



Town of Winchester

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Board of Selectmen Meeting
Monday, January 25, 2016

BUSINESS

Docket Item **G-4:** Harvard Pilgrim Health Care Renewal Presentation

Supporting Documents:

Action Required: VOTE to authorize Town Manager to sign contract

January 25, 2016



Town of Winchester: Health Care FY17

BOARD OF SELECTMEN MEETING

PRESENTED BY: BRYAN ADAMS





EXECUTIVE SUMMARY

- Active Employees & Non-Medicare Retiree Health Plans
 - Current Insurance Carrier is HPHC (since 2012)
 - Annual renewal date is July 1st
 - Plan Options Include:
 - HPHC HMO - 300 Individual Contracts / 8 Dual Contracts / 326 Family Contracts
 - HPHC PPO - 12 Individual Contracts / 0 Dual Contracts / 5 Family Contracts
 - Enrollment information current as of December 2015 (651 subscribers)
- Senior Plans (Medicare Retirees) Renewed as of 1/1/2016
 - Current Insurance Carriers include HPHC & THP
 - HPHC Medicare Enhanced Plan for Medical + Aetna Rx program (445 subscribers)
 - THP Medicare Preferred HMO Prime (9 subscribers)
- Health Reimbursement Account – Self Administered
 - Manages mitigation funds (resulting from legislative plan change action)



THE TOWN'S HEALTH CARE PLAN

- Major plan activity
 - FY2008 RFP
 - Carrier consolidation to MIIA (BCBS & HPHC term. 1/2008)
 - FY2010
 - Medex 2 plan change implemented (Rx change)
 - FY2011 Plan changes implemented
 - HRA set up for facility co-pays
 - FY2013 RFP
 - MIIA term, HPHC became carrier
 - **FY2014 Plan changes implemented**
 - **Moved to “benchmark” plan design**
 - FY2015 Renewal negotiation
 - “Delayed” to allow impact of plan change on renewal negotiations!
 - FY2016 Renewal negotiations
 - “Early” action produced favorable results
 - FY2017 Renewal negotiations underway



HPHC CLAIMS ANALYSIS

- Includes HMO & PPO Claims vs. Premium Loss ratio
- FY13 – Claims incurred from July 1, 2012 thru June 30, 2013 and paid through September 30, 2013 was 96% when adjusted by Section 22 changes (-6%)
- FY14 loss ratio improved as result of plan changes to cost sharing features, claims vs. premium = 74%
- HPHC was asked to release early FY16 renewal using claims through July 2015
 - 24 Months loss ratio thru July 2015 was 75%
- Carriers normally evaluate 24 months of claims data when setting premium rates
- Value of “Navigator Style” on previous plan claims impact
- NFP suggests favorable loss ratio (trends) over past 24 months as basis for rate hold
- Risk Issues under review
 - Large ongoing claims
 - By Cost
 - By diagnosis
 - Compound trend



BUDGET IMPACT

- Carrier trends – renewal pricing
 - 7% to 9%
 - HPHC currently using 7.9% to 8.5% depending on whether HMO or PPO melded with rx
 - BCBS currently using 7.5% to 7.8% for medical and 14.64% to 18.1% for rx (separated out)
 - THP is using 7% - 9% melded
 - ACA Fees add 1.5% - 2.5%
- Budget impacts to Town at: (based on est 72%/18% melded splits)
 - 7% = +\$631,000
 - 9% = +\$812,000
- Target MLR impact
 - Carrier rate structure targets 88%-90% breakeven
 - Reasonable and appropriate increase would be 7% to 9% at these levels



NON-MEDICARE RETIREES PLAN DESIGN: CORE CO-PAYS

Covered Service	Prior HPHC HMO	HPHC Municipal Choice Net HMO eff. 7/1/2013
PCP office visit	\$15 co-pay (\$0 well)	\$20 co-pay (\$0 well)
Specialist office visit	\$15 co-pay	\$25,35,\$45 co-pay
In-pat hosp	\$250	\$300/\$700 co-pay after ded*
Out-pat surg	\$150 (\$0 well)	\$150 co-pay (\$0 well) after ded*
Emergency room	\$50 co-pay	\$100 co-pay after ded*
Diag tests, x-rays, labs	\$0	no co-pay after ded*
CT's, MRI's, PET's	\$0	\$100 co-pay after ded*
Rx: Generic Preferred Brand Non-Preferred Brand	<u>30 day/90 day</u> \$10/\$10 co-pay \$20/\$20 co-pay \$35/\$35 co-pay	<u>30 day/90 day</u> \$10/\$20 co-pay \$25/\$50 co-pay \$50/\$110 co-pay

*The deductible under the new plan is \$250 per member, not to exceed \$750 per family per plan year.
PPO plan has similar in-network co-pays.

