

# Everett School Employee Benefit Trust

## 2015 RENEWAL REPORT

August 26, 2014

**Sean White**  
Seattle

# Contents

- Executive Summary
- 2015 Renewal Summary
- 2015 Renewal Results
- ESSB 5940 Update
- Trust Financial Projections
- Alternate Medical Proposals
- Alternate Dental and Vision Proposals
- Alternate Life and Disability Proposals
- Appendix
  - 2015 Plan Designs for All Coverages
  - GHC Network Disruption Provider List
  - Alternate Life and Disability Proposal Details
  - WEA Select Benefit Plans Renewal Summary
  - Benchmarking Data

# Executive Summary

# Executive Summary

## Introduction

- Under the status quo (no carrier changes and no changes in contribution strategy), we are projecting a deficit for 2015 of \$1.95 million.
  - This leads to a projected year-end reserve of \$5.8 million at 12/31/2015, or 2.7 months of expenses.
- Mercer requested and received alternate proposals for:
  - Medical/Rx insured plans to replace current WEA plans.
  - Dental and vision insured plans to replace current WEA plans.
  - Insured life and disability plans for vendor consolidation.
- In general, all of the alternate proposals represent savings opportunities for the Trust.
  - The largest driver of savings is with the medical plans.
  - While the other alternate options offer modest savings, the larger opportunity there is administrative simplification associated with carving out from the WEA (and the associated enrollment/eligibility requirements) and vendor consolidation.

## Executive Summary

### Decision Matrix

- The table below summarizes the key decisions that will need to be made by the Trust for the 1/1/15 renewals:

Decision	Options/Comments	Decision
Medical insurer	WEA, GHC, Moda, UHC	
Year-end reserve target	Historical target of three months of expenses	
Employee contributions	Status quo %s vs. changes in order to achieve targeted reserves	
Dental and vision	WEA or MetLife *Willamette cannot be carved out	
Life and disability	MetLife or Standard	

# Renewal Summary

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a medium teal, and the bottom band is a bright cyan. A diagonal line separates the top dark blue band from the middle teal band, sloping upwards from left to right. The text "Renewal Summary" is positioned in the upper left area of the dark blue band.

# 2015 Renewal Summary

- ESEBT currently offers the following health and welfare programs:

Coverage	Funding Arrangement	Carrier/Administrator	2014 Final Renewal	2015 Renewal Status
WEA Medical Plans <ul style="list-style-type: none"> <li>Medical</li> <li>Dental</li> <li>Dental</li> <li>Vision</li> </ul>	Fully-Insured	Premera Blue Cross Delta Dental of WA Willamette Dental Premera	+16.4 -17.0% +0% +0% +3.4%	+7.9% increase across all plans/tiers +2% +0% +2% Alternate vendor options are available
HMO Medical	Fully-Insured	Group Health Cooperative (GHC)	+6.3%	+12.4%
Basic and Supplemental Life	Fully-Insured	MetLife	+0%	+0% (alternate vendor options available)
Basic AD&D	Fully-Insured	MetLife	+0%	+0% (alternate vendor options available)
Long-Term Disability	Fully-Insured	Standard Insurance Company	+0%	+0% (alternate vendor options available)
Voluntary Short-Term Disability	Fully-Insured	Standard Insurance Company	+0%	+0% (alternate vendor options available)
EAP	Service Contract	Magellan	-2.4%	+0% (last year of two-year guarantee)
Voluntary Long Term Care	Fully-Insured	UNUM	+0%	+25%
Health Programs	Service Contract	Alere	+0%	+0%
Health Programs	Service Contract	Health Force Partners	+0%	Terminated effective 1/1/2015

# 2015 Renewal Results

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a medium teal, and the bottom band is a bright cyan. A diagonal line separates the top dark blue band from the middle teal band, sloping upwards from left to right. The text "2015 Renewal Results" is positioned in the upper left area of the dark blue band.



## Renewals — WEA Select Benefit Plans

### WEA Premera Medical Plans (Fully-Insured)

- 7.9% rate increase effective November 1, 2014.
- Required benefit modifications:
  - Lower out of pocket maximums to meet ACA standards (EasyChoice only).
  - All medical copays (not on the QHDHP) will accrue towards the out of pocket maximum.
  - Removal of the annual dollar limits on the QHDHP.
  - TMJ dollar limits will be removed from Plans 5, 2, 3 and QHDHP.
- EasyChoice NEW deductible.
  - EasyChoice C will now have a \$100 deductible (was \$0).
- Prior Authorization.
  - Mandatory prior authorization for certain services. There is no penalty for not obtaining a prior authorization, but if the claim is considered not medically necessary the claim will be denied.
- See the WEA renewal announcement in the Appendix for a detailed description of the changes.

## Renewals — WEA Select Benefit Plans Dental Plans

### WEA Delta Dental of WA (Fully Insured)

- 2% increase in rate effective 11/1/14.
- No plan design changes.

### WEA Willamette Dental Plan (Fully Insured)

- No increase in rate.
- No plan design changes.

Tier	Active Enrollment	Current Rates	2014-2015 Rates
Delta Dental of WA	1,491	\$85.40	\$87.15
Willamette	491	\$74.70	\$74.70
Total Projected Annual Cost		\$1,956,836	\$1,987,916
\$ Increase/(Decrease) Over Current			\$31,080
% Increase/(Decrease) Over Current			1.6%

## Renewals — WEA Select Benefit Plans

### WEA Premera Vision Plans (Fully Insured)

- 2% increase in rate effective 11/1/14.
- No plan design changes.

	Active Enrollment	Current Rate	Proposed Rate
Premera	1,998	\$16.80	\$17.15
Total Projected Annual Cost		\$400,378	\$408,719
\$ Increase/(Decrease) Over Current			\$8,341
% Increase/(Decrease) Over Current			2.1%

## Renewals — Other Plans

### Group Health — HMO Plan (Fully-Insured)

- Overall rate increase of 12.4%.
- Health Care Reform:
  - All cost shares will now apply to the out-of-pocket maximum including copays, deductibles, coinsurance, and pharmacy cost shares.

Tier/Cost	Active Enrollment	2014 Monthly Rates	Proposed 2015 Rates	% Change
Employee	201	\$682.29	\$766.77	12.4%
Employee + Spouse	81	\$1,289.53	\$1,449.2	12.4%
Employee + Child(ren)	86	\$941.56	\$1,058.15	12.4%
Employee + Family	141	\$1,541.98	\$1,732.91	12.4%
Annual Total		\$6,479,827	\$7,282,166	12.4%
\$ Increase Over Current			\$802,339	
% Increase Over Current			12.4%	

## Renewals — Life, AD&D and Supplemental Life

### MetLife (Fully-Insured)

- Basic Life and Accidental Death & Dismemberment:
  - Rates shown represent no change from current. MetLife is extending current rates an additional three years through December 31, 2017.

Coverage	Enrollment	Rate (per \$1,000)
Basic Life Insurance	1,696	\$0.10
Basic AD&D Insurance	1,696	\$0.018
Combined Life and AD&D Composite Rate	1,696	\$5.90 PEPM
Projected Annual Cost		\$120,077

- Supplemental Life:
  - MetLife is extending current rates an additional three years through December 31, 2017.

Age Range	Rate (per \$1,000)	Age Range	Rate (per \$1,000)
Under 30	\$0.06	55 – 59	\$0.63
30 – 34	\$0.08	60 – 64	\$0.84
35 – 39	\$0.09	65 – 69	\$1.29
40 – 44	\$0.13	70 – 74	\$2.06
45 – 49	\$0.22	75 and Over	\$3.34
50 – 54	\$0.37	Child(ren)	\$0.27 per employee

## Renewals — STD & LTD

### Standard Insurance Company (Fully-Insured)

- Renewal Summary:
  - Standard has proposed a two-year renewal with no change to rates.
- Voluntary Short-Term Disability:
  - Rates guaranteed through December 31, 2016.

Age Range	Rate per \$10 of weekly benefit	Age Range	Rate per \$10 of weekly benefit
Under 25	\$1.12	45 - 49	\$0.73
25 - 29	\$1.31	50 - 54	\$0.83
30 - 34	\$1.03	55 - 59	\$1.07
35 - 39	\$0.83	60 - 64	\$1.31
40 - 44	\$0.75	65 and Over	\$1.45

- Long-Term Disability:
  - Rates would be guaranteed through December 31, 2016.

Coverage	PEPM Rate
Long-Term Disability	\$20.55

## Renewals — Other Plans

### Magellan Employee Assistance Plan (Service Contract)

- Last year of a two-year rate guarantee through December 31, 2015.

	PEPM Rate
EAP	\$1.65

### UNUM Long Term Care Plan (Fully-Insured)

- UNUM provides LTC coverage to Trust employees on a voluntary basis.
- Rates are modified only when rates change for the rating pool and when filed with the state.
- UNUM has filed for a 25% increase in 2015, which has been approved. UNUM requested a total increase of 70% over the three-year period 2015-2017, the Washington Insurance Commissioner is taking a “wait and see” approach before approving the 2016-2017 increases.
- Current enrollment is 18 employees. If ESEBT enrollment drops below 10, then the group coverage would terminate and those enrolled would be ported to individual coverage with the same rates.

## Renewals — Other Plans

### Alere Health Programs (Service Contract)

- No rate changes through December 31, 2015.

### Health Force Partners

- Terminating for 2015

Component	Fee Per Participant
Quit for Life	\$375



# ESSB 5940 Update

# ESSB 5940 Update

- The table below lists some of the primary requirements of ESSB 5940, the current status for the plans offered by ESEBT, and potential next steps.

Requirement	Current Status	Next Steps
<ul style="list-style-type: none"> <li>Offer a plan with high deductible and health savings account</li> </ul>	<ul style="list-style-type: none"> <li>QHDHP made available through the WEA</li> </ul>	<ul style="list-style-type: none"> <li>The QHDHP plan is still available and all medical proposers offer a high deductible option</li> </ul>
<ul style="list-style-type: none"> <li>Offer a plan with full-time premium the same as that for state employees (15% FT contribution)</li> </ul>	<ul style="list-style-type: none"> <li>WEA EasyChoice Plan continues to meet the intent of this requirement.</li> </ul>	<ul style="list-style-type: none"> <li>Consider this requirement when making ESEBT subsidy decisions</li> <li>Consult with counsel on interpretation of how to apply</li> </ul>
<ul style="list-style-type: none"> <li>Must make progress toward more affordable full family insurance coverage; ratio of 3:1</li> </ul>	<ul style="list-style-type: none"> <li>All current plans are within the accepted range</li> </ul>	<ul style="list-style-type: none"> <li>Maintain compliance</li> </ul>
<ul style="list-style-type: none"> <li>Each K-12 public school employee pays a minimum premium charge</li> </ul>	<ul style="list-style-type: none"> <li>All plans require a contribution</li> </ul>	<ul style="list-style-type: none"> <li>Determine whether current contributions are an appropriate "minimum contribution"</li> </ul>
<ul style="list-style-type: none"> <li>Employee premiums are structured to ensure that employees who select richer benefit plans pay the higher premium</li> </ul>	<ul style="list-style-type: none"> <li>Current contribution structure is in compliance</li> </ul>	<ul style="list-style-type: none"> <li>Maintain compliance</li> </ul>
<ul style="list-style-type: none"> <li>Follow responsible contracting standards and open competitive bidding</li> </ul>	<ul style="list-style-type: none"> <li>Move to WEA improved affordability</li> </ul>	<ul style="list-style-type: none"> <li>Need further guidance on frequency and plans to be included</li> </ul>
<ul style="list-style-type: none"> <li>Promote health care innovation and cost savings and significantly reduce administrative expense</li> </ul>	<ul style="list-style-type: none"> <li>Wellness program can provide progress toward this requirement</li> </ul>	<ul style="list-style-type: none"> <li>Need further guidance</li> </ul>

# Trust Financial Projections

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue. The middle band is a medium teal color, separated from the top band by a diagonal line that slopes upwards from left to right. The bottom band is a bright cyan color, separated from the middle band by a horizontal line.

## Summary of Contribution Scenarios

### Employer Subsidy Percentages

- **Scenario SQ %:** All EE contribution % amounts remain the same as the 2014 plan year.
- **Scenario SQ \$:** All EE contribution \$ amounts remain the same as the 2014 plan year.
- **Scenario 1:** WEA targeting three-month reserve at end of 2015.
- **Scenario 2:** GHC full replacement, % amounts remain the same as the 2014 plan year.
- **Scenario 3:** Moda full replacement, % amounts remain the same as the 2014 plan year.
- **Scenario 4:** UHC full replacement, % amounts remain the same as the 2014 plan year.

	Status Quo (Flat %)	Status Quo (Flat \$)	Scenario 1 WEA 3mo	Scenario 2 GHC	Scenario 3 Moda	Scenario 4 UHC
WEA — Employee <sup>1</sup>	78%	80%	75%	78%	78%	78%
WEA — Dependent <sup>1</sup>	69%	71%	67%	69%	69%	69%
GHC — Employee	82%	84%	76%	82%	82%	82%
GHC — Dependent	74%	77%	69%	74%	74%	74%
2015 Estimated Reserve	2.7	2.5	3.0	3.1	3.2	3.2
2016 Estimated Reserve	0.8	0.4	1.4	1.4	1.5	1.6

<sup>1</sup> WEA Plan 3 only. Plans 2 and 5 are buy-up plans from Plan 3.

