

News Media Guild
ASSOCIATED PRESS: ACTIVE EMPLOYEE HEALTHCARE PROPOSAL

PRESENTED BY:
SAM CAMENS



WELCOME NEWS MEDIA GUILD!

- **Today's Agenda:**

- Review general industry jargon
- Educate you on the AP's Healthcare Proposal
- Answer your questions

- **Format:**

- If you have not put your phone on mute, please do so now (if possible)
- We will review the presentation materials completely and then answer questions
- Write down your questions as we go through the presentation so you do not forget!
 - Please do not ask questions about your own medical history or a claim
 - We are happy to answer personal questions, but would prefer to do so offline

DEFINITIONS

Copay

A fixed dollar amount you pay at the time services are rendered. Typical copays are for office visits, prescriptions, or hospitalizations

Deductible

The portion of your health care that you pay before insurance begins to pay

Coinsurance

A specified percentage of the cost of treatment you are required to pay for all covered medical expenses remaining after the deductible has been met

Out-of-Pocket Maximum

The maximum dollar amount you pay in deductible, copayments and coinsurance during the year. Once you hit your out-of-pocket maximum, your health care company usually covers 100 percent of the allowed amount

Premium

Premium is the amount you pay for health care coverage. This is the fixed amount that comes out of your pay check

UNDERSTANDING MEDICAL PLAN DESIGNS



HIGH DEDUCTIBLE HEALTH PLAN AND HEALTH SAVINGS ACCOUNTS

		Statutory Amounts/Limits	2014
PLAN	HDHP minimum deductible amount		
		Individual	\$1,250
		Family	\$2,500
	HDHP maximum out-of-pocket amount		
		Individual	\$6,350
		Family	\$12,700
ACCOUNT	HSA statutory contribution amount		
		Individual	\$3,300
		Family	\$6,000
		Catch-up contribution (age 55 or older)	\$1,000

Includes both Employee and AP Contributions to your bank account

Health Saving Account Characteristics:

Flexibility – Use funds to pay current medical expenses or save for future needs

Savings – Grow your account through investment earnings for future needs

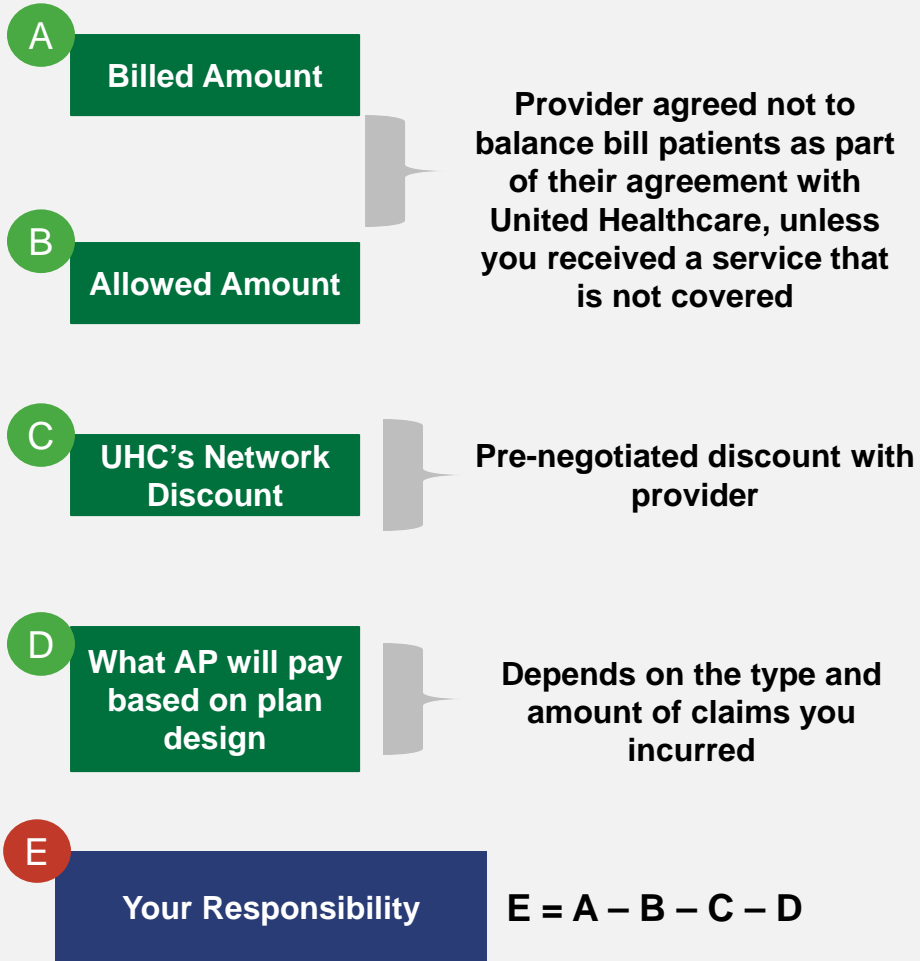
Portability – It's your account (no exceptions)

