



MEDICAL PLAN UPDATE

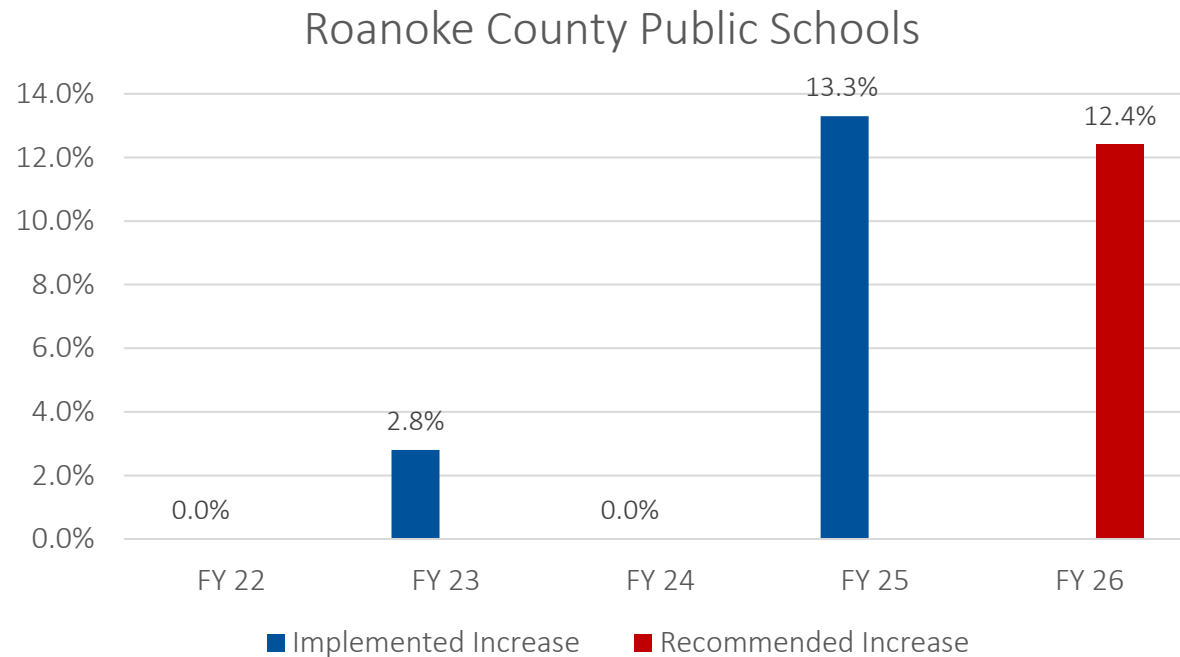
ROANOKE COUNTY PUBLIC SCHOOLS

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Historical Medical Plan Premium Increases



Individual Products & Plans

Plan/Network	Pros	Cons
Health Maintenance Organization (HMO)	<ul style="list-style-type: none"> • Lower premiums and out-of-pocket costs • Emphasizes preventive care • May require a Primary Care Physician (PCP) who coordinates care 	<ul style="list-style-type: none"> • Usually a smaller network • Must use in-network providers (except in emergencies)
Point of Service (POS)	<ul style="list-style-type: none"> • Hybrid of HMO and PPO (offers some out-of-network coverage) • May requires a PCP for referrals • Lower costs if you stay in-network 	<ul style="list-style-type: none"> • Larger network than a HMO but smaller than PPO • Higher costs for out-of-network care
Preferred Provider Organization (PPO)	<ul style="list-style-type: none"> • More flexibility in choosing doctors and specialists • No need for a referral to see a specialist • Covers out-of-network care (though at a higher cost) 	<ul style="list-style-type: none"> • Higher premiums and deductibles • Higher out-of-pocket costs if you go out-of-network