# Summary of Contribution Scenarios

## Everett School Employees Benefit Trust 2015 Employee Contribution Exhibit - WEA Scenarios

			Ratio to			Ratio to			Ratio to	
2014 Contributions		2015 Contribs SQ (Flat %)	% Inc	Single	2015 Contribs SQ (Flat \$)	% Inc	Single	2015 Contribs Sc. 1 WEA (3mo reserve)	% Inc	Single
WEA PPO 2										
EE	\$240.36	\$258.05	7.4%	1.00	\$240.36	0.0%	1.00	\$280.99	16.9%	1.00
EE + Spouse	\$492.94	\$529.11	7.3%	2.05	\$492.94	0.0%	2.05	\$564.74	14.6%	2.01
EE + Child(ren)	\$342.24	\$367.40	7.4%	1.42	\$342.24	0.0%	1.42	\$395.46	15.6%	1.41
EE + Family	\$603.72	\$647.99	7.3%	2.51	\$603.72	0.0%	2.51	\$689.19	14.2%	2.45
WEA PPO 3										
EE	\$156.67	\$168.23	7.4%	1.00	\$156.67	0.0%	1.00	\$191.17	22.0%	1.00
EE + Spouse	\$339.96	\$364.94	7.3%	2.17	\$339.96	0.0%	2.17	\$400.57	17.8%	2.10
EE + Child(ren)	\$230.67	\$247.65	7.4%	1.47	\$230.67	0.0%	1.47	\$275.71	19.5%	1.44
EE + Family	\$420.34	\$451.18	7.3%	2.68	\$420.34	0.0%	2.68	\$492.38	17.1%	2.58
WEA EasyChoice										
EE	\$111.83	\$120.11	7.4%	1.00	\$111.83	0.0%	1.00	\$114.65	2.5%	1.00
EE + Spouse	\$240.41	\$258.10	7.4%	2.15	\$240.41	0.0%	2.15	\$261.54	8.8%	2.28
EE + Child(ren)	\$163.26	\$175.30	7.4%	1.46	\$163.26	0.0%	1.46	\$173.40	6.2%	1.51
EE + Family	\$297.09	\$318.93	7.4%	2.66	\$297.09	0.0%	2.66	\$326.30	9.8%	2.85
WEA PPO 5										
EE	\$375.40	\$402.99	7.3%	1.00	\$375.40	0.0%	1.00	\$425.93	13.5%	1.00
EE + Spouse	\$825.35	\$885.80	7.3%	2.20	\$825.35	0.0%	2.20	\$921.43	11.6%	2.16
EE + Child(ren)	\$549.91	\$590.27	7.3%	1.46	\$549.91	0.0%	1.46	\$618.33	12.4%	1.45
EE + Family	\$1,012.59	\$1,086.74	7.3%	2.70	\$1,012.59	0.0%	2.70	\$1,127.94	11.4%	2.65
WEA QHDHP										
EE	\$87.91	\$94.45	7.4%	1.00	\$87.91	0.0%	1.00	\$90.16	2.6%	1.00
EE + Spouse	\$188.72	\$202.64	7.4%	2.15	\$188.72	0.0%	2.15	\$205.33	8.8%	2.28
EE + Child(ren)	\$128.23	\$137.72	7.4%	1.46	\$128.23	0.0%	1.46	\$136.22	6.2%	1.51
EE + Family	\$229.50	\$246.40	7.4%	2.61	\$229.50	0.0%	2.61	\$251.91	9.8%	2.79
GHC										
EE	\$123.00	\$138.00	12.2%	1.00	\$123.00	0.0%	1.00	\$184.00	49.6%	1.00
EE + Spouse	\$281.00	\$315.00	12.1%	2.28	\$281.00	0.0%	2.28	\$396.00	40.9%	2.15
EE + Child(ren)	\$190.00	\$214.00	12.6%	1.55	\$190.00	0.0%	1.54	\$274.00	44.2%	1.49
EE + Family	\$347.00	\$389.00	12.1%	2.82	\$347.00	0.0%	2.82	\$484.00	39.5%	2.63

Projected reserve months at end of 2015  
under each contribution scenario:

2.7

2.5

3.0

# Summary of Contribution Scenarios

## Everett School Employees Benefit Trust 2015 Employee Contribution Exhibit - Alternate Scenarios

2014 Contributions		Ratio to Single		Ratio to Single		Ratio to Single	
		2015 Contribs Sc. 2 GHC	% Inc	2015 Contribs Sc. 3 Moda	% Inc	2015 Contribs Sc. 4 UHC	% Inc
<b>WEA PPO 2</b>		<b>GHC Access 200</b>		<b>Moda Plan 2 (200)</b>		<b>UHC Option 2</b>	
EE	\$240.36	\$209.08	-13.0%	\$234.11	-2.6%	\$237.96	-1.0%
EE + Spouse	\$492.94	\$435.78	-11.6%	\$481.72	-2.3%	\$488.16	-1.0%
EE + Child(ren)	\$342.24	\$300.57	-12.2%	\$333.99	-2.4%	\$338.94	-1.0%
EE + Family	\$603.72	\$535.20	-11.3%	\$590.34	-2.2%	\$597.87	-1.0%
<b>WEA PPO 3</b>		<b>GHC Options 350</b>		<b>Moda Plan 3 (500)</b>		<b>UHC Option 3</b>	
EE	\$156.67	\$156.55	-0.1%	\$157.37	0.4%	\$155.16	-1.0%
EE + Spouse	\$339.96	\$339.66	-0.1%	\$341.33	0.4%	\$336.63	-1.0%
EE + Child(ren)	\$230.67	\$230.45	-0.1%	\$231.58	0.4%	\$228.40	-1.0%
EE + Family	\$420.34	\$419.96	-0.1%	\$422.02	0.4%	\$416.21	-1.0%
<b>WEA EasyChoice</b>		<b>GHC Access 750</b>		<b>Moda Elect 1/2 (750/1000)</b>		<b>UHC Option 4/5/6</b>	
EE	\$111.83	\$136.91	22.4%	\$110.83	-0.9%	\$110.13	-1.5%
EE + Spouse	\$240.41	\$297.05	23.6%	\$240.38	0.0%	\$238.94	-0.6%
EE + Child(ren)	\$163.26	\$201.54	23.4%	\$163.09	-0.1%	\$162.12	-0.7%
EE + Family	\$297.09	\$367.27	23.6%	\$297.20	0.0%	\$295.42	-0.6%
<b>WEA PPO 5</b>		<b>GHC Access 200</b>		<b>Moda Plan 2 (200)</b>		<b>UHC Option 1</b>	
EE	\$375.40	\$209.08	-44.3%	\$234.11	-37.6%	\$397.03	5.8%
EE + Spouse	\$825.35	\$435.78	-47.2%	\$481.72	-41.6%	\$779.26	-5.6%
EE + Child(ren)	\$549.91	\$300.57	-45.3%	\$333.99	-39.3%	\$551.30	0.3%
EE + Family	\$1,012.59	\$535.20	-47.1%	\$590.34	-41.7%	\$946.88	-6.5%
<b>WEA QHDHP</b>		<b>GHC Access HSA</b>		<b>Moda Plan 6 (HSA)</b>		<b>UHC Option 7</b>	
EE	\$87.91	\$107.22	22.0%	\$101.60	15.6%	\$88.71	0.9%
EE + Spouse	\$188.72	\$232.62	23.3%	\$220.37	16.8%	\$190.32	0.8%
EE + Child(ren)	\$128.23	\$157.83	23.1%	\$149.51	16.6%	\$129.35	0.9%
EE + Family	\$229.50	\$287.61	25.3%	\$272.46	18.7%	\$231.42	0.8%
<b>GHC</b>							
EE	\$123.00	\$136.00	10.6%	\$138.00	12.2%	\$138.00	12.2%
EE + Spouse	\$281.00	\$299.00	6.4%	\$315.00	12.1%	\$315.00	12.1%
EE + Child(ren)	\$190.00	\$202.00	6.3%	\$214.00	12.6%	\$214.00	12.6%
EE + Family	\$347.00	\$371.00	6.9%	\$389.00	12.1%	\$389.00	12.1%

Projected reserve months at end of 2015  
under each contribution scenario:

3.1

3.2

3.2

# 2015 Budget — Status Quo %

## Financial Projections Comparison

### Scenario 0: Status Quo

January 1, 2015 - December 31, 2015

Employee  
WEA: 78%  
HMO: 82%

Dependent  
69%  
74%

#### Estimated Income

	1/1/2014 - 12/31/2014 Projection				1/1/2015 - 12/31/2015 Projection				1/1/2016 - 12/31/2016 Projection	
	PEPM or Mo. Sum	No. of Benefit FTEs	No. of Months	Estimated Total	PEPM or Mo. Sum	No. of Benefit FTEs	Number of Months	Estimated Total	Assumed % Change	Estimated Total
Employer Contributions (January through August)	\$768.00	1,900 <sup>(1)</sup>	8	\$11,672,771	\$768.00 <sup>(2)</sup>	1,900 <sup>(1)</sup>	8	\$11,672,771	0%	\$11,672,771
Employer Contributions (September through December)	\$768.00	1,900 <sup>(1)</sup>	4	\$5,836,385	\$768.00 <sup>(2)</sup>	1,900 <sup>(1)</sup>	4	\$5,836,385	0%	\$5,836,385
Additional Supplemental District Contribution				\$0				\$0	0%	\$0
Employee Contributions	n/a	n/a		\$6,083,477				\$6,555,277	10%	\$7,210,804
Investment Income <sup>(3)</sup>				\$50,000				\$50,000	0%	\$50,000
<b>Total Estimated Revenues</b>				<b>\$23,642,633</b>				<b>\$24,114,433</b>		<b>\$24,769,960</b>

#### Estimated Expenses

	1/1/2014 - 12/31/2014 Projection				1/1/2015 - 12/31/2015 Projection				1/1/2016 - 12/31/2016 Projection	
	YTD Actual 1/1/14-7/31/14	PEPM or Mo. Sum	No. of Employees <sup>(1)</sup>	Estimated Total	PEPM or Mo. Sum	No. of Employees <sup>(1)</sup>	Number of Months	Estimated Total	Assumed % Change	Estimated Total
MetLife Life / AD&D Premiums	\$69,868	\$5.90	1,696	\$119,900	\$5.90	1,696	12	\$120,077	0%	\$120,077
MetLife Voluntary Term Life Premiums	\$112,334	\$16,622.63 <sup>(4)</sup>	n/a	\$195,447	\$16,622.63	n/a	12	\$199,472	0%	\$199,472
Standard Voluntary STD Premiums	\$84,150	\$12,021.37 <sup>(4)</sup>	n/a	\$144,256	\$12,021.37	n/a	12	\$144,256	0%	\$144,256
Standard LTD Premiums	\$258,608	\$20.55 <sup>(4)</sup>	1,802	\$443,763	\$20.55	1,802	12	\$444,373	0%	\$444,373
Delta Dental Premiums	\$890,124	\$85.40 <sup>(4)</sup>	1,491	\$1,532,000	\$87.15 <sup>(5)</sup>	1,491	12	\$1,583,613	5%	\$1,662,793
Willamette Dental Premiums	\$253,084	\$74.70 <sup>(4)</sup>	491	\$436,472	\$74.70 <sup>(5)</sup>	491	12	\$443,800	5%	\$465,990
WEA Medical Premiums	\$7,953,412	n/a	1,128	\$13,830,148	n/a <sup>(5)</sup>	1,128	12	\$15,104,983	12%	\$16,917,581
Premiera WEA Vision	\$234,830	\$16.80 <sup>(4)</sup>	1,998	\$404,061	\$17.15 <sup>(5)</sup>	1,998	12	\$417,047	5%	\$437,899
Group Health Medical Premiums <sup>(6)</sup>	\$3,764,743	n/a	509	\$6,465,113	n/a	509	12	\$7,282,166	10%	\$8,010,383
UNUM Voluntary LTC Premiums	\$6,689	\$955.50	n/a	\$11,466	\$1,194.38	n/a	12	\$14,333	0%	\$14,333
Wellness Program Internal Support	n/a	n/a	n/a	\$30,625	n/a	n/a	n/a	\$26,250	0%	\$26,250
Magellan EAP	\$25,318	\$1.65	1,918	\$41,141	\$1.65	1,918	12	\$37,976	5%	\$39,875
Quit for Life Tobacco Cessation	n/a	n/a	n/a	\$2,250	n/a	n/a	n/a	\$2,250	0%	\$2,250
Mind & Body	n/a	n/a	n/a	\$0	n/a	n/a	n/a	\$0	0%	\$0
Weight Watchers	n/a	n/a	n/a	\$9,852				\$30,000	0%	\$30,000
Mercer Consulting Fee	n/a	n/a	n/a	\$55,000	n/a	n/a	n/a	\$55,000	0%	\$55,000
ESEBT Administration <sup>(7)</sup>	n/a	n/a	n/a	\$155,679	n/a	n/a	n/a	\$160,349.37	3%	\$165,160
<b>Total Estimated Expenses</b>				<b>\$23,877,174</b>				<b>\$26,065,945</b>		<b>\$28,735,692</b>
<b>Estimated Surplus / (Deficit)</b> (based on estimated/current enrollment)				<b>(\$234,540)</b>				<b>(\$1,951,512)</b>		<b>(\$3,965,731)</b>
<b>Unallocated reserve at December 31<sup>(8)</sup></b> Months of expenses				\$7,803,034 3.9				\$5,851,521 2.7		\$1,885,790 0.8

# 2015 Budget Notes

## Notes:

- (1) Enrollment based on July 2014 summary of Payments to Carriers from ESEBT.
- (2) Allocations shown as outlined Engrossed Substitute House Bill 1244 effective 5/19/2009. Assumes a 0.0% increase effective September 1, 2014 and 2015.
- (3) Based on investment earnings plus appreciation of market value through April 2014 with assumed interest for May from ESEBT Statement of Operations and Fund Balance.
- (4) Based on current rates and July 2014 enrollment.
- (5) Based on WEA renewals effective November 1, 2014. Total annual cost assumes a 5% increase effective November 1, 2015 for dental and vision and a 12% increase for medical.
- (6) Based on Group Health renewal effective January 1, 2015 (12.4% increase).
- (7) Based on administrative expenses from January through April 2014 annualized from ESEBT Statement of Operations and Fund Balance. Assumes an increase of 3% for 2015.
- (8) Based on a year end fund balance at 12/31/2013 of \$8,037,574.