Ownership – Funds remain in the account year to year (like an IRA)

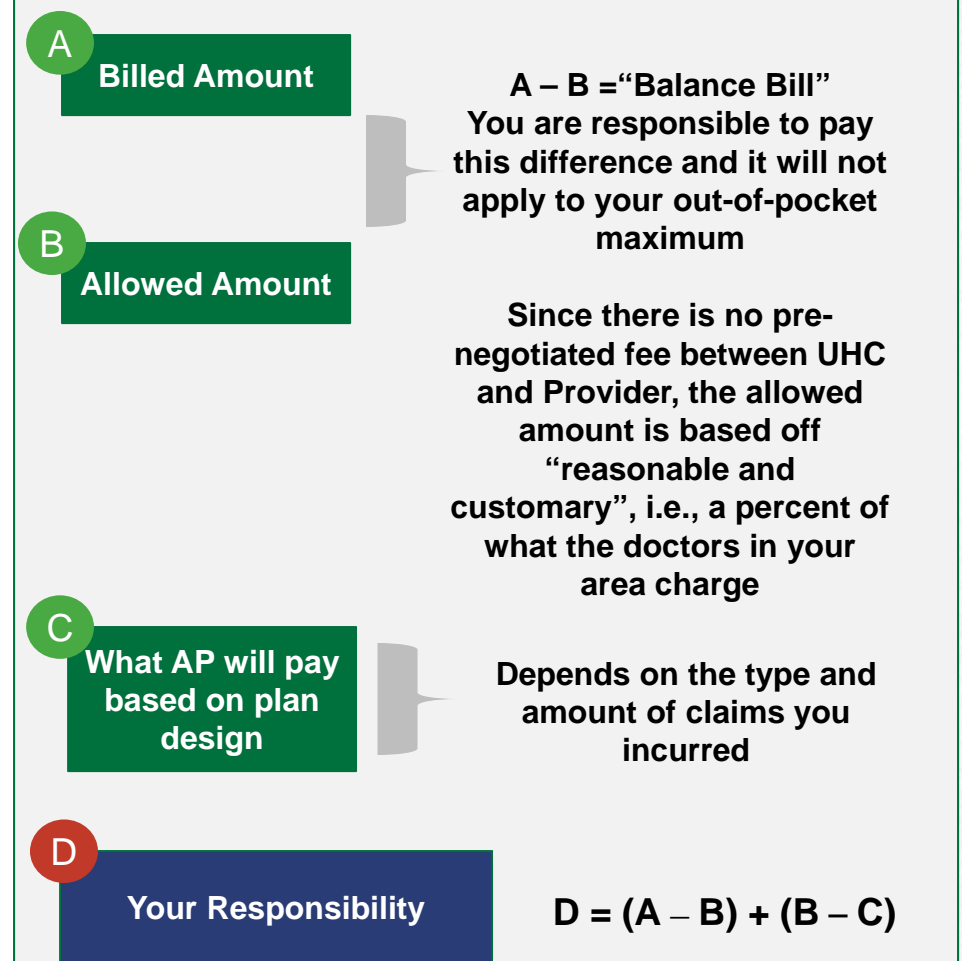
Tax Savings – Triple tax savings vehicle (think of a 401(k) for healthcare)

HOW A CLAIM IS PAID

In-Network



Out-of-Network



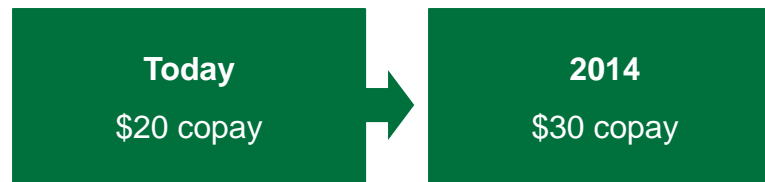
CLAIM EXAMPLE 1

Situation

- Jane is enrolled in the Premium plan as a single and has not yet incurred any claims
- She is not feeling well and decides to visit her Primary Care Physician (PCP) who is in UHC's network
- What is the cost of Jane's visit?

