)

Total Savings/Loss = $(316.46)

Employee in Gold CDHP would spend $316.46/2 over current VHP Dual Option Plan for ½ of 2017-2018
Plan #93 (Total Expenditures >$2500)
Member Paid $65.00
Plan Paid $11,517.22
Total Expenditures $ 11,582.22

Premium Savings $323.41
Out of Pocket Savings $65.00
Tax Benefit on OOP $65.00 x 0.21 = $13.65
Pay toward deductible ($1800-$1000) $(800.00)
Pay toward Out of Pocket Maximum
($700 is > 20% of $11,582.22-$1800) $(700.00)

Total Savings/Loss = $(1097.94)

Employee in Gold CDHP would spend $1097.94/2 over current VHP Dual Option Plan for ½ of 2017-2018
Summary of Single Plans
for current proposal

• The group of 65 Single Para Plans would have overall additional cost of $2,046 for ½ year (equivalent of a 7% rate increase)

• The mean additional cost per employee would be $32 for ½ year

• The median employee would save $123 for ½ year

• 37 of 65 Para-Educators would make out better

• 28 of 65 Para-Educators would make out worse
Summary of Single Plans
if HRA contribution was changed to $1100

• The group of 65 Single Para Plans would have overall additional cost of $296 for ½ year (equivalent of a 1% rate increase)

• The mean additional cost per employee would be $5 for ½ year

• The median employee would save $162 for ½ year

• 38 of 65 Para-Educators would make out better

• 27 of 65 Para-Educators would make out worse