

# Spring Tour 2011

*Montana University System  
Employee Benefit Plan*

# Spring Tour 2011

**OPEN ENROLLMENT PERIOD**  
for benefit year beginning  
**July 1, 2011**

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# Agenda for Today

- Benefit Plan Basics
  1. Funding Change for the MUS Benefit Plan
  2. Cost Drivers for the MUS Benefit Plan Change
  3. Fiscal Shortfall for FY2012 and FY13
- Closing the Funding Gap
- Benefit Changes and Your Decisions for FY2012
- Time Frames for Making Benefit Change Decisions

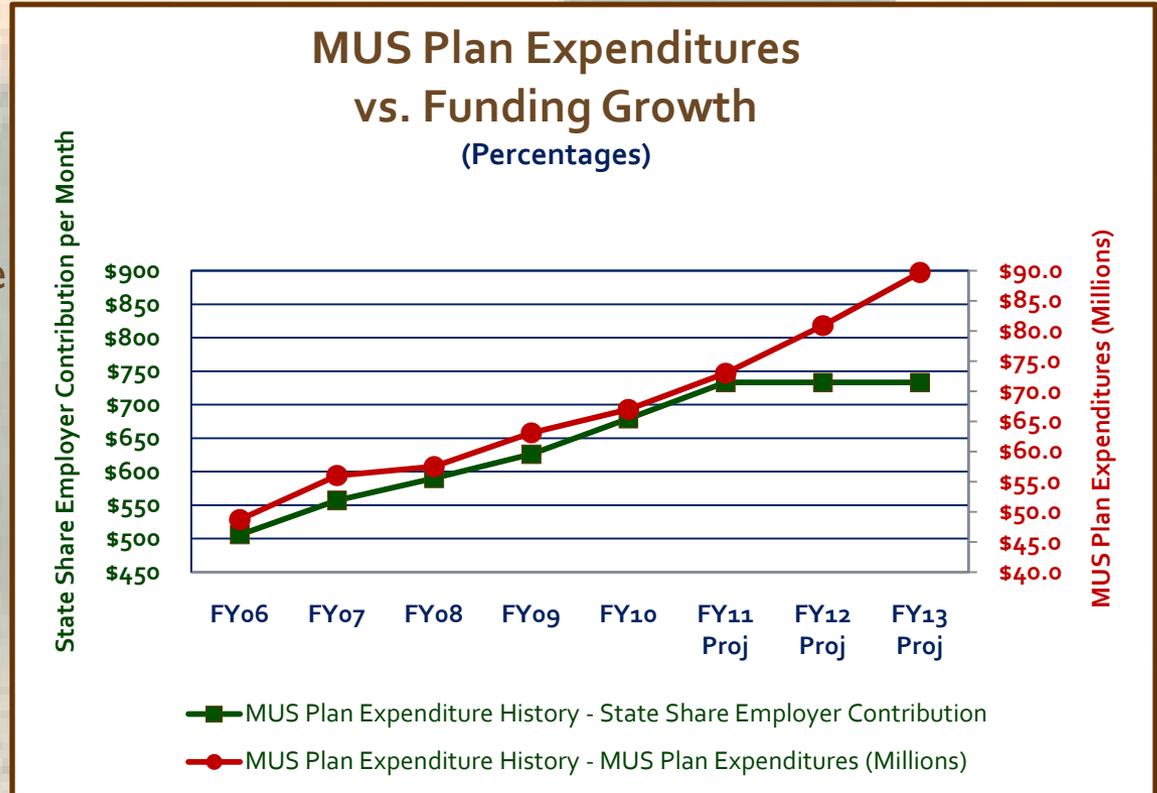
# Benefit Plan Basics

- MUS Employee Group Benefit Plan provides medical, dental, and prescription drug benefits for 18,000 Montanans (including our 8,400 employees and retirees)
- We self-insure 100% of our medical, dental, and prescription drug costs
- Our administrative expenses are currently 5% of plan costs (commercial insurance is capped at 15%) – it would cost us more to buy conventional insurance
- The Patient Protection and Affordable Care Act of 2010 (PPACA) is a ‘game changer’ in terms of how the MUS Benefit Plan moves forward:
  - Lifetime limits – new risks and little impact on cost increases
  - Comparable benefits within our market – pressure to ‘standardize’ benefits
  - New costs – coverage mandates
- Historically our benefit plan is funded through employer contribution/“state share” (generally 80%) and premium contributions by dependents and retirees (the remaining 20%)

# Benefit Plan Basics

## Funding Change for the MUS Benefit Plan

- For FY11- FY13, the employer contribution **will not increase**. This means that the plan members will need to contribute the full amount of any increases in plan costs.
- MUS Plan Expenditures from FY06 through FY13 (projected) are shown in the chart to the right, along with the annual increase in employer contribution for the same time period.