Individual Products & Plans

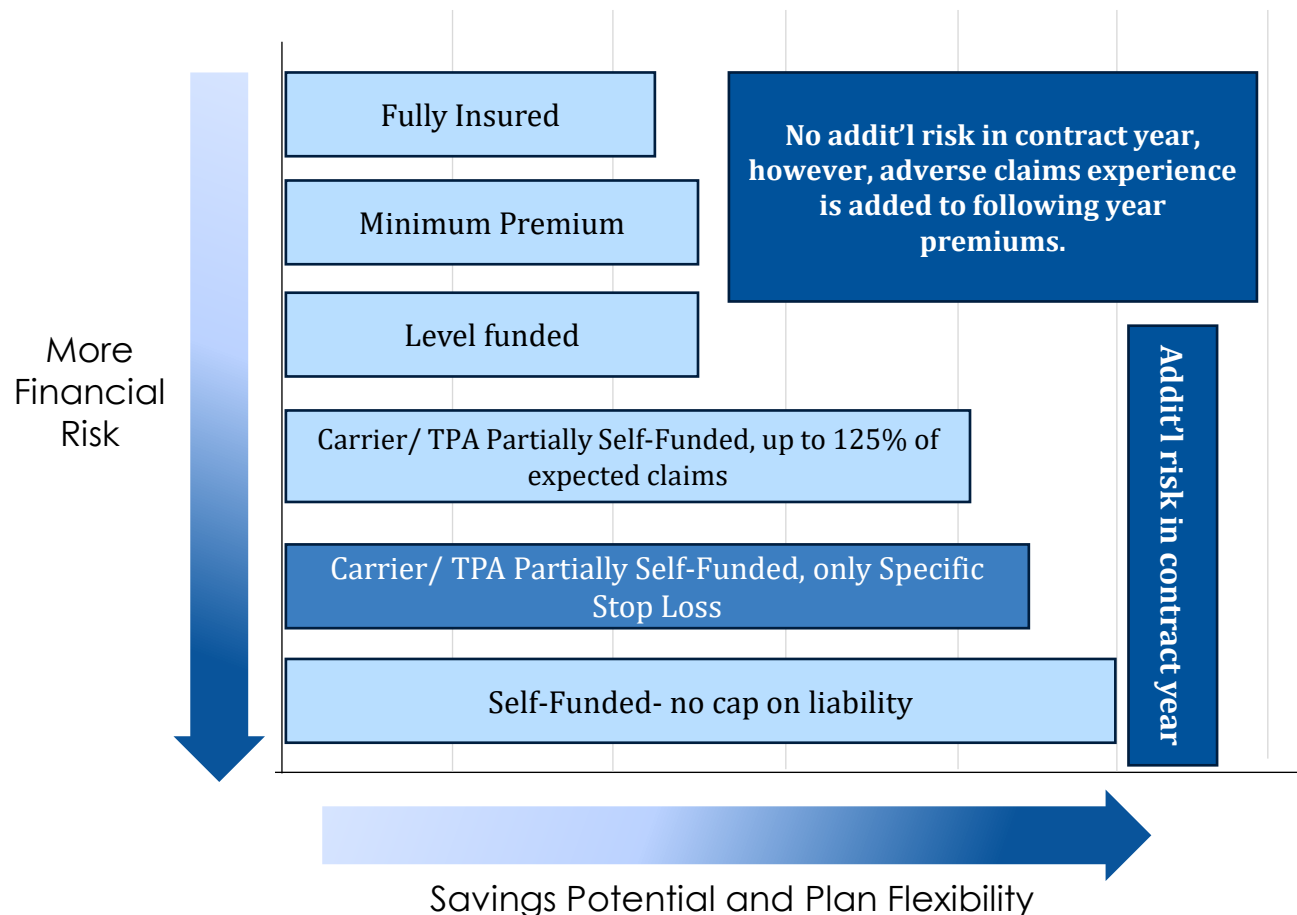
Plan/Network	Pros	Cons
High Deductible Health Plan (HDHP)	<ul style="list-style-type: none"> • Lower monthly premiums • Eligible for a Health Savings Account (HSA), which provides tax advantages • Encourages individuals to engage in their healthcare and be good consumers 	<ul style="list-style-type: none"> • Higher out-of-pocket costs before insurance kicks in • Can be expensive if major medical needs arise
Catastrophic Health Insurance	<ul style="list-style-type: none"> • Very low premiums • Covers major medical expenses after a high deductible is met • Includes essential health benefits and some preventive care 	<ul style="list-style-type: none"> • Very high deductibles • Limited to people under 30 or those with a financial hardship exemption

Medicare is for individuals 65+ years old or with certain disabilities.