Premium PPO Plan

- Office visits apply to the PCP copay



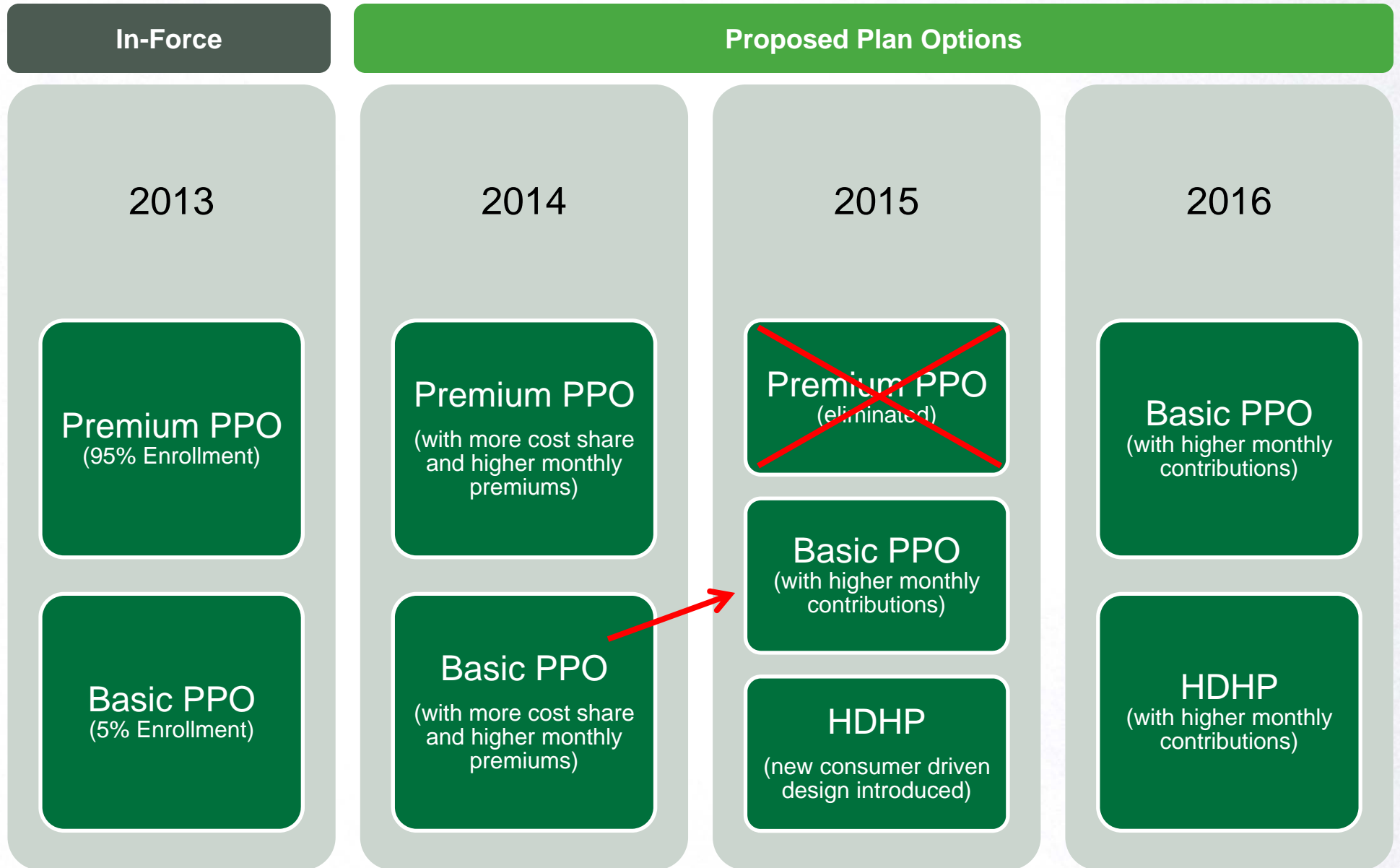
What would be the cost if Jane was in the High Deductible Health Plan?