# Benefit Plan Basics

## Cost drivers for the MUS Benefit Plan

- Medical and Prescription Drug inflation increasing by 7-10% annually
  - Adverse Selection – Dependents enroll in the plan when they use services and then leave to save premiums, shifting those costs to everyone else who pay higher premiums as a result
  - Benefit Design - Balancing good benefits with cost shifting
    - Compared 32 plans from Montana and surrounding states (large employer and University system plans) to MUS plan; of those plans, **75%** have less generous benefits than MUS
    - In Montana, our plan design encourages spouses to enroll in the MUS plan and consume services rather than participate in and utilize their own employer plan
  - PPACA Coverage Mandates – The following changes begin July 1, 2011
    - PPACA (Increase dependents to age 26) - \$ 69,600
    - PPACA (Eliminate lifetime maximum) - \$ 278,400
    - PPACA (Preventive benefits mandate) - \$1,948,900
-  **Total cost = \$2.3M**

# Benefit Plan Basics

## Fiscal Shortfall for FY2012 and FY2013

	FY2012	FY2013
Funding Shortfall (Deficit)	\$6,801,000	\$15,839,000
PPACA (Increase dependents to age 26)	\$ 69,600	\$ 76,600
PPACA (Eliminate lifetime maximum)	\$ 278,400	\$ 306,200
PPACA (Preventive benefits mandate)	\$1,948,900	\$ 2,143,800
<u>Wellness (Fund from Premiums)</u>	<u>\$ 671,500</u>	<u>\$ 700,000</u>
Total Deficit	<b>\$9,769,400</b>	<b>\$19,065,600</b>

URx was a significant change to our plan last year. In total, it has reduced pharmacy costs by approximately 15-20% and saved approximately \$2M! Without URx, the deficit shown above would have been \$2M higher.

# Closing the Funding Gap

## Healthy Montana Kids replaces Dependent Premium Waiver

1. Making **Health Montana Kids (HMK)** available to MUS employees! – The State of Montana recently received approval to enroll the children of Montana University System and State of Montana employee's children in **HMK**. Enrollment in **HMK** will replace the Dependent Premium Waiver (DPW) program.
  - For more information, contact your campus HR office or go to **[www.hmk.mt.gov](http://www.hmk.mt.gov)** or call **1-877-543-7669**.

## Moving to **Closed Enrollment** from **Open Enrollment**

2. Most of us stay on our benefit plan year-to-year and pay premiums. While we hope we never need it, we understand that our plan may pay hundreds of thousands (or even millions) of dollars if we need it – much more than we could ever save or pay in our lives. This is the concept of insurance and pooling risk – help our neighbor in return for their help if we need it some day.

# Closing the Funding Gap

## Moving to **Closed Enrollment** from Open Enrollment (cont.)

However, some individuals only enroll when they need services and then drop the plan the next year. The cost of that care is paid by those who remain on the plan and increases our premiums disproportionately.

In order to encourage people to participate 'for the long-term', we will change the way we permit employees and retirees to add dependents from year-to-year.

- **During Open Enrollment in the Spring of 2011, ALL EMPLOYEES AND RETIREES MUST DETERMINE WHICH ELIGIBLE DEPENDENTS THEY WISH TO ADD TO THEIR MUS BENEFIT PLAN AND ENROLL THEM!**
- Beginning July 1, 2011, dependents will not be automatically eligible to join the MUS benefit plan unless the following Qualifying Events occur:
  - Upon hire, new employees will have 30 days to enroll eligible dependents