Medicaid for low-income individuals

The Spectrum of Funding Alternatives

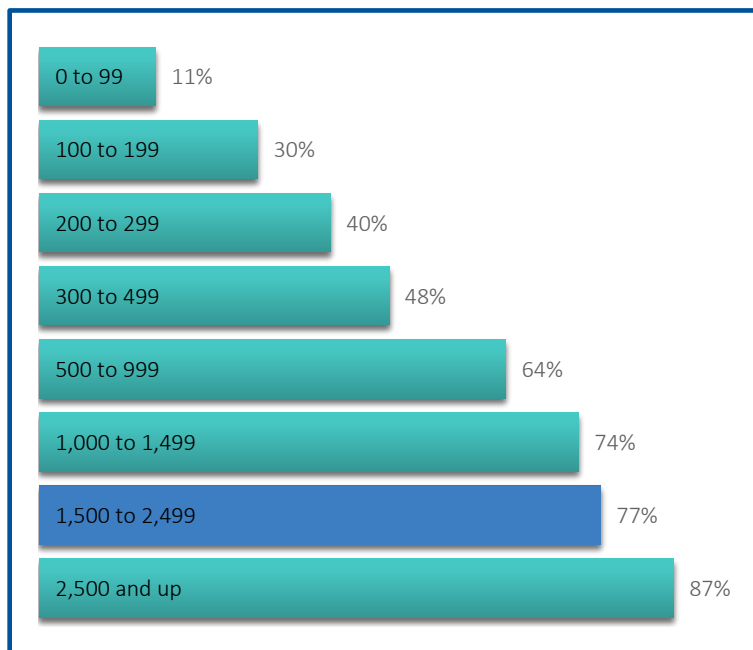
As employers move towards options at the bottom of the graph, they assume more risk but also gain the potential for significant plan savings



- Additional flexibility of alternative solutions allow for greater transparency and reductions in costs.
- Employers will reduce exposure to taxes and carrier margins.
- Roanoke County Public Schools joint purchases with the County to share in economies of scale for administrative and reinsurance cost.
- RCPS currently has Specific Stop Loss Reinsurance at \$250,000

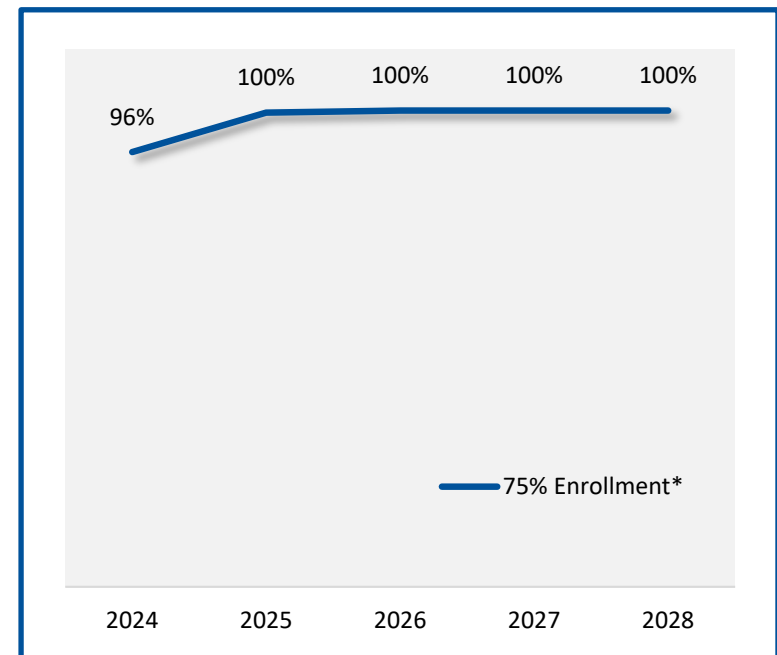
Prevalence of Self-funding

Groups with at Least One Self- Funded Plan, by Group Size



We have tools to assist with a quantitative analysis for self-funding, if applicable.