# 2015 Rates and Contributions — Status Quo %

	Current Enrollment by Tier	2014 Rates	2014 EE Contribs	2014 ER Contribs	2014 Aggregate EE Contribs	Projected Enrollment by Tier	2015 Rates	2015 EE Contribs	2015 ER Contribs	2015 Aggregate EE Contribs
<b>WEA Plan 2</b>										
Employee Only	104	\$795.81	\$240.36	\$555.45	\$299,969	104	\$854.51	\$258.05	\$596.46	\$322,046
EE + Spouse	59	\$1,456.37	\$492.94	\$963.43	\$349,002	59	\$1,563.41	\$529.11	\$1,034.30	\$374,610
EE + Child(ren)	57	\$1,062.41	\$342.24	\$720.17	\$234,092	57	\$1,140.62	\$367.40	\$773.22	\$251,302
EE + Family	37	\$1,746.04	\$603.72	\$1,142.32	\$268,052	37	\$1,874.25	\$647.99	\$1,226.26	\$287,708
Total	257	\$1,143.39				257	\$1,227.52			
<b>WEA Plan 3</b>										
Employee Only	165	\$712.12	\$156.67	\$555.45	\$310,207	165	\$764.69	\$168.23	\$596.46	\$333,095
EE + Spouse	95	\$1,303.39	\$339.96	\$963.43	\$387,554	95	\$1,399.24	\$364.94	\$1,034.30	\$416,032
EE + Child(ren)	94	\$950.84	\$230.67	\$720.17	\$260,196	94	\$1,020.87	\$247.65	\$773.22	\$279,349
EE + Family	104	\$1,562.66	\$420.34	\$1,142.32	\$524,584	104	\$1,677.44	\$451.18	\$1,226.26	\$563,073
Total	458	\$1,076.89				458	\$1,156.15			
<b>WEA EasyChoice Plans</b>										
Employee Only	104	\$508.30	\$111.83	\$396.47	\$139,564	104	\$545.96	\$120.11	\$425.85	\$149,897
EE + Spouse	35	\$923.06	\$240.41	\$682.65	\$100,972	35	\$991.08	\$258.10	\$732.98	\$108,402
EE + Child(ren)	43	\$674.19	\$163.26	\$510.93	\$84,242	43	\$724.00	\$175.30	\$548.70	\$90,455
EE + Family	70	\$1,105.92	\$297.09	\$808.83	\$249,556	70	\$1,187.33	\$318.93	\$868.40	\$267,901
Total	252	\$760.22				252	\$816.32			
<b>WEA Plan 5</b>										
Employee Only	59	\$930.85	\$375.40	\$555.45	\$265,783	59	\$999.45	\$402.99	\$596.46	\$285,317
EE + Spouse	21	\$1,788.78	\$825.35	\$963.43	\$207,988	21	\$1,920.10	\$885.80	\$1,034.30	\$223,222
EE + Child(ren)	26	\$1,270.08	\$549.91	\$720.17	\$171,572	26	\$1,363.49	\$590.27	\$773.22	\$184,164
EE + Family	17	\$2,154.91	\$1,012.59	\$1,142.32	\$206,568	17	\$2,313.00	\$1,086.74	\$1,226.26	\$221,695
Total	123	\$1,318.21				123	\$1,415.13			
<b>WEA QHDHP</b>										
Employee Only	9	\$399.60	\$87.91	\$311.69	\$9,494	9	\$429.32	\$94.45	\$334.87	\$10,201
EE + Spouse	1	\$724.78	\$188.72	\$536.06	\$2,265	1	\$778.31	\$202.64	\$575.67	\$2,432
EE + Child(ren)	2	\$529.67	\$128.23	\$401.44	\$3,078	2	\$568.91	\$137.72	\$431.19	\$3,305
EE + Family	5	\$856.34	\$229.50	\$626.84	\$13,770	5	\$919.48	\$246.40	\$673.08	\$14,784
Total	17	\$568.37				17	\$610.44			
<b>GHC</b>										
Employee Only	201	\$682.29	\$123.00	\$559.29	\$296,676	201	\$766.77	\$138.00	\$628.77	\$332,856
EE + Spouse	81	\$1,289.53	\$281.00	\$1,008.53	\$273,132	81	\$1,449.20	\$315.00	\$1,134.20	\$306,180
EE + Child(ren)	86	\$941.56	\$190.00	\$751.56	\$196,080	86	\$1,058.15	\$214.00	\$844.15	\$220,848
EE + Family	141	\$1,541.98	\$347.00	\$1,194.98	\$587,124	141	\$1,732.91	\$389.00	\$1,343.91	\$658,188
Total	509	\$1,060.88				509	\$1,192.23			
<b>COBRA</b>										
All Med (Actives)		\$1,173,513	\$13,805,346		\$5,441,520		\$14,821,699			\$5,907,061 <sup>[1]</sup>
COBRA/Plan 2	[2]				\$94,901					\$88,381
COBRA/Plan 3	[2]				\$121,689					\$138,738
COBRA/GHC	[2]				\$1,061					\$0
COBRA/Easy Choice	[2]				\$36,490					\$39,183
COBRA/Plan 5	[2]				\$23,728					\$16,982
COBRA/QDHP	[2]				\$0					\$0
COBRA/WDS	[2]				\$9,808.80					\$11,331
COBRA/Willamette					\$0					\$0
COBRA/Vision					\$3,110.40					\$2,432
Vol. Term Life					\$195,447					\$195,447
Vol. Long Term Care					\$11,466					\$11,466
Vol. Short Term Disability					\$144,256					\$144,256
<b>Total Contributions</b>					<b>\$6,083,477</b>					<b>\$6,555,277</b>

[1] Enrollment as of July 2014 and provided by District.

[2] COBRA Enrollment based on July 2014 ESEBT Payments to carriers.

# Alternate Medical Proposals

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a medium teal, and the bottom band is a bright cyan. The bands are separated by diagonal lines that slope upwards from left to right, creating a layered, geometric effect.

## Medical Proposals Process

- ESEBT directed Mercer to pursue alternative medical proposals from Aetna, CIGNA, Regence, Moda, UHC, and GHC due to significant cost increases through the WEA (both historical and projected).
- Even though the WEA is removing the requirement that groups leaving the program must remain out for two years, we requested year two assurances from the vendors to allow ESEBT ample time to assess the longer term viability of remaining out of the WEA.
- Due to a lack of current claims data, the first year rates are based on age/gender, geographic factors and the current WEA premiums.
- CIGNA, Moda, UHC, and GHC provided quotes, and Aetna and Regence have declined due to ESEBT's age/gender factors and service area.
- CIGNA quoted a one year proposal with a premium increase of 21% above current. The proposal did not include a second year rate cap, and was quoted on a refund accounting basis.
- In light of more favorable proposals from the other proposers, Mercer did not negotiate further with CIGNA.

## Medical Proposals Group Health Cooperative

- GHC provided a total replacement quote comprised of 11 plan designs, with set criteria on the number and type of plans ESEBT can offer:
  - Three HMOs (two new designs, and one that matches the current plan).
  - Six *Access* PPOs.
  - One HSA/PPO.
  - One *Options* PPO.
- GHC is offering an 11% cap on second year premium increases (barring any federally mandated benefit changes or significant changes to the demographics).
- ESEBT may choose up to five plans with the following requirements:
  - One HMO.
  - One HSA.
  - At least one additional PPO.
- Mercer requested the additional Options PPO plan (similar to WEA Plan 3).

## Medical Proposals

### Group Health Cooperative — Options vs. Access

- Options and Access PPOs differ in their network providers.
- The Group Health Options network is the current GHC network with the First Choice network.
- The Access PPO network is Group Health's new Group Health developed and owned network. They have been building out their network and increasing their provider list.
- Options PPO plans will roll over to Access for the 1/1/16 renewal.
- We requested that GHC provide their WEA Plan 3 equivalent with the Options network in order for Plan 3 members (the largest group by enrollment) to have a transition year in 2015. This would decrease the disruption for those who enroll in the Plan 3 equivalent and GHC and ESEBT would have information to drive network development for Group Health and to understand possible disruption in 2016.

# Group Health Cooperative Plan Design Offerings

GHC

<b>1</b> <b>GHC Access PPO (\$100)</b> Narrow Network \$100/\$300 deductible 90/10% coinsurance \$2,000/\$6,000 OOP max \$25 OV	<b>2</b> <b>GHC Access PPO (\$200)</b> Narrow Network \$200/\$600 deductible 80/20% coinsurance \$2,000/\$6,000 OOP max \$30 OV	<b>3</b> <b>GHC Access PPO (\$350)</b> Narrow Network \$350/\$1,050 deductible 80/20% coinsurance \$2,500/\$7,500 OOP max \$30, Ded/Coins. OV	<b>4</b> <b>GHC Access PPO (\$500)</b> Narrow Network \$500/\$1,500 deductible 80/20% coinsurance \$4,000/\$12,000 OOP max \$30 OV
<b>5</b> <b>GHC Access PPO (\$750)</b> Narrow Network \$750/\$2,250 deductible 70/30% coinsurance \$4,000/\$12,000 OOP max \$30, Ded/Coins. OV	<b>6</b> <b>GHC Access PPO (\$1,000)</b> Narrow Network \$1,000/\$2,000 deductible 70/30% coinsurance \$6,000/\$12,000 OOP max \$30, Ded/Coins. OV	<b>7</b> <b>GHC Access PPO (HSA)</b> Narrow Network \$1,500/\$3,000 deductible 80/20% coinsurance \$5,100/\$10,200 OOP max Ded/Coins. OV	<b>8</b> <b>GHC HMO (Copays)</b> HMO No deductible No coinsurance \$2,000/\$4,000 OOP max \$15 OV
<b>9</b> <b>GHC HMO (Ded/Coins.)</b> HMO \$350/\$1,050 deductible 90/10% coinsurance \$2,000/\$6,000 OOP max \$20/\$40, Ded/Coins. OV	<b>10</b> <b>GHC HMO (Current)</b> HMO \$200/\$600 deductible 80/20% coinsurance \$1,000/\$3,000 OOP max \$20, Ded/Coins. OV	<b>11</b> <b>GHC Options PPO (\$350)</b> Broad Network \$350/\$1,050 deductible 80/20% coinsurance \$2,500/\$7,500 OOP max \$30, Ded/Coins. OV	

# Group Health Cooperative

## Plan Comparison to Current Plans

GHC

	1 Access PPO (\$100)	2 Access PPO (\$200)	3 Access PPO (\$350)	4 Access PPO (\$500)	5 Access PPO (\$750)	6 Access PPO (\$1,000)	7 Access PPO (HSA)	8 HMO (Copays)	9 HMO (Ded/Coins.)	10 HMO (Current)	11 Options PPO (\$350)
<b>WEA Plan 2</b> Broad Network \$200/\$600 deductible 80/20% coinsurance \$1,500/\$4,500 OOP max \$25 OV		X									
<b>WEA Plan 3</b> Broad Network \$300/\$900 deductible 80/20% coinsurance \$2,750/\$8,250 OOP max \$30 OV			X								X
<b>WEA Plan 5</b> Narrow Network \$200/\$600 deductible 90/10% coinsurance \$500/\$1,500 OOP max \$15 OV	X	X									
<b>WEA QHDHP</b> Narrow Network \$1,500/\$3,000 deductible 80/20% coinsurance \$4,000/\$8,000 OOP max 20% OV							X				
<b>WEA Easy Choice A/B/C</b> Broad/Broad/Narrow \$1,000/750/250 80/75/65% \$5,000/4,000/7,500 OOP Max \$15/30/35 OV				X	X	X					
<b>GHC HMO</b> HMO \$200/\$600 deductible 80/20% coinsurance \$1,000/\$3,000 OOP max \$20, Ded/Coins. OV								X	X	X	

Highlighted cells are the plans that were selected for the analysis.

# Group Health Cooperative Potential Savings

GHC

		Effective January 1, 2015			Effective January 1, 2015					
		2014 (CURRENT)	2015 (RENEWAL)			2015 (ALTERNATIVE)				
		WEA	WEA			GROUP HEALTH COOPERATIVE (GHC)				
WEA Plan 2		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
						Access PPO (\$200)				
		\$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx	\$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx			\$200 Ded; \$30 OVC; \$2,000 OOP; 80%; \$10/\$35/\$70 Rx				
Employee Only	104	\$776.40	\$837.75	\$61.35	7.90%	\$764.14	(\$12.26)	(\$73.61)	(1.58%)	(8.79%)
Employee / Spouse	59	\$1,420.85	\$1,532.75	\$111.90	7.88%	\$1,398.41	(\$22.44)	(\$134.34)	(1.58%)	(8.76%)
Employee / Children	57	\$1,036.50	\$1,118.25	\$81.75	7.89%	\$1,020.13	(\$16.37)	(\$98.12)	(1.58%)	(8.77%)
Employee / Family	37	\$1,703.45	\$1,837.50	\$134.05	7.87%	\$1,676.55	(\$26.90)	(\$160.95)	(1.58%)	(8.76%)
Annualized Total	257	\$3,440,207	\$3,711,432	\$271,225	7.88%	\$3,385,878	(\$54,329)	(\$325,554)	(1.58%)	(8.77%)
WEA Plan 3		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
						Options PPO (\$350)				
		\$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx	\$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx			\$350 Ded; \$30, Ded/Coins OV; \$2,500 OOP; 80%; \$10/\$35/\$70 Rx				
Employee Only	165	\$694.75	\$749.70	\$54.95	7.91%	\$711.61	\$16.86	(\$38.09)	2.43%	(5.08%)
Employee / Spouse	95	\$1,271.60	\$1,371.80	\$100.20	7.88%	\$1,302.29	\$30.69	(\$69.51)	2.41%	(5.07%)
Employee / Children	94	\$927.65	\$1,000.85	\$73.20	7.89%	\$950.01	\$22.36	(\$50.84)	2.41%	(5.08%)
Employee / Family	104	\$1,524.55	\$1,644.55	\$120.00	7.87%	\$1,561.31	\$36.76	(\$83.24)	2.41%	(5.06%)
Annualized Total	458	\$5,774,257	\$6,229,615	\$455,359	7.89%	\$5,913,725	\$139,468	(\$315,891)	2.42%	(5.07%)
WEA Plan 5		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
						Access PPO (\$200)				
		\$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx	\$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx			\$200 Ded; \$30 OVC; \$2,000 OOP; 80%; \$10/\$35/\$70 Rx				
Employee Only	59	\$908.15	\$979.85	\$71.70	7.90%	\$764.14	(\$144.01)	(\$215.71)	(15.86%)	(22.01%)
Employee / Spouse	21	\$1,745.15	\$1,882.45	\$137.30	7.87%	\$1,398.41	(\$346.74)	(\$484.04)	(19.87%)	(25.71%)
Employee / Children	26	\$1,239.10	\$1,336.75	\$97.65	7.88%	\$1,020.13	(\$218.97)	(\$316.62)	(17.67%)	(23.69%)
Employee / Family	17	\$2,102.35	\$2,267.65	\$165.30	7.86%	\$1,676.55	(\$425.80)	(\$591.10)	(20.25%)	(26.07%)
Annualized Total	123	\$1,898,227	\$2,047,778	\$149,551	7.88%	\$1,553,707	(\$344,519)	(\$494,071)	(18.15%)	(24.13%)

The uneven % increase over current in GHC's proposal can most likely be attributed to GHC adjusting tier ratios to be compliant with ESSB 5940 3:1 ratio for employee-only and employee-family premiums.