# Closing the Funding Gap

## Moving to Closed Enrollment from Open Enrollment (cont.)

- Within 63 days of a family status change (marriage, divorce, legal separation, attestation of a domestic partnership, death, etc.) plan members may enroll or drop a dependent
- Within 63 days of the birth, adoption, or affidavit of intent to adopt, add a dependent child
- Within 63 days of the loss of eligibility for reasons other than non-payment of premiums (e.g. loss of job, elimination of other coverage, becoming ineligible for programs such as Medicaid or HMK, or other significant adverse event), add a dependent
- With a child support order or change in support which makes an MUS plan member responsible for the medical coverage of a dependent child
- The ability to add dependents to medical and dental coverage without a Qualifying Event will change. Other aspects of Open Enrollment such as the ability to change medical plans, add coverage such as vision, enroll in flexible spending, etc. will remain the same.
- Even if dependents are not added to medical and dental coverage, they may still be eligible to participate in certain other benefits such as vision coverage. Please refer to your benefits booklet for additional information.

# Closing the Funding Gap

Moving to **Closed Enrollment** from Open Enrollment (cont.)

***Remember, you must add any eligible dependents to your medical and dental plan during Spring of 2011 to ensure they are covered!***

# Closing the Funding Gap

## Benefit Design Changes

3. With the significant funding shortfall and additional costs from PPACA as well as medical inflation, a combination of benefit and premium changes will be made. Benefit reductions and changes include:

- Changing to a single Traditional Plan (from Traditional Plan A and Traditional Plan B)
  - Deductible will be \$1,000 Single/ \$2,250 Family
  - Coinsurance Maximum will be \$5,000 Single/ \$11,250 Family
  - If you do not submit paperwork to enroll in a specific medical plan and you previously were enrolled in Traditional A or B, you will be automatically enrolled in the new Traditional Plan
  
- Managed Care Plan Changes
  - Deductible will be \$500 Single/ \$1,000 Family (in-network) and an additional \$750 Single/ \$1,750 Family (out-of-network)
  - Coinsurance Maximum will be \$2,500 Single/ \$5,000 Family (in-network) and an additional \$4,250 Single / \$9,500 Family (out-of-network)

# Closing the Funding Gap

## Benefit Design Changes (cont.)

### 3. Benefit reductions and changes:

- PPACA Benefit Plan Changes
  - Cover dependents to age 26
  - Change the \$2 million lifetime maximum to a \$2 million annual maximum
  - Cover Preventive care services at 100% (contact MUS Employee Benefits for complete information or refer to your booklet)
- Dependent Subsidy (reduce by 5%)
- Retiree Subsidy
  - Set non-Medicare Retiree loss ratio target to 175%
  - Set Medicare Retiree loss ratio to 100%
- EAP Program
  - **New!** No need for prior approval. First 4 visits for outpatient mental health are \$0!

# Health Plans & Networks

## 4. Dental Plan and Vision Plans for FY2012:

- No change in benefits – Vision rates will remain unchanged
- For active employees, Basic and Premium dental rates will remain unchanged
- For retirees, Premium dental rates are increasing by 13%

*The better you stay in-network – the better the benefit*

New West 1-800-290-3657, [www.newwesthealth.com](http://www.newwesthealth.com)

Blue Choice 1-800-820-1674, [www.bcbsmt.com](http://www.bcbsmt.com) (\*)

Allegiance 1-877-778-8600, [www.abpmtpa.com/mus](http://www.abpmtpa.com/mus)

Peak 1-866-368-7325, [www.healthinonet.com](http://www.healthinonet.com)

MAPP 1-888-873-8049

*(\*) Note new expanded network for Blue Choice – more doctors in state and access to Blue Card network out of state.*

# Retiree Updates

- Please review your medical plan choices carefully
  1. Note the change to the Traditional Plan
  2. Review Managed Care Plan choices carefully
  3. Consider whether the MUS Medicare Advantage Plan offered through New West may be an option for you (**retiree coverage option**)
- Look for the retiree information and updates that will be **mailed to your home** and/or attend a campus presentation
- Contact your Campus benefit staff or the MUS Employee Benefits Office if you have questions – we are happy to help!
- All forms for any **changes** must be received by the date specified by your campus and submitted to the appropriate address noted on your enrollment form.
- If **NO CHANGES** are desired, you don't need to do anything!

# CHANGES to CHOICES

Please watch for campus mailings/information regarding dates benefit changes must be submitted by. *Be sure to submit your changes on/or before the date specified by your campus!*

No changes submitted – present options will be maintained.

**With the exception of Flex Dollars -**  
*Amount of dollars you want to put into a Flex account **must** be submitted every year.*





# Questions?