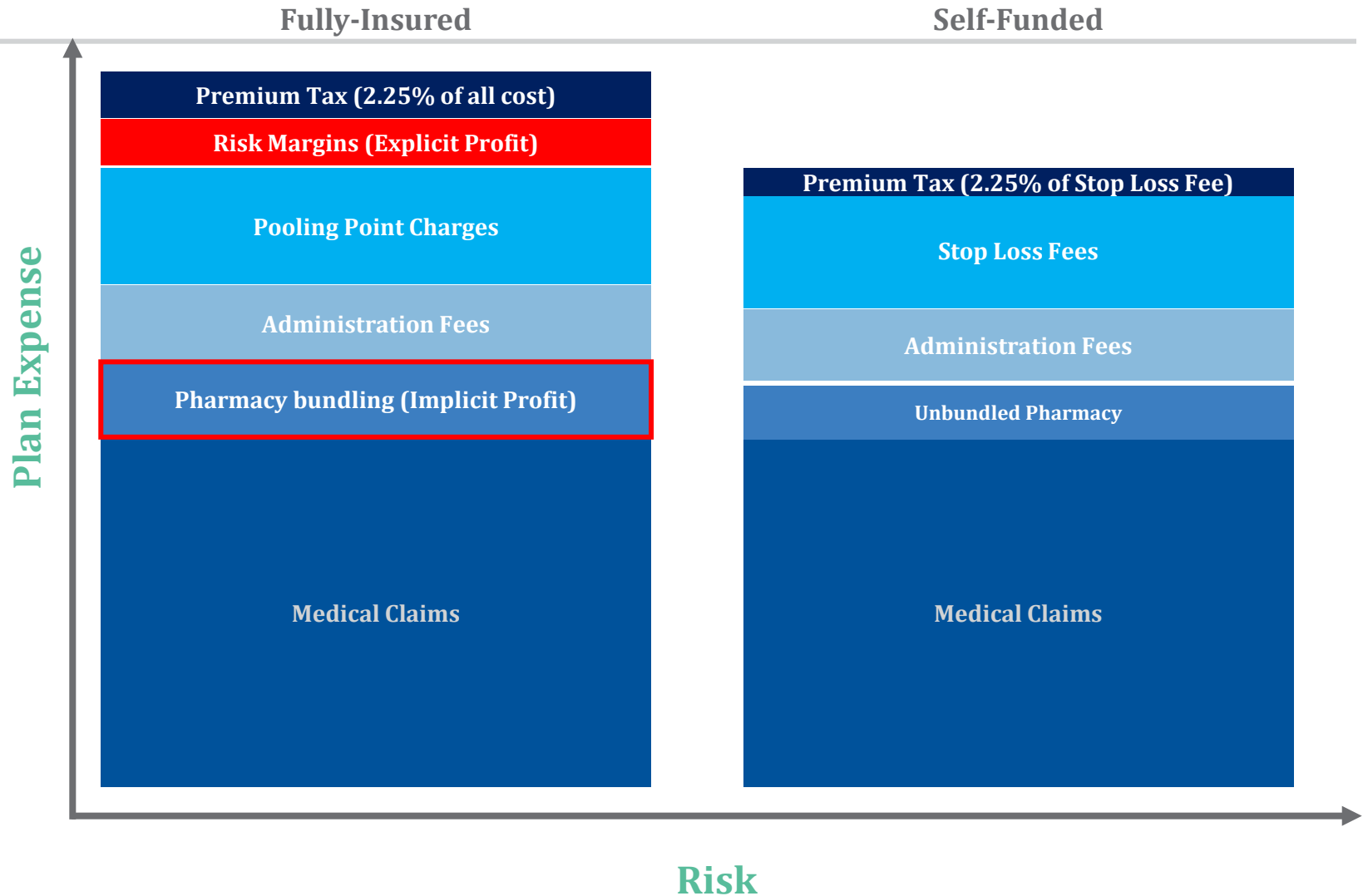
5-Year Likelihood of Financially Benefiting from Self-funding; Group Size Similar to Yours



*This graph is for groups with your same number of eligible lives, and the line represents 75% enrollment. Actual enrollment may vary.