MEDICARE RETIREES SUPPLEMENT PLAN DESIGN: CORE CO-PAYS

Covered Service	Prior Medicare Enhance Supplement Plans		Enhance Option Eff. 7/1/2013
	Hi Option	Lo Option	
PCP office visit	\$0 co-pay	\$10 co-pay (\$0 well)	\$35 calendar year ded, then covered at 100%
Specialist office visit	\$0 co-pay	\$10 co-pay	
In-pat hosp	\$0	\$0	\$100 calendar year ded then covered at 100%
Out-pat surg	\$0	\$0	
Emergency room	\$0	\$100 co-pay	\$25 co-pay
Diag tests, x-rays, labs	\$0	\$0	\$0
CT's, MRI's, PET's	\$0	\$0	\$0
Rx: Generic Preferred Brand Non-Preferred Brand	<u>30 day/90 day</u> \$10/\$20 co-pay \$20/\$40 co-pay \$35/\$70 co-pay	<u>30 day/90 day</u> \$10/\$20 co-pay \$20/\$40 co-pay \$35/\$70 co-pay	<u>30 day/90 day</u> \$10/\$20 co-pay \$25/\$50 co-pay \$50/\$110 co-pay

RENEWAL SUMMARY

Rate and Premium Summary			
HMO	Current Rates	Renewal Rates	Rate Impact
Individual	\$716.37	\$716.37	0.00%
E/K	\$0.00	\$0.00	
Dual	\$0.00	\$0.00	
Family	\$1,934.25	\$1,934.25	0.00%
Total Monthly Premium	\$848,127.12	\$848,127.12	
Total Annual Premium	\$10,177,525.44	\$10,177,525.44	
PPO	Current Rates	Renewal Rates	Rate Impact
Individual	\$904.20	\$904.20	0.00%
E/K	\$0.00	\$0.00	
Dual	\$0.00	\$0.00	
Family	\$2,441.30	\$2,441.30	0.00%
Total Monthly Premium	\$23,056.90	\$23,056.90	
Total Annual Premium	\$276,682.80	\$276,682.80	



PLAN DESIGN SUMMARY & CHANGES FOR FY16

		ChoiceNet HMO		ChoiceNet PPO	
Product	Tier Level	HMO	Renewal Changes	PPO	Renewal Changes
		Current		Current	
Deductible	Tier 1	\$250 / \$750		\$250 / \$750	
	Tier 2	\$250 / \$750		\$250 / \$750	
	Tier 3	\$250 / \$750		\$250 / \$750	
Out of Pocket		\$6,600 / \$13,200	Med: \$2,000 / \$4,000	\$6,600 / \$13,200	Med: \$2,000 / \$4,000
			Rx: \$3,000 / \$6,000		Rx: \$3,000 / \$6,000
Out of Network Member Cost Sharing		NA		20% after Ded	
		\$100 Copayment after Tier 1 Deductible		\$100 Copayment after Tier 1 Deductible	
Emergency Room	Tier 1	\$300 after Ded		\$300 after Ded	
	Tier 2	\$300 after Ded		\$300 after Ded	
	Tier 3	\$700 after Ded		\$700 after Ded	
In-Patient		\$150 after Ded		\$150 after Ded	
		Tier 1 Deductible		Tier 1 Deductible	
Out-Patient		\$100 after Ded		\$100 after Ded	
Lab / Radiology Services		\$10 / \$25 / \$50		\$10 / \$25 / \$50	
High-Tech Imaging		\$20 / \$50 / \$110		\$20 / \$50 / \$110	
Prescription - 30 Days		NA		NA	
Prescription - Mail Order					
Prescription Deductible					



HMO PLAN DESIGN: CORE COPAY STRUCTURE

Covered Service	Winchester HMO	2016 GIC Plan	2016 HPHC GIC Benchmark
Deductible	\$250 Ind /\$750 family	\$300 Ind/ \$900 family	\$300Ind /\$900 Family
PCP Office Visit	\$20	\$20	\$20
Specialist Office Visit	Tier 1 \$25 Tier 2 \$35 Tier 3 \$45	Tier 1 \$30 Tier 2 \$60 Tier 3 \$90	Tier 1 \$30 Tier 2 \$60 Tier 3 \$75
In-Patient copay	Tier 1 \$300 then ded Tier 2 \$300 then ded Tier 3 \$750 then ded	Tier 1 \$250 then ded Tier 2 \$500 then ded Tier 3 \$1500 then ded	Tier 1 \$250 then ded Tier 2 \$500 then ded Tier 3 \$1000 then ded
Day Surgery	\$150.00 then ded	\$250 then ded	\$250 then ded
Emergency Room	\$100 then ded	\$100 then ded	\$100 then ded
Diag test, x-ray, labs	Covered in full after the deductible has been meet	Covered in full after the deductible has been meet	Covered in full after the deductible has been meet
High Tech Imaging	\$100 per scan then ded	\$100 per scan then ded	\$100 per scan then ded
RX 30 day supply	\$10/\$25/\$50	\$10/\$30/\$65	\$10/\$30/\$65
RX 90 day supply	\$20/\$50/\$110	\$25/\$75/\$165	\$25/\$75/\$165



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