

Analysis of Board's VEHI Proposal using 2015 Claims Data

BSU Teacher Negotiations

January 17, 2016

Caveats for this Analysis

- The Claims Data used in this analysis is for all Barre SU Plans, not solely for Teacher 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

Assumptions in this Analysis

- The overall Barre SU VEHI group is representative of the Teacher sub-group
- Employee savings/loss are for a full-year; assume all expenses and therefore savings/loss can be cut in half for a half-year
- All expenses after meeting deductible have a 20% co-pay
- All tax savings assume a 15% tax bracket
- All 2 Person and Family plans are left as is; none are transferred to Parent/Child plans

Single Plan

- Board Contribution of \$5040
- 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 \$566.30

Out of Pocket Savings \$418.46

Tax Benefit on OOP \$418.46 x 0.21 = \$87.88

Total Savings/Loss = \$1072.64

Employee in Gold CDHP would **save \$1,072.64**
over current VHP Dual Option Plan

Plan #162 (Total Expenditures \$1000-\$1800)

Member Paid \$335.92

Plan Paid \$1,043.62

Total Expenditures \$1,379.54

Premium Savings \$566.30

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 = \$593.22

Employee in Gold CDHP would **save \$593.22**
over current VHP Dual Option Plan

Plan #142 (Total Expenditures \$1800-\$2500)

Member Paid \$204.72

Plan Paid \$2033.20

Total Expenditures \$2237.92

Premium Savings	\$566.30
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 =	\$(73.57)

Employee in Gold CDHP would **spend** \$73.57 over current
VHP Dual Option Plan

Plan #93 (Total Expenditures >\$2500)

Member Paid \$65.00

Plan Paid \$11,517.22

Total Expenditures \$ 11,582.22

Premium Savings	\$566.30
Out of Pocket Savings	\$65.00
Tax Benefit on OOP $\$65.00 \times 0.21 =$	\$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 =	\$(855.05)

Employee in Gold CDHP would **spend** \$855.05 over
current VHP Dual Option Plan

Summary of Single Plans

- The group of 216 single plans has an overall savings of \$38,650.40
- The mean savings per employee is \$178.94
- The median savings per employee is \$488.80
- 135 employees make out better
- 81 employees make out worse

2 Person Plans

- Board Contribution of \$9480
- Board funds \$2000 to an HRA for Gold or Silver CDHP
- Examine four cases
 - Plan #296 (Total Expenditures <\$2000)
 - Plan #224 (Total Expenditures between \$2000 and \$3600)
 - Plan #252 (Total Expenditures between \$3600 and \$5000)
 - Plan #234 (Total Expenditures >\$5000)

Plan #296 (Total Expenditures <\$2000)

Member Paid \$368.40 (for two people)

Plan Paid \$955.04 (for two people)

Total Expenditures \$1323.44 (for two...)

Premium Savings	\$1236.58
Out of Pocket Savings	\$368.40
<u>Tax Benefit on OOP \$368.40 x 0.21 =</u>	<u>\$77.36</u>
Total Savings/Loss =	\$1682.34

Employee in Gold CDHP would **save \$1682.34**
over current VHP Dual Option Plan

Plan #224 (Total Expenditures \$2000-\$3600)

Member Paid \$135.18 (for two people)

Plan Paid \$2694.75 (for two people)

Total Expenditures \$2829.93 (for two...)

Premium Savings \$1236.58

Out of Pocket Savings \$135.18

Tax Benefit on OOP $\$135.18 \times 0.21 =$ \$28.39

Pay toward deductible (over HRA) \$(829.93)

Total Savings = \$570.22

Employee in Gold CDHP would **save \$570.22**
over current VHP Dual Option Plan

Plan #252 (Total Expenditures \$3600-\$5000)

Member Paid \$314.88 (for two people)

Plan Paid \$3886.01 (for two people)

Total Expenditures \$4200.89 (for two...)

Premium Savings \$1236.58

Out of Pocket Savings \$314.88

Tax Benefit on OOP $\$314.88 \times 0.21 =$ \$66.12

Pay toward deductible (\$3600-\$2000) \$(1600.00)

Pay toward Out of Pocket Maximum

(assume 20% of \$4200.89-\$3600) \$(120.18)

Total Savings/Loss = \$(102.60)

Employee in Gold CDHP would **spend** \$102.60 over
current VHP Dual Option Plan

Plan #234 (Total Expenditures >\$5000)

Member Paid \$105.00 (for two people)

Plan Paid \$34,841.84 (for two people)

Total Expenditures \$ 34.946.84 (for two...)