HDHP Plan

- All claims apply directly to the deductible and coinsurance; NO COPAYS.
- Jane would pay the full cost of the visit (based on the services rendered) minus the UHC network discount until she met the deductible and out-of-pocket maximum. Jane can use the money she set aside pre-tax in her Health Savings Account to help pay for the visit (including the money that the AP is funding to the account)

2015
Allowed Amount= \$200
UHC Discount = \$25
AP Pays = \$0 (deductible not met)
Amount Owed = \$175

PROPOSED MEDICAL PLAN OPTIONS



PROPOSED PREMIUM PLAN CHANGES (95% ENROLLMENT)

Premium Plan	2013 Current (In-Network)	2014 Proposed (In-Network)	Difference	AP Projected to Save (\$)
In-network Deductible (Individual / Family)	\$150 / \$300	\$400 / \$800	\$250 / \$500	\$330,000
Coinsurance	100%	85%	15%	\$860,000
OOP Max	N/A	\$2,400 / \$4,800	\$2,400 / \$4,800	
Copay (Primary / Specialist)	\$20 / \$30	\$30 / \$45	\$10 / \$15	\$100,000
ER Copay	\$75	\$150	\$75	\$10,000
Retail Rx - Generic	\$7	\$10	Varies	\$320,000
Retail Rx - Brand	\$16	20% (min \$30, max \$100)		
Retail Rx - Brand (Non-Preferred)	\$22	30% (min \$50, max \$120)		
Rx OOP Max	N/A	\$1,500 per individual		
			Cost Shift	\$1,620,000

PROPOSED BASIC PLAN CHANGES (5% ENROLLMENT)

Basic Plan	2013 Current (In-Network)	2014 / 2015 Proposed (In-Network)	Difference	AP Projected to Save (\$)
In-network Deductible (Individual / Family)	\$350 / \$700	\$800 / \$1,600	\$450 / \$900	\$30,000
Coinsurance	90%	75%	15%	\$20,000
OOP Max	\$2,000 / \$4,000	\$3,400 / \$6,800	\$1,400 / \$2,800	
Copay (Primary / Specialist)	\$20 / \$30	\$30 / \$45	\$10 / \$15	\$10,000
ER Copay	\$100	\$150	\$40	<\$1,000
Retail Rx - Generic	\$7	\$10	Varies	\$20,000
Retail Rx - Brand	\$16	20% (min \$30, max \$100)		
Retail Rx - Brand (Non-Preferred)	\$22	30% (min \$50, max \$120)		
Rx OOP Max	N/A	\$1,500 per individual		
			Cost Shift	\$80,000

PROPOSED HIGH DEDUCTIBLE HEALTH PLAN

High Deductible Health Plan	2013 Current	2015 Proposed	Difference	AP Projected to Save (\$)
In-network Deductible (Individual / Family)	N/A	\$1,250 / \$2,500	N/A	\$600,000
Coinsurance		80%		\$360,000
OOP Max		\$3,750 / \$7,500		\$390,000
Copay to Coinsurance		N/A		\$40,000
Retail Rx - Generic		\$10		(\$190,000)
Retail Rx - Brand		20% (min \$30, max \$100)		
Retail Rx - Brand (Non-Preferred)		30% (min \$50, max \$120)		
Rx OOP Max		\$1,500 per individual; deductible applies		
Savings Account funding		\$250 individual / \$500 family		Cost Shift

CLAIM EXAMPLE 2

Situation

- John is enrolled in the Premium plan as a single and has not yet incurred any claims
- John needs a procedure done that requires an inpatient hospitalization (in-network)
- What are the out-of-pocket costs to John in today's Premium Plan, 2014 Premium Plan and 2015 HDHP?