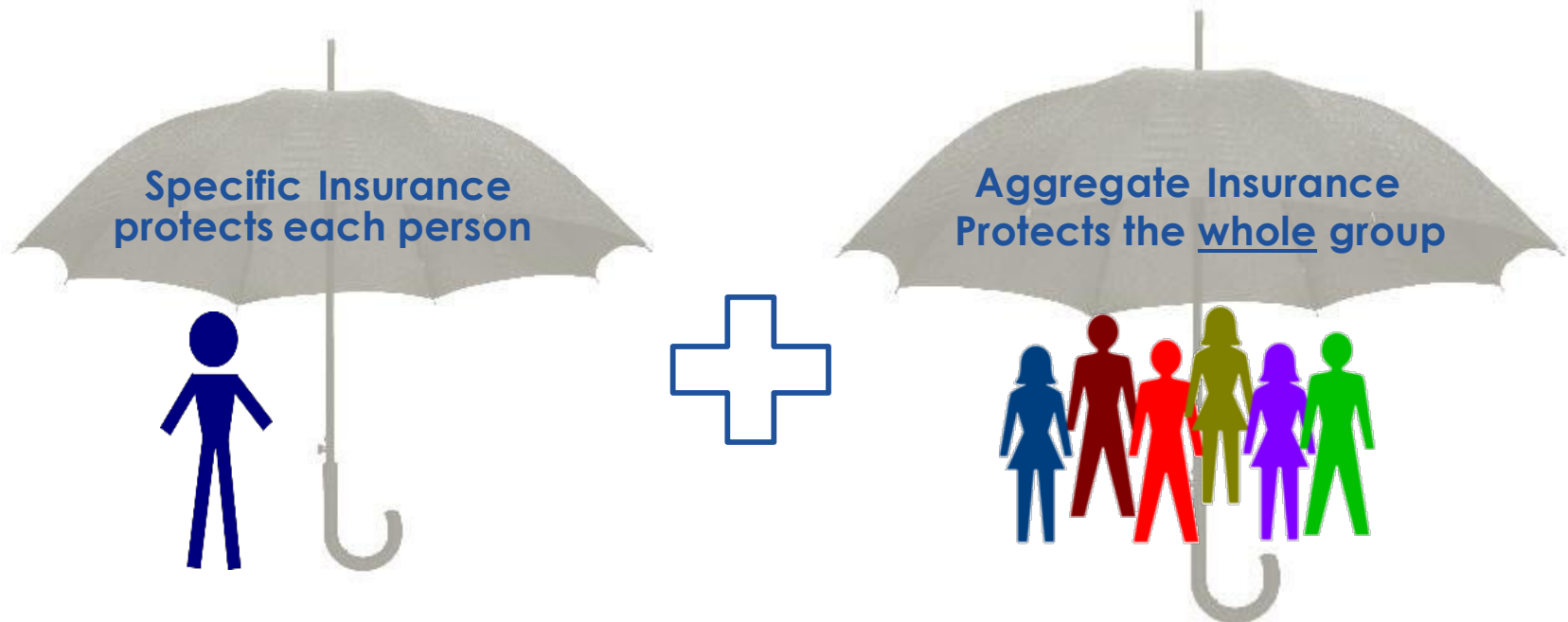
Information from 2024 USI's National Employee Benchmarking Survey

Components of a Health Insurance Price



Stop Loss Coverage

- Self funded, or self insured, employers assume any and all risk associated with their own benefit plans. This is the primary disadvantage of not being fully insured.
- Stop Loss insurance enables this type of employer to transfer some of that risk to an insurance carrier while maintaining the advantages of self insurance.
- There are two forms of Stop Loss insurance – **Individual (or referred to as “Specific”), and Aggregate**