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.



# Group Health Cooperative Potential Savings

GHC

Effective January 1, 2015					Effective January 1, 2015				
	2014 (CURRENT)	2015 (RENEWAL)			2015 (ALTERNATIVE)				
	WEA	WEA			GROUP HEALTH COOPERATIVE (GHC)				
WEA EasyChoice	Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
	\$1,000 Ded; \$15 OVC; \$5,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$4,000 OOP; 75%; \$250-\$0/\$30/\$45 Rx \$250 Ded; \$35 OVC; \$7,500 OOP; 65%; \$500-\$0/\$30/\$45 Rx	\$1,000 Ded; \$15 OVC; \$5,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$4,000 OOP; 75%; \$250-\$0/\$30/\$45 Rx \$250 Ded; \$35 OVC; \$7,500 OOP; 65%; \$500-\$0/\$30/\$45 Rx			Access PPO (\$750) \$750 Ded; \$30 OVC; \$4,000 OOP; 70%; \$5/\$45/\$90 Rx				
Employee Only 104	\$495.90	\$535.25	\$39.35	7.94%	\$622.34	\$126.44	\$87.09	25.50%	16.27%
Employee / Spouse 35	\$900.55	\$971.65	\$71.10	7.90%	\$1,138.91	\$238.36	\$167.26	26.47%	17.21%
Employee / Children 43	\$657.75	\$709.80	\$52.05	7.91%	\$830.82	\$173.07	\$121.02	26.31%	17.05%
Employee / Family 70	\$1,078.95	\$1,164.05	\$85.10	7.89%	\$1,365.43	\$286.48	\$201.38	26.55%	17.30%
Annualized Total 252	\$2,242,831	\$2,420,144	\$177,313	7.91%	\$2,830,687	\$587,856	\$410,543	26.21%	16.96%
WEA QHDHP	Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
	\$1,500 Ded; \$4,000 OOP; 80%; 20% Rx	\$1,500 Ded; \$4,000 OOP; 80%; 20% Rx			Access PPO (HSA) \$1,500 Ded; \$5,100 OOP; 80%; \$10/\$35/\$70 Rx				
Employee Only 9	\$389.85	\$420.90	\$31.05	7.96%	\$487.35	\$97.50	\$66.45	25.01%	15.79%
Employee / Spouse 1	\$707.10	\$763.05	\$55.95	7.91%	\$891.87	\$184.77	\$128.82	26.13%	16.88%
Employee / Children 2	\$516.75	\$557.75	\$41.00	7.93%	\$650.61	\$133.86	\$92.86	25.90%	16.65%
Employee / Family 5	\$835.45	\$901.45	\$66.00	7.90%	\$1,069.26	\$233.81	\$167.81	27.99%	18.62%
Annualized Total 17	\$113,118	\$122,087	\$8,969	7.93%	\$143,106	\$29,988	\$21,020	26.51%	17.22%
GHC	Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
	No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx	No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx			HMO (Copays) No Ded; \$15 OV; \$2,000 OOP; No Coins; \$15/30/NC Rx				
Employee Only 201	\$682.29	\$766.77	\$84.48	12.38%	\$755.85	\$73.56	(\$10.92)	10.78%	(1.42%)
Employee / Spouse 81	\$1,289.53	\$1,449.20	\$159.67	12.38%	\$1,383.25	\$93.72	(\$65.95)	7.27%	(4.55%)
Employee / Children 86	\$941.56	\$1,058.15	\$116.59	12.38%	\$1,009.07	\$67.51	(\$49.08)	7.17%	(4.64%)
Employee / Family 141	\$1,541.98	\$1,732.91	\$190.93	12.38%	\$1,658.37	\$116.39	(\$74.54)	7.55%	(4.30%)
Annualized Total 509	\$6,479,827	\$7,282,166	\$802,339	12.38%	\$7,014,951	\$535,125	(\$267,215)	8.26%	(3.67%)
Combined Total	Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
Annualized Total 1,616	\$19,948,466	\$21,813,222	\$1,864,756	9.35%	\$20,842,055	\$893,589	(\$971,167)	4.48%	(4.45%)
<b>Annualized Savings</b>					<b>\$971,167</b>				

The uneven % increase over current in GHC's proposal can most likely be attributed to GHC adjusting tier ratios to be compliant with ESSB 5940 3:1 ratio for employee-only and employee-family premiums.

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.

# Group Health Cooperative

## Estimated Two-year Gain / (Loss) to ESEBT with GHC Proposal

GHC

### GHC Proposal

Current Plans		6% increase to GHC plans in 2016	8% increase to GHC plans in 2016	10% increase to GHC plans in 2016	11% increase to GHC plans in 2016
	6% increase in 2016	\$2,001,000	\$1,584,000	\$1,167,000	\$959,000
	8% increase in 2016	\$2,437,000	\$2,020,000	\$1,603,000	\$1,395,000
	10% increase in 2016	\$2,873,000	\$2,456,000	\$2,039,000	\$1,831,000
	12% increase in 2016	\$3,309,000	\$2,893,000	\$2,476,000	\$2,267,000

\* Assumes the GHC HMO plan would increase in % according to the left axis.

If current plans should renew at 6% in 2016, and GHC were to renew at the agreed cap of 11%, there would still be projected savings of \$959,000 over two years.

## Group Health Cooperative Potential Network Disruption

GHC

- Mercer & Group Health performed an unweighted network disruption analysis, comparing Premera's network providers (current PPOs) and those currently contracted with GHC's Access PPO and Options PPO.
- This analysis does not consider actual utilization by district employees as that data is not available through the WEA.

	Premera Providers	GHC Access PPO Matching Providers	% Match	GHC Options PPO Matching Providers	% Match
PCPs	81	48	59%	71	88%
Hospitals	44	30	68%	40	91%

This analysis includes General Practice and Hospitals within a 50 mile radius of Everett.  
The list of providers was consolidated manually by GHC.

- See the Appendix for a detailed list of Premera providers not within GHC Access and Options networks.

## Group Health Cooperative RedBrick Wellness Program

GHC

- Group Health is including in their full replacement offer for Everett their newest wellness partner RedBrick. The RedBrick solution will be available to all employees enrolled in a GHC plan.
- This includes:
  - RedBrick Health Assessment.
  - RedBrick Journeys (action plan).
  - RedBrick Rally (team competitions).
  - RedBrick Reach (outbound e-mail communications).
  - RedBrick Ready (integrated data with select apps and devices).
  - RedBrick Track (multi-dimensional tracking tool).
  - RedBrick customized homepage.
- This wellness package represents a savings of \$3 per employee per month and \$3,000-\$5,000 for the customized homepage.

- Moda Health (formerly known as Oregon Dental Service) entered the Rx market in WA as the Rx plan for the Uniform Medical Plan and the Washington Prescription Drug Consortium. Moda utilizes The First Choice Network for their network.
- In Oregon they are the primary partner for the Oregon Educators Benefit Board (OEBB) and locally effective 2013 they added University Place School District, Lake Stevens School District and Granite Falls.
- Moda has provided a proposal with six plan options, two of the plans being similar to the WEA EasyChoice offering. Two of the options are HSA options, we've only selected one for this analysis.
- Moda's PPO Plan 3, which we've assumed to map to the WEA Plan 3, has a higher deductible at \$500 versus the current WEA Plan 3 at \$300.
- Includes eDoc with electronic access to board certified physicians.
- Moda is willing to provide consulting towards wellness initiatives that ESEBT would like to pursue.
- Moda has included a 12% renewal cap for 2016.

# Moda

## Plan Design Offerings

Moda

<b>1 Moda Plan 2 PPO (\$200)</b>	<b>2 Moda Plan 3 PPO (\$500)</b>	<b>3 Moda Elect 1 PPO (\$750)</b>
Broad Network	Broad Network	Broad Network
\$200/\$400 deductible	\$500/\$1,000 deductible	\$750/\$1,500 deductible
80/60% (in/out) coinsurance	80/60% (in/out) coinsurance	70/50% (in/out) coinsurance
\$1,500/\$3,000 OOP max	\$2,500/\$5,000 OOP max	\$5,000/\$10,000 OOP max
\$25 OV	\$30 OV	\$30 copay/\$45 specialist OV

<b>4 Moda Elect 2 PPO (\$1,000)</b>	<b>5 Moda Plan 6 (HSA)</b>	<b>6 Moda Plan 7 (HSA)</b>
Broad Network	Broad Network	Broad Network
\$1,000/\$2,000 deductible	\$1,500/\$3,000 deductible	\$2,500/\$5,000 deductible
80/50% (in/out) coinsurance	80/50% (in/out) coinsurance	70/50% (in/out) coinsurance
\$5,500/\$11,000 OOP max	\$2,500/\$5,000 OOP max	\$3,500/\$7,000 OOP max
\$15 copay/\$30 specialist OV	20% OV	30% OV

- The Moda Elect 1/2 plans are their equivalent to the WEA Easy Choice plans.

# Moda

## Plan Comparison to Current Plans

Moda

	1 Moda Plan 2 PPO (\$200)	2 Moda Plan 3 PPO (\$500)	3 Moda Elect 1 PPO (\$750)	4 Moda Elect 2 PPO (\$1,000)	5 Moda Plan 6 HSA (\$1,500)	6 Moda Plan 7 HSA (\$2,500)
<b>WEA Plan 2</b> Broad Network \$200/\$600 deductible 80/60% (in/out) coinsurance \$1,500/\$4,500 OOP max \$25 OV	X					
<b>WEA Plan 3</b> Broad Network \$300/\$900 deductible 80/60% (in/out) coinsurance \$2,750/\$8,250 OOP max \$30 OV		X				
<b>WEA Plan 5</b> Narrow Network \$200/\$600 deductible 90/70% (in/out) coinsurance \$500/\$1,500 OOP max \$15 OV	X					
<b>WEA QHDHP</b> Narrow Network \$1,500/\$3,000 deductible 80/60% (in/out) coinsurance \$4,000/\$8,000 OOP max 20% OV					X	
<b>WEA Easy Choice A/B/C</b> Broad/Broad/Narrow \$1,000/750/0 80/75/65% in / 50% out coinsurance \$4,000/3,500/4,200 OOP Max \$15/30/35 OV			X	X		

Highlighted cells are the plans that were selected for the analysis

# Moda Potential Savings

Moda

Effective January 1, 2015

Effective January 1, 2015

	2014 (CURRENT)		2015 (RENEWAL)			2015 (ALTERNATIVE)				
	WEA		WEA			MODA				
WEA Plan 2	Total		Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
	\$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx		\$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx			Moda Plan 2 (PPO) \$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx				
Employee Only 104	\$776.40		\$837.75	\$61.35	7.90%	\$792.06	\$15.66	(\$45.69)	2.02%	(5.45%)
Employee / Spouse 59	\$1,420.85		\$1,532.75	\$111.90	7.88%	\$1,449.13	\$28.28	(\$83.62)	1.99%	(5.46%)
Employee / Children 57	\$1,036.50		\$1,118.25	\$81.75	7.89%	\$1,057.13	\$20.63	(\$61.12)	1.99%	(5.47%)
Employee / Family 37	\$1,703.45		\$1,837.50	\$134.05	7.87%	\$1,737.36	\$33.91	(\$100.14)	1.99%	(5.45%)
Annualized Total 257	\$3,440,207		\$3,711,432	\$271,225	7.88%	\$3,508,940	\$68,733	(\$202,492)	2.00%	(5.46%)
WEA Plan 3	Total		Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
	\$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx		\$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx			Moda Plan 3 (PPO) \$500 Ded; \$30 OVC; \$2,500 OOP; 80%; \$15/\$25/\$40 Rx				
Employee Only 165	\$694.75		\$749.70	\$54.95	7.91%	\$715.32	\$20.57	(\$34.38)	2.96%	(4.59%)
Employee / Spouse 95	\$1,271.60		\$1,371.80	\$100.20	7.88%	\$1,308.74	\$37.14	(\$63.06)	2.92%	(4.60%)
Employee / Children 94	\$927.65		\$1,000.85	\$73.20	7.89%	\$954.72	\$27.07	(\$46.13)	2.92%	(4.61%)
Employee / Family 104	\$1,524.55		\$1,644.55	\$120.00	7.87%	\$1,569.04	\$44.49	(\$75.51)	2.92%	(4.59%)
Annualized Total 458	\$5,774,257		\$6,229,615	\$455,359	7.89%	\$5,943,383	\$169,127	(\$286,232)	2.93%	(4.59%)
WEA Plan 5	Total		Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
	\$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx		\$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx			Moda Plan 2 (PPO) \$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx				
Employee Only 59	\$908.15		\$979.85	\$71.70	7.90%	\$792.06	(\$116.09)	(\$187.79)	(12.78%)	(19.17%)
Employee / Spouse 21	\$1,745.15		\$1,882.45	\$137.30	7.87%	\$1,449.13	(\$296.02)	(\$433.32)	(16.96%)	(23.02%)
Employee / Children 26	\$1,239.10		\$1,336.75	\$97.65	7.88%	\$1,057.13	(\$181.97)	(\$279.62)	(14.69%)	(20.92%)
Employee / Family 17	\$2,102.35		\$2,267.65	\$165.30	7.86%	\$1,737.36	(\$364.99)	(\$530.29)	(17.36%)	(23.39%)
Annualized Total 123	\$1,898,227		\$2,047,778	\$149,551	7.88%	\$1,610,205	(\$288,021)	(\$437,573)	(15.17%)	(21.37%)

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.