Costs

- In-patient hospitalization
 - Allowed Amount = \$8,600
 - UHC Discount = \$1,200
 - Eligible Charges = \$7,400

Design	Today's Premium Plan	2014 Premium Plan	2015 HDHP Plan
Deductible	\$150	\$400	\$1,250
Coinsurance	100%	85%	80%
OOP Max	N/A	\$2,400	\$3,750
Charges			
In-Patient Hospital Copay	\$200	\$200	N/A
Deductible	\$150	\$400	\$1,250
Coinsurance	N/A	= $\$7,400 - \$400 = \$7,000 * 15\%$ \$1,050	= $\$7,400 - \$1,250 = \$6,150 * 20\%$ \$1,230
Total Charges	\$350	\$1,650	\$2,480
% Difference	N/A	371%	609%
Premium			
Annual Premium Cost	\$906	\$1,421	\$1,182
% Difference		57%	30%

CLAIM EXAMPLE 3 (RX ONLY)

Situation

- John is enrolled in the Premium plan
- John's inpatient procedure requires follow-up of a preferred brand name drug with no generic option
- What are the out-of-pocket costs to John in today's Premium Plan, 2014 Premium Plan and 2015 HDHP?

Costs

- Preferred Brand Name Drug
 - Average Wholesale Price per 30 day script = \$350

Design	Today's Premium Plan	2014 Premium Plan	2015 HDHP Plan
Retail Rx - Brand	\$16	20% (min \$30, max \$100)	20% (min \$30, max \$100)
Rx OOP Max	N/A	\$1,500 per individual	\$1,500 per individual; Deductible Applies
Charges			
Average Wholesale Price	\$350	\$350	\$350
30 Day Retail Cost	\$16	= \$350 * 20% \$70	\$350 then \$70
Annual Cost	\$192	\$840	= \$350 * 12 till \$1,250 then \$70 till \$1,500 max \$1,840
% Difference		338%	858%

PROPOSED 2014 EU MEDICAL CONTRIBUTIONS

	2013	2014			
	2013 EU Monthly Contributions	2014 Monthly Contributions w/Wellness	% Change from '13 to '14	2014 Monthly Contributions w/o Wellness	% Change from '13 to '14
Premium					
EE	\$75.48	\$118.45	57%	\$168.45	123%
EE + Spouse	\$207.60	\$259.91	25%	\$309.91	49%
EE + Child	\$121.20	\$197.98	63%	\$247.98	105%
Family	\$304.74	\$393.46	29%	\$443.46	46%
Basic / Traditional					
EE	\$72.24	\$73.21	1%	\$123.21	71%
EE + Spouse	\$189.41	\$163.27	-14%	\$213.27	13%
EE + Child	\$110.59	\$124.37	12%	\$174.37	58%
Family	\$278.05	\$247.15	-11%	\$297.15	7%
CDHP					
EE	N/A	CDHP proposed to roll out in 2015			
EE + Spouse	N/A				
EE + Child	N/A				
Family	N/A				
		Wellness Surcharge ----->		\$50.00	

Contribution Cost Shift	
Wellness surcharge projection	\$150,000
Contribution increases ('13 to '14)	\$870,000
Cost Shift	\$1,020,000

PROPOSED 2014 TU MEDICAL CONTRIBUTIONS

	2013	2014			
	2013 TU Monthly Contributions	2014 Monthly Contributions w/Wellness	% Change from '13 to '14	2014 Monthly Contributions w/o Wellness	% Change from '13 to '14
Premium					
EE	\$41.81	\$118.45	183%	\$168.45	303%
EE + Spouse	\$112.48	\$259.91	131%	\$309.91	176%
EE + Child	\$86.15	\$197.98	130%	\$247.98	188%
Family	\$177.26	\$393.46	122%	\$443.46	150%
Basic / Traditional					
EE	\$38.46	\$73.21	90%	\$123.21	220%
EE + Spouse	\$75.37	\$163.27	117%	\$213.27	183%
EE + Child	\$53.92	\$124.37	131%	\$174.37	223%
Family	\$110.85	\$247.15	123%	\$297.15	168%
CDHP					
EE	N/A	CDHP proposed to roll out in 2015			
EE + Spouse	N/A				
EE + Child	N/A				
Family	N/A				
		Wellness Surcharge ----->		\$50.00	

