

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 $\$335.92 \times 0.21 =$ \$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 $\frac{1}{2}$ 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 $\$204.72 \times 0.21 =$	\$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	
<u>(\$700 is > 20% of \$11,582.22-\$1800)</u>	<u>\$(700.00)</u>
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