# Moda Potential Savings

Moda

Effective January 1, 2015					Effective January 1, 2015				
		2014 (CURRENT)	2015 (RENEWAL)			2015 (ALTERNATIVE)			
		WEA	WEA			MODA			
WEA EasyChoice		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current % Change Over Renewal
		\$1,000 Ded; \$15 OVC; \$5,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$4,000 OOP; 75%; \$250-\$0/\$30/\$45 Rx \$0 Ded; \$35 OVC; \$7,500 OOP; 65%; \$500-\$0/\$30/\$45 Rx	\$1,000 Ded; \$15 OVC; \$4,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$3,500 OOP; 75%; \$250-\$0/\$30/\$45 Rx \$100 Ded; \$35 OVC; \$4,200 OOP; 65%; \$500-\$0/\$30/\$45 Rx			Moda Elect 1 and 2 (PPO) \$750 Ded; \$30 OVC; \$5,000 OOP; 70%; \$15/\$25/\$40 Rx \$1000 Ded; \$15 OVC; \$5,500 OOP; 80%; \$15/\$35/\$60 Rx			
Employee Only	104	\$495.90	\$535.25	\$39.35	7.94%	\$503.75	\$7.85	(\$31.50)	1.58% (5.89%)
Employee / Spouse	35	\$900.55	\$971.65	\$71.10	7.90%	\$921.64	\$21.09	(\$50.01)	2.34% (5.15%)
Employee / Children	43	\$657.75	\$709.80	\$52.05	7.91%	\$672.33	\$14.58	(\$37.47)	2.22% (5.28%)
Employee / Family	70	\$1,078.95	\$1,164.05	\$85.10	7.89%	\$1,104.95	\$26.00	(\$59.10)	2.41% (5.08%)
Annualized Total	252	\$2,242,831	\$2,420,144	\$177,313	7.91%	\$2,290,849	\$48,018	(\$129,295)	2.14% (5.34%)
WEA QHDHP		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current % Change Over Renewal
		\$1,500 Ded; \$4,000 OOP; 80%; 20% Rx	\$1,500 Ded; \$4,000 OOP; 80%; 20% Rx			Moda Plan 6 (HSA) \$1,500 Ded; \$2,500 OOP; 80%; \$15/\$30/\$50 Rx			
Employee Only	9	\$389.85	\$420.90	\$31.05	7.96%	\$461.83	\$71.98	\$40.93	18.46% 9.72%
Employee / Spouse	1	\$707.10	\$763.05	\$55.95	7.91%	\$844.95	\$137.85	\$81.90	19.50% 10.73%
Employee / Children	2	\$516.75	\$557.75	\$41.00	7.93%	\$616.38	\$99.63	\$58.63	19.28% 10.51%
Employee / Family	5	\$835.45	\$901.45	\$66.00	7.90%	\$1,013.00	\$177.55	\$111.55	21.25% 12.37%
Annualized Total	17	\$113,118	\$122,087	\$8,969	7.93%	\$135,590	\$22,472	\$13,503	19.87% 11.06%
GHC		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current % Change Over Renewal
		No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx	No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx			HMO (Copays) No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx			
Employee Only	201	\$682.29	\$766.77	\$84.48	12.38%	\$766.77	\$84.48	\$0.00	12.38% 0.00%
Employee / Spouse	81	\$1,289.53	\$1,449.20	\$159.67	12.38%	\$1,449.20	\$159.67	\$0.00	12.38% 0.00%
Employee / Children	86	\$941.56	\$1,058.15	\$116.59	12.38%	\$1,058.15	\$116.59	\$0.00	12.38% 0.00%
Employee / Family	141	\$1,541.98	\$1,732.91	\$190.93	12.38%	\$1,732.91	\$190.93	\$0.00	12.38% 0.00%
Annualized Total	509	\$6,479,827	\$7,282,166	\$802,339	12.38%	\$7,282,166	\$802,339	\$0	12.38% 0.00%
Combined Total		Total	Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current % Change Over Renewal
Annualized Total	1,616	\$19,948,466	\$21,813,222	\$1,864,756	9.35%	\$20,771,134	\$822,668	(\$1,042,088)	4.12% (4.78%)
Annualized Savings							\$1,042,088		

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.

## Estimated Two-year Gain / (Loss) to ESEBT with Moda Proposal

### Moda Proposal

Current Plans		6% increase to Moda plans* 2016	8% increase to Moda plans 2016	10% increase to Moda plans 2016	12% increase to Moda plans 2016
	6% increase in 2016	\$2,147,000	\$1,877,000	\$1,607,000	\$1,337,000
	8% increase in 2016	\$2,437,000	\$2,168,000	\$1,898,000	\$1,628,000
	10% increase in 2016	\$2,728,000	\$2,458,000	\$2,188,000	\$1,919,000
	12% increase in 2016	\$3,019,000	\$2,749,000	\$2,479,000	\$2,209,000

\* Assumes the GHC HMO plan would increase in % according to the left axis.

If current plans should renew at 6% in 2016, and Moda were to renew at the agreed cap of 12%, there would still be projected savings of \$1.3 million over two years.

- UnitedHealthCare (UHC) is a national plan administrator that owns and operates its network. Typically, the network overlap between UHC and any other national carrier, including Premera, is significant, and we would expect minimal provider disruption.
- UHC provided a total replacement quote comprised of seven plan options, designed to match the current WEA plans 2, 3, 5, QHDHP, and EasyChoice A, B, and C.
- ESEBT enrollees may choose from any of the seven options.
- No option was provided to match ESEBT's current GHC HMO plan offering. ESEBT could renew the HMO product with GHC or cease to offer it.
- A 12% renewal cap was included in the UHC proposal for 2016.

# UHC

## Plan Design Offerings

UHC

1 UHC Option 1 (WEA 5)	2 UHC Option 2 (WEA 2)	3 UHC Option 3 (WEA 3)	4 UHC Option 4 (WEA A)
Broad Network	Broad Network	Broad Network	Broad Network
\$200/\$600 deductible	\$200/\$600 deductible	\$300/\$900 deductible	\$1,000/\$3,000 deductible
90/10% coinsurance	80/20% coinsurance	80/20% coinsurance	80/20% coinsurance
\$500/\$1,500 OOP max	\$1,500/\$4,500 OOP max	\$2,750/\$8,250 OOP max	\$4,000/\$12,000 OOP max
\$15 OV	\$25 OV	\$30 OV	\$15 OV

5 UHC Option 5 (WEA B)	6 UHC Option 6 (WEA C)	7 UHC Option 7 (QHDHP)
Broad Network	Broad Network	Broad Network
\$750/\$2,250 deductible	\$100/\$300 deductible	\$1,500/\$3,000 deductible
75/25% coinsurance	65/35% coinsurance	80/20% coinsurance
\$3,500/\$10,500 OOP max	\$4,200/\$12,600 OOP max	\$4,000/\$8,000 OOP max
\$30 OV	\$35 OV	Ded/Coins. OV

# UHC

## Plan Comparison to Current Plans

UHC

	1 UHC Option 1	2 UHC Option 2	3 UHC Option 3	4 UHC Option 4	5 UHC Option 5	6 UHC Option 6	7 UHC Option 7
<b>WEA Plan 2</b> Broad Network \$200/\$600 deductible 80/20% coinsurance \$1,500/\$4,500 OOP max \$25 OV		X					
<b>WEA Plan 3</b> Broad Network \$300/\$900 deductible 80/20% coinsurance \$2,750/\$8,250 OOP max \$30 OV			X				
<b>WEA Plan 5</b> Narrow Network \$200/\$600 deductible 90/10% coinsurance \$500/\$1,500 OOP max \$15 OV	X						
<b>WEA QHDHP</b> Narrow Network \$1,500/\$3,000 deductible 80/20% coinsurance \$4,000/\$8,000 OOP max 20% OV							X
<b>WEA Easy Choice A/B/C</b> Broad/Broad/Narrow \$1,000/750/250 80/75/65% \$5,000/4,000/7,500 OOP Max \$15/30/35 OV				X	X	X	

# UHC

## Potential Savings

UHC

Effective January 1, 2015						Effective January 1, 2015					
		2014 (CURRENT)		2015 (RENEWAL)			2015 (ALTERNATIVE)				
		WEA		WEA			UNITED HEALTHCARE (UHC)				
WEA Plan 2		Total		Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
		\$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx		\$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx			Option 2 \$200 Ded; \$25 OVC; \$1,500 OOP; 80%; \$10/\$20/\$35 Rx				
Employee Only	104	\$776.40		\$837.75	\$61.35	7.90%	788.06	\$11.66	(\$49.69)	1.50%	(5.93%)
Employee / Spouse	59	\$1,420.85		\$1,532.75	\$111.90	7.88%	1442.19	\$21.34	(\$90.56)	1.50%	(5.91%)
Employee / Children	57	\$1,036.50		\$1,118.25	\$81.75	7.89%	1052.07	\$15.57	(\$66.18)	1.50%	(5.92%)
Employee / Family	37	\$1,703.45		\$1,837.50	\$134.05	7.87%	1729.03	\$25.58	(\$108.47)	1.50%	(5.90%)
Annualized Total	257	\$3,440,207		\$3,711,432	\$271,225	7.88%	\$3,491,875	\$51,668	(\$219,557)	1.50%	(5.92%)
WEA Plan 3		Total		Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
		\$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx		\$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx			Option 3 \$300 Ded; \$30 OVC; \$2,750 OOP; 80%; \$15/\$25/\$40 Rx				
Employee Only	165	\$694.75		\$749.70	\$54.95	7.91%	\$705.26	\$10.51	(\$44.44)	1.51%	(5.93%)
Employee / Spouse	95	\$1,271.60		\$1,371.80	\$100.20	7.88%	\$1,290.66	\$19.06	(\$81.14)	1.50%	(5.91%)
Employee / Children	94	\$927.65		\$1,000.85	\$73.20	7.89%	\$941.53	\$13.88	(\$59.32)	1.50%	(5.93%)
Employee / Family	104	\$1,524.55		\$1,644.55	\$120.00	7.87%	\$1,547.37	\$22.82	(\$97.18)	1.50%	(5.91%)
Annualized Total	458	\$5,774,257		\$6,229,615	\$455,359	7.89%	\$5,860,931	\$86,674	(\$368,684)	1.50%	(5.92%)
WEA Plan 5		Total		Total	\$ Increase	% Change	Total	\$ Increase Over Current	\$ Increase Over Renewal	% Change Over Current	% Change Over Renewal
		\$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx		\$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx			Option 1 \$200 Ded; \$15 OVC; \$500 OOP; 90%; \$10/\$15/\$30 Rx				
Employee Only	59	\$908.15		\$979.85	\$71.70	7.90%	947.13	\$38.98	(\$32.72)	4.29%	(3.34%)
Employee / Spouse	21	\$1,745.15		\$1,882.45	\$137.30	7.87%	1733.29	(\$11.86)	(\$149.16)	(0.68%)	(7.92%)
Employee / Children	26	\$1,239.10		\$1,336.75	\$97.65	7.88%	1264.43	\$25.33	(\$72.32)	2.04%	(5.41%)
Employee / Family	17	\$2,102.35		\$2,267.65	\$165.30	7.86%	2078.04	(\$24.31)	(\$189.61)	(1.16%)	(8.36%)
Annualized Total	123	\$1,898,227		\$2,047,778	\$149,551	7.88%	\$1,925,779	\$27,553	(\$121,998)	1.45%	(5.96%)

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.