PROPOSED 2015 EU & TU MEDICAL CONTRIBUTIONS

	2014		2015			
	2014 Monthly Contributions w/Wellness	2014 Monthly Contributions w/o Wellness	2015 Monthly Contributions w/Wellness	% Change from '14 to '15	2015 Monthly Contributions w/o Wellness	% Change from '14 to '15
Premium						
EE	\$118.45	\$168.45	Premium plan no longer available in 2015 under proposed AP design			
EE + Spouse	\$259.91	\$309.91				
EE + Child	\$197.98	\$247.98				
Family	\$393.46	\$443.46				
Basic / Traditional						
EE	\$73.21	\$123.21	\$133.84	83%	\$183.84	49%
EE + Spouse	\$163.27	\$213.27	\$276.91	70%	\$326.91	53%
EE + Child	\$124.37	\$174.37	\$208.81	68%	\$258.81	48%
Family	\$247.15	\$297.15	\$418.97	70%	\$468.97	58%
CDHP			Change from 2014 Basic / Traditional Plan Shown below			
EE			\$98.50	35%	\$148.50	21%
EE + Spouse			\$204.87	25%	\$254.87	20%
EE + Child			\$156.06	25%	\$206.06	18%
Family			\$310.14	25%	\$360.14	21%
	Wellness Surcharge ----->	\$50.00	Wellness Surcharge ----->		\$50.00	

TOTAL HEALTHCARE EXPOSURE (WORST CASE SCENARIO)

ILLUSTRATIVE

Single Employee	Current Premium	Current Basic	2014 Premium	2014 Basic	2015 Basic	2015 HDHP
A = Plan Design						
Medical OOP Max	\$150	\$2,000	\$2,400	\$3,400	\$3,400	\$3,750
Rx OOP Max	N/A	N/A	\$1,500	\$1,500	\$1,500	\$1,500
OOP Max Total	\$150	\$2,000	\$3,900	\$4,900	\$4,900	\$5,250
Statutory OOP Limit	N/A	N/A	\$6,350	\$6,350	\$6,350	\$6,350
B = Annual EE Premium						
Premium	\$906	\$867	\$1,421	\$879	\$1,606	\$1,182
C= (A+B) Total Max Exposure						
Total	\$1,056	\$2,867	\$5,321	\$5,779	\$6,506	\$6,432
	+ Copays	+ Copays				
Difference to Current Premium Plan (%)	N/A	172%	404%	447%	516%	509%
Family Employee (4 individuals)	Current Premium	Current Basic	2014 Premium	2014 Basic	2015 Basic	2015 HDHP
A = Plan Design						
Medical OOP Max	\$300	\$4,000	\$4,800	\$6,800	\$6,800	\$7,500
Rx OOP Max	N/A	N/A	\$6,000	\$6,000	\$6,000	\$6,000
OOP Max Total	\$300	\$4,000	\$10,800	\$12,800	\$12,800	\$13,500
Statutory OOP Limit	N/A	N/A	\$12,700	\$12,700	\$12,700	\$12,700
B = Annual EE Premium						
Premium	\$3,657	\$3,337	\$4,722	\$2,966	\$5,028	\$3,722
C= (A+B) Total Max Exposure						
Total	\$3,957	\$7,337	\$15,522	\$15,666	\$17,728	\$16,422
	+ Copays	+ Copays				
Difference to Current Premium Plan (%)	N/A	85%	292%	296%	348%	315%

Assumptions:

Current plans do not include possible copay expenses which are variable and uncapped.

All claims in-network and covered.

PROPOSED WELLNESS PROGRAM

- **2014**

- By March 31, 2014, you must:
 - Complete a biometric screening
 - Take the personal health profile
 - Talk with a health coach

Penalty if you do not comply: Pay \$50/month more for medical premiums (spouse and domestic partners must also complete the steps above, but not children)

- **2015**

- Must complete same steps as above AND meet outcome-based program targets for:
 - Body Mass Index (BMI)
 - Cholesterol (HDL Cholesterol - healthy)
 - Glucose
 - Blood Pressure

Employee and Spouse/Domestic Partner need to meet at least three of four health targets to avoid additional premium surcharges (\$50/month)

PROPOSED WELLNESS PROGRAM (CONTINUED...)