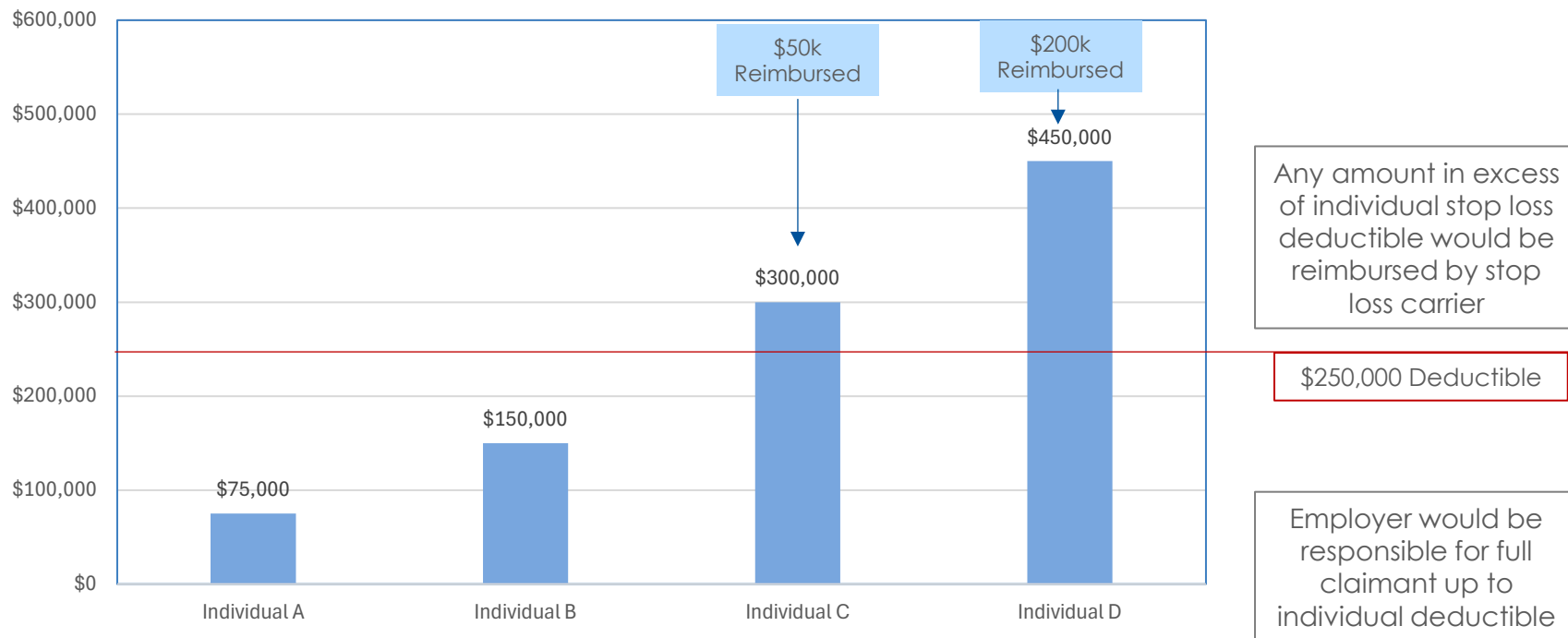


Individual Stop Loss - Definition

Individual Reinsurance: limits the Plan's claims liability on any one individual insured.

100% of covered claims funded for any individual in excess of the individual policy year deductible will be reimbursed to the employer for the remainder of the policy year

Below is an example showing a \$250,000 individual deductible:



Fixed Costs:

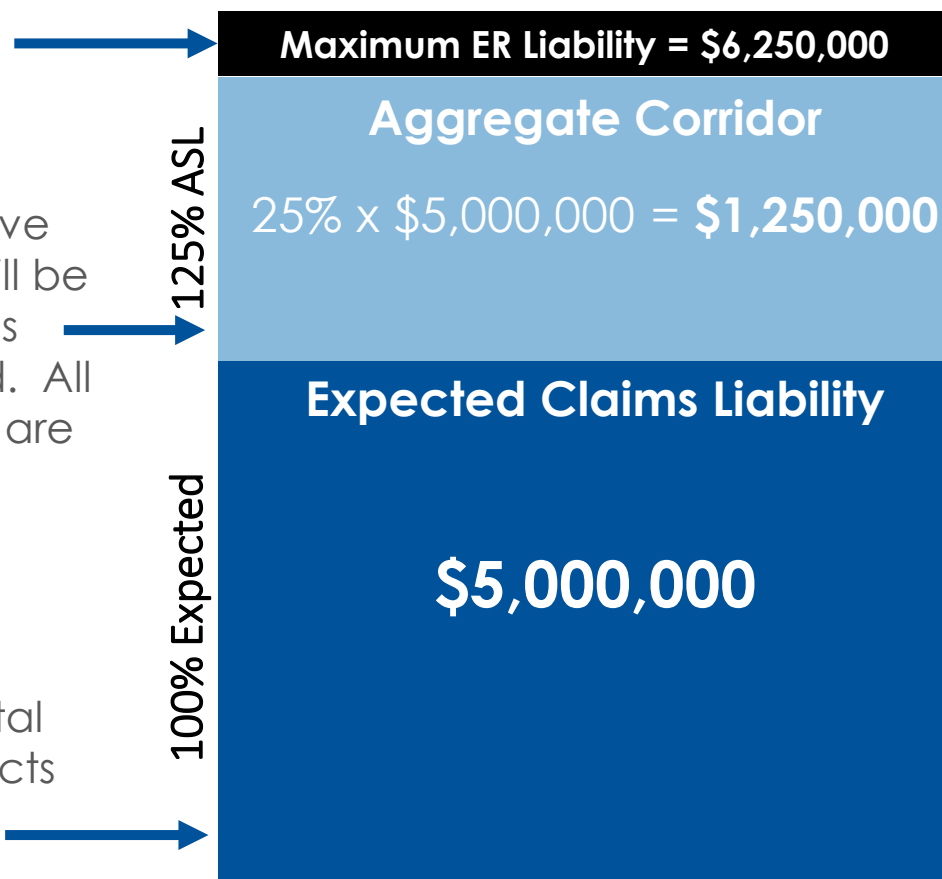
Aggregate Stop Loss Coverage

Aggregate Stop Loss - Provides a ceiling on the dollar amount of eligible expenses that an employer would pay, in total, during a contract period

Maximum Claims Liability—This is the maximum amount of claims the employer is responsible for in each contract period.

Aggregate Corridor - The amount above expected liability that the employer will be responsible until the maximum liability is reached, typically 20-25% of expected. All claims above the specific reinsurance are already removed.

Expected Claims Liability - This is the total amount of claims the underwriter expects you to have in one policy year.



Account Based Funding Options

	Roanoke County Public Schools Health Reimbursement Account (HRA)	Health Savings Account (HSA)
Employer Contributions	Yes, \$500 for single and \$1,000 for family annually	Optional, employer may or may not contribute
Employee Contributions	No, fully funded by RCPS	Yes, pre-tax contributions by employee allowed (optional)
Account Ownership	Employer owns the account	Employee owns the account
Use of Funds	Qualified medical, Rx, dental, vision expenses can be reimbursed through account	Qualified medical, Rx, dental, vision expenses can be reimbursed through account
Roll Over of Funds	Unused funds roll over year-to-year, up to \$25,000	Yes, funds roll over indefinitely
Deductibles and Out-of-Pocket	Plan-specific deductibles and out-of-pocket limits under KeyCare plans	Qualified High Deductible Health Plan as defined by IRS required
Flexibility in Usage	Qualified medical, Rx, dental, vision expenses can be reimbursed through account	Flexible, can be used outside the employer's plan
If Employee Terminates or Retires	Unused funds remain available for medical expenses but no further contributions; revert to employer after termination unless COBRA is elected	Account stays with the employee, can be used for qualified expenses
If Employee Stops Participating in Health Plan	Funds are no longer available; can continue access with COBRA, otherwise revert to the employer	Account remains available for use, no further contributions
Cost Level	Low (Fully employer-funded with reasonable premiums for RCPS health plans)	Low to Medium (Depends on employee contributions)

Health Spending Account



- An individual must meet the deductible before anything would be covered, including prescription drug copays.
- The minimum annual deductible limit is set by the IRS. (For 2025-\$3,300 individual)
- HSA is the trifecta of tax advantage accounts.
 1. Goes in pre-tax
 2. Grows tax free (Can invest the account once it gets to a certain limit.)
 3. Use it tax free for medical expense

If funds are used for non-qualified medical expenses, there may be taxes and penalties
- IRS sets maximum saving limits every year, for 2025 the limits are \$4,300 individual & \$8,550 family
- Would need to implement a copay at the clinic.
- Need to educate employees on FSA & HRA fund balance/coordination (Can't have both at once)

Managing Cost

Current Strategies

- Offering an Onsite Clinic to reduce barriers to care & educate on wellness
- Assist Employees with making benefit decisions through using ALEX
- Actively managing pharmacy cost
- Assessing risk and making appropriate adjustments to reinsurance
- Continually assess benefits

Future Opportunities

- Implement High Deductible Health Plan (HDHP) with a Health Savings Account (HSA)
- Evaluate additional behavioral health resources to meet unmet needs within population
- Incent employees to use more value-based care (lower cost with quality outcomes); i.e.- virtual care options