# UHC Potential Savings

UHC

Effective January 1, 2015						Effective January 1, 2015							
		2014 (CURRENT)		2015 (RENEWAL)			2015 (ALTERNATIVE)						
		WEA		WEA			UNITED HEALTHCARE (UHC)						
WEA EasyChoice*		Total		Total		\$ Increase	% Change	Total		\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
		\$1,000 Ded; \$15 OVC; \$5,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$4,000 OOP; 75%; \$250-\$0/30/\$45 Rx \$0 Ded; \$35 OVC; \$7,500 OOP; 65%; \$500-\$0/30/\$45 Rx		\$1,000 Ded; \$15 OVC; \$4,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$3,500 OOP; 75%; \$250-\$0/30/\$45 Rx \$100 Ded; \$35 OVC; \$4,200 OOP; 65%; \$500-\$0/30/\$45 Rx			Option 4, 5, 6 \$1,000 Ded; \$15 OVC; \$4,000 OOP; 80%; \$500-\$0/30%/30% Rx \$750 Ded; \$30 OVC; \$3,500 OOP; 75%; \$250-\$0/30/\$45 Rx \$100 Ded; \$35 OVC; \$4,200 OOP; 65%; \$500-\$0/30/\$45 Rx						
Employee Only	104	\$495.90		\$535.25	\$39.35	7.94%	\$500.58	\$4.68	(\$34.67)			0.94%	(6.48%)
Employee / Spouse	35	\$900.55		\$971.65	\$71.10	7.90%	\$916.09	\$15.54	(\$55.56)			1.73%	(5.72%)
Employee / Children	43	\$657.75		\$709.80	\$52.05	7.91%	\$668.28	\$10.53	(\$41.52)			1.60%	(5.85%)
Employee / Family	70	\$1,078.95		\$1,164.05	\$85.10	7.89%	\$1,098.29	\$19.34	(\$65.76)			1.79%	(5.65%)
Annualized Total	252	\$2,242,831		\$2,420,144	\$177,313	7.91%	\$2,276,878	\$34,047	(\$143,266)			1.52%	(5.92%)
WEA QHDHP		Total		Total		\$ Increase	% Change	Total		\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
		\$1,500 Ded; \$4,000 OOP; 80%; 20% Rx		\$1,500 Ded; \$4,000 OOP; 80%; 20% Rx			Option 7 \$1,500 Ded; \$4,000 OOP; 80%; 20% Rx						
Employee Only	9	\$389.85		\$420.90	\$31.05	7.96%	\$391.46	\$1.61	(\$29.44)			0.41%	(6.99%)
Employee / Spouse	1	\$707.10		\$763.05	\$55.95	7.91%	\$716.39	\$9.29	(\$46.66)			1.31%	(6.11%)
Employee / Children	2	\$516.75		\$557.75	\$41.00	7.93%	\$522.60	\$5.85	(\$35.15)			1.13%	(6.30%)
Employee / Family	5	\$835.45		\$901.45	\$66.00	7.90%	\$858.88	\$23.43	(\$42.57)			2.80%	(4.72%)
Annualized Total	17	\$113,118		\$122,087	\$8,969	7.93%	\$114,950	\$1,832	(\$7,137)			1.62%	(5.85%)
GHC		Total		Total		\$ Increase	% Change	Total		\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
		No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx		No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx			GHC HMO No Ded; \$15 OV; \$2,000 OOP; No Coins; \$10/20/NC Rx						
Employee Only	201	\$682.29		\$766.77	\$84.48	12.38%	\$766.77	\$84.48	\$0.00			12.38%	0.00%
Employee / Spouse	81	\$1,289.53		\$1,449.20	\$159.67	12.38%	\$1,449.20	\$159.67	\$0.00			12.38%	0.00%
Employee / Children	86	\$941.56		\$1,058.15	\$116.59	12.38%	\$1,058.15	\$116.59	\$0.00			12.38%	0.00%
Employee / Family	141	\$1,541.98		\$1,732.91	\$190.93	12.38%	\$1,732.91	\$190.93	\$0.00			12.38%	0.00%
Annualized Total	509	\$6,479,827		\$7,282,166	\$802,339	12.38%	\$7,282,166	\$802,339	\$0			12.38%	0.00%
Combined Total		Total		Total		\$ Increase	% Change	Total		\$ Increase Over Current	\$ Increase Over Renew al	% Change Over Current	% Change Over Renew al
Annualized Total	1,616	\$19,948,466		\$21,813,222	\$1,864,756	9.35%	\$20,952,578	\$1,004,112	(\$860,643)			5.03%	(3.95%)
Annualized Savings							\$860,643						

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.

# Estimated Two-year Gain / (Loss) to ESEBT with UHC Proposal

## UHC Proposal

Current Plans		6% increase to UHC plans in 2016	8% increase to UHC plans in 2016	10% increase to UHC plans in 2016	12% increase to UHC plans in 2016
	6% increase in 2016	\$1,773,000	\$1,500,000	\$1,226,000	\$953,000
	8% increase in 2016	\$2,064,000	\$1,790,000	\$1,517,000	\$1,243,000
	10% increase in 2016	\$2,354,000	\$2,081,000	\$1,807,000	\$1,534,000
	12% increase in 2016	\$2,645,000	\$2,371,000	\$2,098,000	\$1,825,000

\* Assumes the GHC HMO plan would increase in % according to the left axis.

If current plans should renew at 6% in 2016, and UHC were to renew at the agreed cap of 12%, there would still be projected savings of \$953,000 over two years.



# UHC

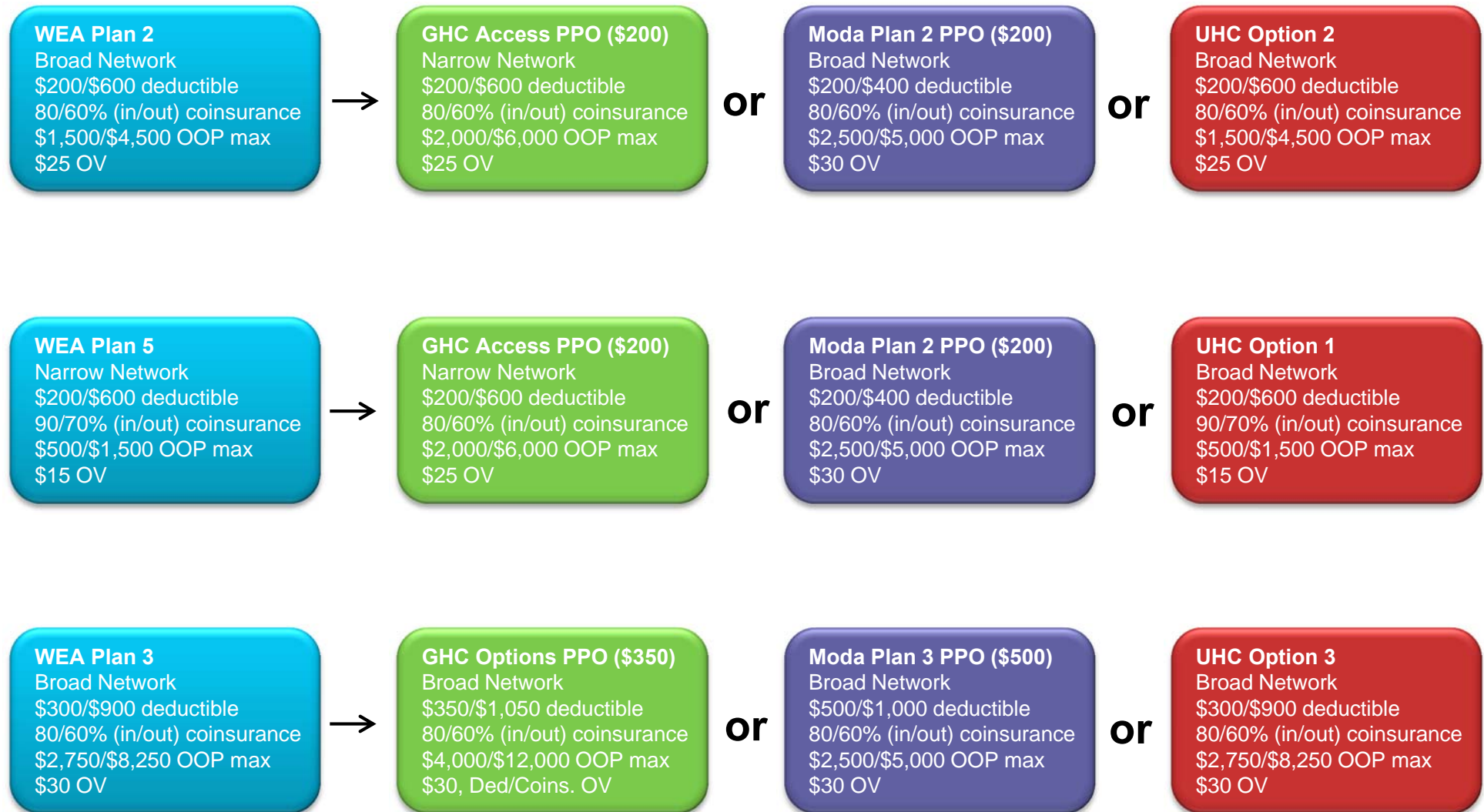
## Simply Engaged Wellness Program

UHC

- UHC is including in their full replacement offer for Everett their Simply Engaged wellness program available to all employees enrolled in a UHC plan.
- This included service represents a savings of \$3.42 per employee per month, not including the gift cards provided. On premium basis 1-2% savings.
- This program includes:
  - Coordination of health screening events.
  - Assistance in administering incentive programs.
  - Online Health Assessments.
  - Online wellness coaching.
  - Telephonic wellness coaching.
  - Gift card incentive program:
    - Employees can earn \$175 (\$350 for EE and spouse) in gift cards at hundreds of vendors (ESEBT can choose which vendors) by utilizing health risk assessments (\$75), telephonic coaching (\$75) and online coaching (\$25). UHC pays all associated costs of gift cards.
- Onsite biometrics is included for locations with 50+ eligible and would be step 1 to the incentive program.

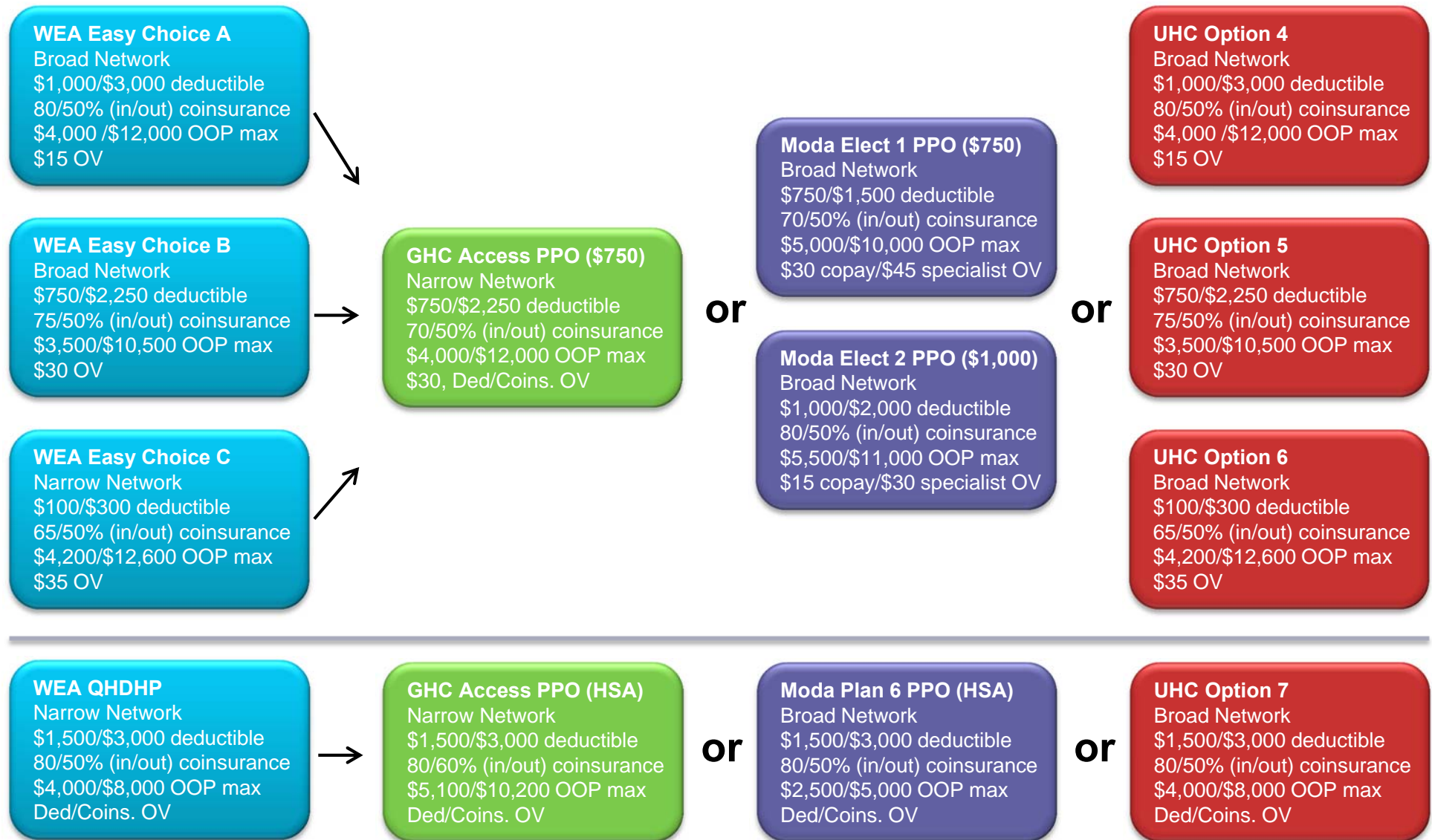
# GHC, Moda, and UHC Alternative Plans

## Plan Comparison — WEA Plans 2, 5, and 3



# GHC, Moda, and UHC Alternative Plans

## Plan Comparison — WEA EasyChoice and QHDHP plans



## Comparing Medical Alternatives

- All plans meet ACA requirements that medical and Rx must have a combined out-of-pocket maximum. This represents an expansion of benefits to members relative to WEA plans, as Rx copays will accrue to the out-of-pocket maximum (the WEA plans will not include this provision since they renew 11/1/2015).