- AP's response to the selection of Wellness Markers:
 - “To determine the health targets and improvement goals, WellCall consults the guidelines from the CDC and the preventive health task force within the National Institute of Health. “One of the reasons we use HDL is because with diet modification and exercise you can raise your HDL into a healthy range. In addition, HDL has a protective value and the more HDL cholesterol a person has the better because HDL takes the LDL (bad cholesterol) out of your system. Also, we cannot measure LDL or Triglycerides through a non-fasting screening.”
- According to current regulations (of an ‘outcomes based wellness program’) the structure of the AP plan is not discriminatory, if implemented along the appropriate guidelines

Category	Target
Body Mass Index	29.9 or below If BMI is above 30, then waist circumference must be less than 40 for men and less than 35 for women
HDL Cholesterol	50 mg/dl or higher for women 40 mg/dl or higher for men
Glucose	Non-fasting glucose at 140 or below If non-fasting is 141 or above, then HbA1c equal or less than 5.7 percent
Blood Pressure	Systolic BP under 140 mm/Hg and/or diastolic under 90hmm/HG

PROPOSED SPOUSAL COVERAGE

Policy Change

- If you have a working spouse who has access to healthcare coverage, the AP proposes that they will no longer be the primary payer of benefits. If elected by the employee, the AP would pay secondary to the first coverage

How does it work?

- If your spouse doesn't work outside the home, you must attest during open enrollment that he/she doesn't have other employer-sponsored coverage available
- If your spouse works for an employer that doesn't offer coverage, you must attest during open enrollment that he/she doesn't have other employer-sponsored coverage available
- If your spouse has other coverage and you want AP to be secondary, you must elect coverage and indicate that it's secondary coverage (and pay the increase monthly premium)
- If your spouse is currently enrolled but is moving to his/her employer's plan and not enrolling in AP as secondary coverage, you must elect to remove your spouse from AP's plan
- You may keep dependents on the AP plan

Cost Shift Estimate

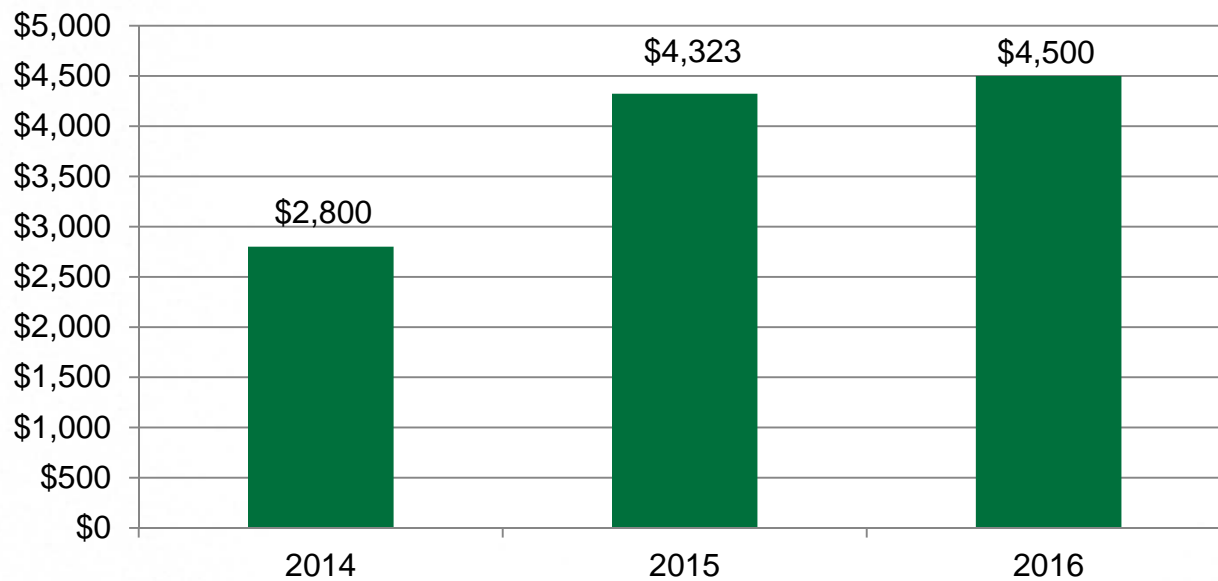
Working spouse limitation

\$280,000

RECAP AND IMPACT

1. Less rich plan designs (i.e., pay more out of pocket every time you go to the doctor)
2. Higher medical premiums (i.e., pay more monthly to have health insurance)
3. Penalties (i.e., pay more if you can not meet markers)
4. Secondary Payer (i.e., working spouses must take their employer's plan, regardless of affordability / coverage)

Projected Cost Shift Per AP Union Employee Per Year



Did you know?

AP is projected to pay \$270,000 less in 2016 than what they are projected to pay in 2013.

Said another way, in 2016 alone, they are projected to cost shift \$4.4 million in health care costs to you.

QUESTIONS





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