Premium Savings	\$1236.58
Out of Pocket Savings	\$105.00
Tax Benefit on OOP $\$105.00 \times 0.21 =$	\$22.05
Pay toward deductible (\$3600-\$2000)	\$(1600.00)
Pay toward Out of Pocket Maximum	
<u>(\$1400 is > 20% of \$34,496.84-\$3600)</u>	<u>\$(1400.00)</u>
Total Savings/Loss =	\$(1636.37)

Employee in Gold CDHP would **spend** \$1636.37 over
current VHP Dual Option Plan

Summary of 2 Person Plans

- The group of 96 Two Person plans has an overall loss of \$9592.47
- However: For each plan switching from 2 Person to Parent/Child the employee premium savings is \$404.26
- If 24 or more employees switched from 2 Person to Parent/Child this net loss would become a savings
- We believe that more than 24 employees would switch from 2 Person to Parent Child

FamilyPlans

- Board Contribution of \$13,920
- Board funds \$2000 to an HRA for Gold or Silver CDHP
- Examine four cases
 - Plan #458 (Total Expenditures <\$2000)
 - Plan #463 (Total Expenditures between \$2000 and \$3600)
 - Plan #437 (Total Expenditures between \$3600 and \$5000)
 - Plan #391 (Total Expenditures >\$5000)

Plan #458 (Total Expenditures <\$2000)

Member Paid \$405.99 (for family)

Plan Paid \$1467.65 (for family)

Total Expenditures \$1873.64 (for family)

Premium Savings \$1284.26

Out of Pocket Savings \$405.99

Tax Benefit on OOP \$405.99 x 0.21 = \$85.26

Total Savings/Loss = \$1775.51

Employee in Gold CDHP would **save \$1775.51**
over current VHP Dual Option Plan

Plan #463 (Total Expenditures \$2000-\$3600)

Member Paid \$648.93 (for family)

Plan Paid \$2274.38 (for family)

Total Expenditures \$2923.31 (for family)

Premium Savings \$1284.26

Out of Pocket Savings \$648.93

Tax Benefit on OOP $\$648.93 \times 0.21 =$ \$136.28

Pay toward deductible (over HRA) \$(923.31)

Total Savings = \$1146.16

Employee in Gold CDHP would **save \$1146.16**
over current VHP Dual Option Plan

Plan #437 (Total Expenditures \$3600-\$5000)

Member Paid \$378.62 (for family)

Plan Paid \$4058.79 (for family)

Total Expenditures \$4437.41 (for family)

Premium Savings	\$1284.26
Out of Pocket Savings	\$378.62
Tax Benefit on OOP $\$378.62 \times 0.21 =$	\$79.51
Pay toward deductible (\$3600-\$2000)	\$(1600.00)
Pay toward Out of Pocket Maximum (assume 20% of \$4437.41-\$3600)	\$(167.48)
Total Savings/Loss =	\$(25.09)

Employee in Gold CDHP would **spend** \$25.09 over current
VHP Dual Option Plan

Plan #391 (Total Expenditures >\$5000)

Member Paid \$1507.42 (for family)

Plan Paid \$100,496.79 (for family)

Total Expenditures \$ 102,004.21 (for family)

Premium Savings	\$1284.26
Out of Pocket Savings	\$1507.42
Tax Benefit on OOP $\$1507.42 \times 0.21 =$	\$316.56
Pay toward deductible (\$3600-\$2000)	\$(1600.00)
Pay toward Out of Pocket Maximum	
<u>(\$1400 is > 20% of \$34,496.84-\$3600)</u>	<u>\$(1400.00)</u>
Total Savings/Loss =	\$108.24

Employee in Gold CDHP would **save** \$108.24 over current
VHP Dual Option Plan

Summary of Family Plans

- The group of 152 Family plans has an overall loss of \$42,749.64
- However: For each plan switching from Family to Parent/Child the employee premium savings is \$1565.88
- If 28 or more employees switched from Family to Parent/Child this net loss would become a savings
- We believe that more than 28 employees would switch from Family to Parent Child