# Comparing Medical Alternatives

	WEA	GHC	Moda	UHC
Plan Design:	<p>Mandated ACA benefit modifications</p> <p>EasyChoice A,B,C:</p> <ul style="list-style-type: none"> <li>• OOP maximum reduced.</li> </ul> <p>EasyChoice C:</p> <ul style="list-style-type: none"> <li>• Increase deductible from \$0 to \$100.</li> </ul> <p>No changes to other WEA plans.</p>	<p>WEA 2:</p> <ul style="list-style-type: none"> <li>• Increased OOP max</li> </ul> <p>WEA 3:</p> <ul style="list-style-type: none"> <li>• Increased deductible from \$300 to \$350</li> <li>• Increased OOP max</li> </ul> <p>WEA 5:</p> <ul style="list-style-type: none"> <li>• Decreased coinsurance from 90% to 80%</li> <li>• Increased OOP max</li> </ul> <p>WEA EC:</p> <ul style="list-style-type: none"> <li>• One plan option instead of 3</li> </ul> <p>WEA QHDHP:</p> <ul style="list-style-type: none"> <li>• Increased OOP max</li> </ul>	<p>WEA 2:</p> <ul style="list-style-type: none"> <li>• Increased OOP max</li> </ul> <p>WEA 3:</p> <ul style="list-style-type: none"> <li>• Increased deductible from \$300 to \$500</li> <li>• Slight decrease to OOP max.</li> </ul> <p>WEA 5:</p> <ul style="list-style-type: none"> <li>• Decreased coinsurance from 90% to 80%</li> <li>• Increased OOP max</li> </ul> <p>WEA EC:</p> <ul style="list-style-type: none"> <li>• Two plan options instead of 3</li> </ul> <p>WEA QHDHP:</p> <ul style="list-style-type: none"> <li>• Decreased OOP max.</li> </ul>	<p>Plans match WEA designs, with the ACA requirement that OOP max for medical and Rx be combined (plan enhancement)</p>
Network:	No change	Some disruption depending on plan enrollment	Minimal disruption	Minimal disruption
Projected Reserves Status Quo (no change to the current % contribution)				
as of 12/31/2015:	2.7	3.1	3.2	3.2
as of 12/31/2016:	0.8	1.4	1.5	1.6

## Summary of Contribution Scenarios

### Employer Subsidy Percentages

- **Scenario SQ %:** All EE contribution % amounts remain the same as the 2014 plan year.
- **Scenario SQ \$:** All EE contribution \$ amounts remain the same as the 2014 plan year.
- **Scenario 1:** WEA targeting three-month reserve at end of 2015.
- **Scenario 2:** GHC full replacement, % amounts remain the same as the 2014 plan year.
- **Scenario 3:** Moda full replacement, % amounts remain the same as the 2014 plan year.
- **Scenario 4:** UHC full replacement, % amounts remain the same as the 2014 plan year.

	Status Quo (Flat %)	Status Quo (Flat \$)	Scenario 1 WEA 3mo	Scenario 2 GHC	Scenario 3 Moda	Scenario 4 UHC
WEA — Employee <sup>1</sup>	78%	80%	75%	78%	78%	78%
WEA — Dependent <sup>1</sup>	69%	71%	67%	69%	69%	69%
GHC — Employee	82%	84%	76%	82%	82%	82%
GHC — Dependent	74%	77%	69%	74%	74%	74%
2015 Estimated Reserve	2.7	2.5	3.0	3.1	3.2	3.2
2016 Estimated Reserve	0.8	0.4	1.4	1.4	1.5	1.6

<sup>1</sup> WEA Plan 3 only. Plans 2 and 5 are buy-up plans from Plan 3.

# Alternate Dental and Vision Proposals

## Dental and Vision Proposals

- Should ESEBT choose to carve-out of the WEA, ESEBT may want to consider carving out the dental and vision from the WEA.
- MetLife has provided alternate dental and vision proposals for ESEBT to consider given the alternate medical proposals for 2015.
- MetLife has attempted to match the current plan design and offerings with their partner dental and vision plans.



## Dental Benefit Comparison

### WEA Plans and MetLife

Coverage	Delta Dental (WEA)	MetLife	Willamette (WEA)
Type of Plan	PPO	PPO	HMO Staffing model
Deductible	None	None	None
Annual Maximum	\$2,000 in-network, \$1,750 out-of network	\$2,000 in-network, \$1,750 out-of network	Unlimited
Class I – Diagnostic & Preventive	100%	100%	100% after \$15 copay
Class II – Restorative • Restorations, Endodontics, Periodontics, Oral Surgery	80%	80%	100% after \$15 copay
Class II – Crowns & Onlays	50%	50%	100% after \$15 copay per visit; additional \$50 copay for crowns
Class III – Major • Dentures, Partials, Bridges, and Implants	50%	50%	100% after \$15 copay per visit; additional \$50 procedural copay
Orthodontia	Not covered	Not covered	Not covered
<b>Rates (PEPM)</b>	<b>\$87.15</b>	<b>\$82.85</b>	<b>\$74.70</b>

- Based on current enrollment, the MetLife dental proposal represents an estimated savings of \$77,000 if only replacing Delta Dental.
  - If Willamette is also replaced, the estimated savings decreases to \$29,000.
- MetLife is offering a second year rate cap of 8% (\$89.48 PEPM) or ESEBT could select to lock now with a rate of \$86.99 for year two.

# Vision Benefit Comparison

## WEA Vision Plan

In-network Benefits	Premera Blue Cross	MetLife
Copay Amounts <ul style="list-style-type: none"> <li>Exam</li> </ul>	\$5	\$5
Exam once every calendar year after copay	Paid in full	Paid in full
Eyeglass lenses (pair) once every calendar year <ul style="list-style-type: none"> <li>Single vision</li> <li>Bifocal</li> <li>Trifocal</li> <li>Lenticular</li> <li>Continuous blend</li> <li>Lens tinting, coating, or oversize</li> </ul>	Paid in full Paid in full Paid in full Paid in full Covered up to \$125 Not covered	Paid in full Paid in full Paid in full Paid in full Paid in full after copay Paid in full after copay
Frames	Covered up to \$80 allowance  Once every two calendar years	Covered up to \$130 allowance (up to \$70 at Costco)  Once every 12 months
Contact lenses (in lieu of frames and eyeglass lenses)	Covered up to \$130 allowance Once every two calendar years	Covered up to \$130 allowance  Once every 12 months

## Vision Benefit Comparison

### MetLife Vision Plan

Out-of-network Benefits	Premera	MetLife
Copay Amounts	\$0	\$0
• Exam		
Exam once every calendar year after copay	\$48	Covered up to \$45
Eyeglass lenses (pair) once every calendar year	Covered up to:	Covered up to:
• Single vision	\$45	\$30
• Bifocal	\$74	\$50
• Trifocal	\$87	\$65
• Lenticular	\$122	\$100
• Continuous blend	\$125	Applied to allowance
• Lens tinting, coating, or oversize	Not covered	Applied to allowance
Frames	Covered up to \$45	Covered up to \$70
Contact lenses (in lieu of frames and eyeglass lenses)	Covered up to \$130	Covered up to \$105
<b>Rates (PEPM)</b>	<b>\$17.15</b>	<b>\$15.92</b>

Based on current enrollment, the MetLife vision proposal represents an estimated annual savings of \$29,000. They are offering a three-year rate guarantee which is unavailable through the WEA.

# Alternate Life and Disability Proposals

## Life and Disability Proposals Process

- Presently, Everett's Life and AD&D benefit is provided by MetLife and their STD and LTD benefit is provided by The Standard.
- Everett is looking to consolidate the above benefits with one vendor for efficiencies.
  - Based on their request Mercer requested quotes from both MetLife and The Standard for Life, AD&D, STD and LTD.
- MetLife proposed a rate pass for Life and AD&D.
- The Standard proposed a rate pass for STD and LTD.
- Request for Proposal included:
  - Provide competitive quotes with existing plan designs.
  - Provide a quote for a buy-up LTD plan.
  - Three-year rate guarantees.
- The Standard offered a Life and AD&D proposal with a three-year guarantee.
- MetLife offered a voluntary STD and LTD proposal with three- and two-year guarantees, respectively.

## Life and Disability Proposals

### Financials — Employer and Employee Cost

	Total Cost Comparison		
	Current 2014 Rates	MetLife	The Standard
Total Annual Cost – Basic Life	\$140,892.00	\$140,892.00	\$137,310.00
Total Annual \$ Change from Incumbent		\$0.00	(\$3,582.00)
Total Annual Cost – Supp/Dep Life	\$201,350.16	\$201,350.16	\$201,349.20
Total Annual \$ Change from Incumbent		\$0.00	(\$0.96)
Total Annual Cost – STD & LTD	\$601,629.82	\$499,857.03	\$601,629.82
Total Annual \$ Change from Incumbent		(\$101,772.79)	\$0.00
Total Annual Cost – All Lines Combined	\$943,871.98	\$842,099.19	\$940,289.02
Total Annual \$ Change from Incumbent	N/A	(\$101,772.79)	(\$3,582.96)

A detailed comparison of Life and Disability rates and benefits can be found in the Appendix.

# APPENDIX

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue. The middle band is a medium teal color, separated from the top and bottom bands by diagonal lines that slope upwards from left to right. The bottom band is a bright cyan or light blue color.

# 2015 Plan Design for All Coverages

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a medium teal, and the bottom band is a bright cyan. These bands are separated by diagonal lines that slope upwards from left to right, creating a layered, geometric effect.



# 2014-2015 Medical Benefit Chart

## 2014/15 Medical Benefit Comparison Public Employees Benefits Board (PEBB) (Effective January 1, 2014 through December 31, 2014) Everett School Employee Benefits Trust (Effective November 1, 2014 to October 31, 2015)

Medical	WEA Plan 2	WEA Plan 3	WEA Plan 5	WEA EasyChoice	WEA QHDHP	ESEBT - Group Health HMO Plan	PEBB - Group Health Classic	PEBB - Group Health Value	PEBB – Uniform Medical Plan
Annual Deductible	\$200/person \$600/family	\$300/person \$900/family	\$200/person \$600/family Non-network \$350 per person	Plan A: \$1,000/\$3,000 in network Plan B: \$750/\$2,250 in network Plan C: \$100/\$300 All Plans include non network ded.	\$1,500/person \$3,000/family	No deductible	\$250/person \$750/family	\$350/person \$1,050/family	\$250/person \$750/family
Annual out of Pocket	\$1,500/person \$4,500/family (Includes deductible & copays)	\$2,750/person \$8,250/family (Includes deductible & copays)	\$500/person \$1,500/ family (Includes deductible & copays) No out-of-pocket maximum for non-network services	Plan A: \$4,000/\$12,000 in network Plan B: \$3,500/\$10,500 in network Plan C: \$4,200/\$12,600 in network (includes copay, coinsurance and deductible) All Plans non network: Unlimited	\$4,000/person \$8,000/family	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family	\$2,000/person \$4,000/family
Office Visit copays	\$25 network \$30 non-network (does not accrue towards deductible)	\$30 network \$40 non-network (does not accrue towards deductible)	\$15 network 30% non-network (does not accrue towards deductible)	Plan A: \$15 in network Plan B: \$30 in network Plan C: \$35 in network All plans non network: 50%	80% coinsurance	\$15 copay	\$15 copay	\$20 copay	No copay (85% coinsurance)

# 2014-2015 Medical Benefit Chart

Medical	WEA Plan 2	WEA Plan 3	WEA Plan 5	WEA EasyChoice	WEA QHDHP	ESEBT - Group Health HMO Plan	PEBB - Group Health Classic	PEBB - Group Health Value	PEBB – Uniform Medical Plan
Hospital Inpatient copay	\$150/day to \$450 maximum/person/calendar year	\$300/day to \$900 maximum/person/calendar year	\$200 per admission \$600/person; \$1,000/family/per calendar year 90% coinsurance	None Deductible and coinsurance apply	80% coinsurance	\$100 per day, up to 3 days per admission	\$150/day (\$750 max/admission)	\$200/day (\$1000 max/admission)	\$200/day (\$600 max/year per person); 85% coinsurance apply
Hospital Physician Services	80% network 60% non-network	80% network 60% non-network	90% network 70% non-network	Plan A: 80% in network Plan B: 75% in network Plan C: 65% in network All plans non network: 50%	80% coinsurance	100%	\$150 copay	\$200 copay	85% coinsurance
Preventive Care	100% network 80% non-network	100% network 80% non-network	100% network 70% non-network (exams/immunizations non-network are not covered)	100% network 50% non-network (exams/immunizations non-network are not covered)	100%	100%	100%	100%	100%

# 2014-2015 Medical Benefit Chart

Medical	WEA Plan 2	WEA Plan 3	WEA Plan 5	WEA EasyChoice	WEA QHDHP	ESEBT - Group Health HMO Plan <sup>[2]</sup>	PEBB - Group Health Classic	PEBB - Group Health Value	PEBB – Uniform Medical Plan
Prescription Drug Copays	\$10 generic \$20 preferred brand \$35 non preferred brand Mail order: \$10 generic \$20 preferred brand \$35 non preferred brand	\$15 generic \$25 preferred brand \$40 non preferred brand Mail order: \$15 generic \$25 preferred brand \$40 non preferred brand	\$10 generic \$15 preferred brand \$30 non preferred brand Mail order: \$10 generic \$30 preferred brand \$60 non preferred brand	CY Deductible (per person): Plan A - \$500; B - \$250; C-\$500 CY Out of pocket max/person: All plans - \$5,000 (Ded, OOP, copays) Retail Copays: Plan A: \$0/\$30/30% Plan B and C: \$0/\$30/\$45 Mail Order Copays: Plan A: \$0/25%/25% Plans B and C: \$0/\$75/\$112 Special Drugs All Plans: 30%	Subject to deductible and coinsurance. (Certain generics are covered at 100%; not subject to deductible)	Retail: \$10 generic \$20 preferred brand  Mail order: \$20 generic \$40 preferred brand	\$5 generic \$20 preferred brand \$40 non preferred brand Mail order: \$10 generic \$40 preferred brand \$80 non preferred Brand	\$5 generic \$20 preferred brand \$40 non preferred brand Mail order: \$10 generic \$40 preferred brand \$80 non preferred brand	CY Deductible \$100 per person \$300 per family for preferred and non-preferred Retail: 5% generic (up to \$10/30-day supply) 10% preferred brand (up to \$25/ 30-day supply) 30% non preferred brand (up to \$75/30-day supply) Mail order: 5% generic (up to \$30/90-day supply) 10% preferred brand (up to \$75/90-day supply) 30% non preferred brand (up to \$225/90-day supply)
Rates <sup>[1]</sup>									
EE	\$ 837.75	\$ 749.70	\$ 979.85	\$ 535.25	\$ 420.90	\$ 766.77	\$ 577.64	\$ 526.51	\$ 540.23
EE & Spouse	\$1,532.75	\$ 1,371.80	\$ 1,882.45	\$ 971.65	\$ 763.05	\$ 1,449.20	\$ 1,149.18	\$ 1,046.92	\$ 1,074.35
EE & Spouse & Child(ren)	\$1,837.50	\$ 1,644.55	\$ 2,267.65	\$ 1,164.05	\$ 901.45	\$ 1,058.15	\$ 1,577.83	\$ 1,437.24	\$ 1,474.95
EE & Child(ren)	\$1,118.25	\$ 1,000.85	\$ 1,336.75	\$ 709.80	\$ 557.75	\$ 1,732.91	\$ 1,006.29	\$ 916.82	\$ 940.82

<sup>1</sup> WEA premiums shown are the 10% discounted rates.

<sup>2</sup> ESEBT GHC premiums shown are standalone premiums without a full GHC replacement.

## 2014-2015 Dental Benefit Chart

### Delta Dental of WA Plan C (Fully-Insured)

Coverage	Benefits
Deductible	None
Annual Maximum	\$1,750 (\$2,000 if you see a Delta Dental PPO dentist)
Class I – Diagnostic & Preventive	100%
Class II – Restorative	
• Restorations, Endodontics, Periodontics, Oral Surgery	80%
Class II – Crowns & Onlays	50%
Class III – Major	
• Dentures, Partials, Bridges, and Implants	50%
TMJ – Surgical and Nonsurgical	50%
• Annual maximum	\$1,000
• Lifetime maximum	\$5,000
Orthodontia	Not covered

## 2014-2015 Dental Benefit Chart

### Willamette Dental Plan 1 (Fully-Insured)

Coverage	Benefits
Deductible	None
Annual Maximum	Unlimited
Class I – Diagnostic & Preventive	100% after \$15 copay
Class II – Restorative <ul style="list-style-type: none"> <li>Restorations, Endodontics, Periodontics, Oral Surgery</li> </ul>	100% after \$15 copay
Class II – Crowns & Onlays	100% after \$15 copay per visit; additional \$50 copay for crowns
Class III – Major <ul style="list-style-type: none"> <li>Dentures, Partials, Bridges, and Implants</li> </ul>	100% after \$15 copay per visit; additional \$50 procedural copay
Orthodontia	Not covered

## 2014-2015 Vision Benefit Chart

### Premera Vision Plan A (Fully-Insured)

Network	Premera Blue Cross	Other Licensed Vision Providers
Copay Amounts <ul style="list-style-type: none"> <li>Exam</li> </ul>	\$5	\$0
Exam once every calendar year after copay	Paid in full	\$48
Eyeglass lenses (pair) once every calendar year <ul style="list-style-type: none"> <li>Single vision</li> <li>Bifocal</li> <li>Trifocal</li> <li>Lenticular</li> <li>Continuous blend</li> <li>Lens tinting, coating, or oversize</li> </ul>	Paid in full Paid in full Paid in full Paid in full \$125 Not covered	\$45 \$74 \$87 \$122 \$125 Not covered
Frames once every two calendar years	\$80	\$45
Contact lenses once every two calendar years (in lieu of frames and eyeglass lenses)	\$130	\$130

## 2015 Other Benefit Charts

### Magellan (Service Contract) Employee Assistance Plan

Coverage	Benefits
Employee Assistance Plan	One to five visits (per issue) model, up to 25 hours of critical incident stress management (i.e., group sessions for affected employees following a traumatic event) and up to six training/service hours

### UNUM (Fully-Insured) Long Term Care

Coverage	Benefits
Covered Benefits	\$1,000 to \$3,500 monthly benefit for nursing home care, as pre-selected by the participant, and 50% of the facility benefit for home and community-based care
Waiting Period	60 days
Benefit Maximum	Plan benefits are capped through a “pool” of dollars equivalent to three or five years (36 or 60 months) times the monthly facility benefit

# GHC Network Disruption — Provider List



## Group Health Cooperative Potential Network Disruption — GHC Options

### Premera PCPs not contracted with Group Health Options PPO (10)

Acusound Clinic	American Medical Clinic	Ibrahim, Firoz	Pacific Coast Medical Group
Patricia Osetinsky	Pediatric Sports Medicine	Puget Sound Psychiatric Center	Shlafer, Stephen (North Sound Pediatrics)
Swinomish Health Community Health Clinic	Zicella, Mario (Pediatrix Medical Group)		

### Premera Hospitals not contracted with Group Health Options PPO (4)

Kindred Hospital	Schick Shadel (Rehab)	VA Puget Sound Health Care System	Western State Hospital
------------------	-----------------------	-----------------------------------	------------------------

## Group Health Cooperative Potential Network Disruption — GHC Access

### Premera PCPs not contracted with Group Health Access PPO (33)

A Primary Care Clinic for Adults	Acusound Clinic	Advanced Family Medicine	Allcare Medical Clinic
American Medical Clinic	Aprimary Care Clinic for Adults	Ballard Pediatric Clinic	Bastyr Center for Natural Health
Boyer Children's Clinic	Chu, Samuel	Eichner, Manfred	Evergreen Pediatrics
HealthPoint Redmond Medical	Ibrahim, Firoz	Monroe Pediatrics	Odessa Brown Childrens Clinic
Pacific Coast Medical Group	Patricia Osetinsky	Pediatric Sports Medicine	Physical Medicine of Bellevue
Puget Sound Psychiatric Center	Quan, Helen	Rainer Beach Medical Clinic	Redmond Pediatrics
Shlafer, Stephen (North Sound Pediatrics)	Simpson, Robert	Suchert, Robert	Swinomish Health Community Health Clinic
Tulalip health Clinic	US Healthworks	Washington Center for Pain Management	Woodinville Pediatrics
Zicella, Mario (Pediatrix Medical Group)			

### Premera hospitals not contracted with Group Health Access PPO (14)

Allenmore Hospital	Capital Medical Center	Good Samaritan Hospital	Highline Medical
Kindred Hospital	Mary Bridge Children's Hospital	Mason General Hospital	Morton General Hospital
MultiCare Medical Center	Schick Shadel (Rehab)	Summit Pacific Medical Center	Tacoma General Hospital
VA Puget Sound Health Care System	Western State Hospital		

# Alternate Life and Disability Proposal Details

# Life and Disability Proposals

## Financials — Life and AD&D

	Enrollment	Volume	Current 2014 Rates	MetLife	The Standard
Basic Life/ADD (PEPM)					
	1,990	\$97,562,500	\$5.90	\$5.90	\$5.75
<b>Annual Total</b>			<b>\$140,892.00</b>	<b>\$140,892.00</b>	<b>\$137,310.00</b>
<b>\$ Change from Incumbent</b>			<b>N/A</b>	<b>\$0.00</b>	<b>(\$3,582.00)</b>
Supplemental Life (per \$1000)					
UNDER 30	6	\$550,000	\$0.060	\$0.060	\$0.060
30 TO 34	14	\$1,030,000	\$0.080	\$0.080	\$0.080
35 TO 39	42	\$4,580,000	\$0.090	\$0.090	\$0.090
40 TO 44	53	\$6,130,000	\$0.130	\$0.130	\$0.130
45 TO 49	51	\$5,320,000	\$0.220	\$0.220	\$0.220
50 TO 54	62	\$5,830,000	\$0.370	\$0.370	\$0.370
55 TO 59	69	\$5,410,000	\$0.630	\$0.630	\$0.630
60 TO 64	62	\$5,370,000	\$0.840	\$0.840	\$0.840
65 TO 69	15	\$990,000	\$1.290	\$1.290	\$1.290
70 TO 74	3	\$250,000	\$2.060	\$2.060	\$2.060
75+	0	\$0	\$3.340	\$3.340	\$3.340
<b>Annual Total</b>			<b>\$172,358.40</b>	<b>\$172,358.40</b>	<b>\$172,358.40</b>
<b>\$ Change from Incumbent</b>			<b>N/A</b>	<b>\$0.00</b>	<b>\$0.00</b>

## Life and Disability Proposals

### Financials — Dependent Life

	Enrollment	Volume	Current 2014 Rates	MetLife	The Standard
Dependent Spouse Life (per \$1000)					
Under 30	0	\$0	\$0.060	\$0.060	\$0.060
30 TO 34	5	\$210,000	\$0.080	\$0.080	\$0.080
35 TO 39	15	\$760,000	\$0.090	\$0.090	\$0.090
40 TO 44	26	\$1,150,000	\$0.130	\$0.130	\$0.130
45 TO 49	17	\$825,000	\$0.220	\$0.220	\$0.220
50 TO 54	20	\$580,000	\$0.370	\$0.370	\$0.370
55 TO 59	33	\$1,040,000	\$0.630	\$0.630	\$0.630
60 TO 64	30	\$1,120,000	\$0.840	\$0.840	\$0.840
65 TO 69	3	\$50,000	\$1.290	\$1.290	\$1.290
70 TO 74	1	\$60,000	\$2.060	\$2.060	\$2.060
75+	0	\$0	\$3.340	\$3.340	\$3.340
<b>Annual Total</b>			<b>\$28,978.80</b>	<b>\$28,978.80</b>	<b>\$28,978.80</b>
<b>\$ Change from Incumbent</b>			<b>N/A</b>	<b>\$0.00</b>	<b>\$0.00</b>
Child Life (per \$1000)					
	2	\$4,000	\$0.270	\$0.270	\$0.250
<b>Annual Total</b>			<b>\$12.96</b>	<b>\$12.96</b>	<b>\$12.00</b>
<b>Change from Incumbent</b>			<b>N/A</b>	<b>\$0.00</b>	<b>(\$0.96)</b>

# Life and Disability Proposals

## Financials — Disability

	Enrollment	Volume	Current 2014 Rates	MetLife	The Standard
Voluntary STD (per \$10)					
UNDER 25	0	\$0	\$0.800	\$0.450	\$0.800
25 TO 29	4	\$2,382	\$0.950	\$0.470	\$0.950
30 TO 34	20	\$10,887	\$0.750	\$0.490	\$0.750
35 TO 39	30	\$16,294	\$0.600	\$0.440	\$0.600
40 TO 44	30	\$15,309	\$0.550	\$0.470	\$0.550
45 TO 49	36	\$18,576	\$0.530	\$0.580	\$0.530
50 TO 54	60	\$32,134	\$0.600	\$0.720	\$0.600
55 TO 59	40	\$20,204	\$0.770	\$0.880	\$0.770
60 TO 64	30	\$15,559	\$0.950	\$1.040	\$0.950
65+	8	\$4,119	\$1.050	\$1.040	\$1.050
<b>Annual Total</b>			<b>\$110,895.82</b>	<b>\$111,568.23</b>	<b>\$110,895.82</b>
<b>\$ Change from Incumbent</b>			<b>N/A</b>	<b>\$672.41</b>	<b>\$0.00</b>
Voluntary LTD (PEPM) – Current Plan					
	1,990		\$20.550	\$16.26	\$20.55
<b>Annual Total</b>			<b>\$490,734.00</b>	<b>\$388,288.80</b>	<b>\$490,734.00</b>
<b>\$ Change from Incumbent</b>			<b>N/A</b>	<b>(\$102,445.20)</b>	<b>\$0.00</b>
Voluntary LTD (PEPM) – Buy up plan					
	1,796		\$20.700	\$17.32	\$20.700
<b>Annual Total</b>			<b>\$446,126.40</b>	<b>\$373,280.64</b>	<b>\$446,126.40</b>
<b>\$ Change from Incumbent</b>			<b>N/A</b>	<b>(\$72,845.76)</b>	<b>\$0.00</b>

# 2015 Other Benefit Chart

## MetLife (Fully-Insured)

### Life Insurance Programs

Coverage	Benefits
Basic Life & AD&D	\$50,000 <sup>1</sup>
Supplemental Life	
• Employee	\$10,000 units up to five times basic annual earnings to a maximum of \$250,000
• Spouse	One-half employee supplemental life coverage
• Child(ren)	\$2,000 each

<sup>1</sup> The Life and AD&D benefits amounts reduce 35% at age 65, and additional 20% of the original amount at age 70, an additional 15% of the original amount at age 75 and an additional 10% of the original amount at age 80.

## 2015 Other Benefit Chart

### Standard Insurance Company (Fully-Insured)

#### Long-Term Disability Coverage

Coverage	Benefits
Benefit Waiting Period	90 days of continuous total disability
LTD Benefit	66 2/3% of basic monthly earnings
Maximum LTD Benefit	\$8,000 before reduction by deductible income
Minimum LTD Benefit	\$100 or 10% of LTD benefits before reduction by deductible income, whichever is greater
Benefit Duration (based on age at beginning of total disability) <ul style="list-style-type: none"> <li>• Under age 60</li> <li>• Age 60 through Age 64</li> <li>• Age 65 through Age 69</li> <li>• Age 70 and over</li> </ul>	<ul style="list-style-type: none"> <li>• To age 65</li> <li>• 5 years</li> <li>• To age 70</li> <li>• 1 year</li> </ul>
Return to Work Provision	50% reduction after 12 months
Survivor Benefits	Three times monthly benefit
Limitations	24 months for mental illness, alcoholism and drug abuse



## 2015 Other Benefit Chart

### Standard Insurance Company (Fully-Insured)

#### Voluntary Short-Term Disability Coverage

Coverage	Benefits
Benefit Waiting Period	14 days (other waiting periods apply if not enrolled when first eligible)
STD Benefit	66 2/3% of pre-disability earnings
Maximum STD Benefit	\$600/week
Minimum STD Benefit	\$15/week

## 2015 Other Benefit Chart

### Standard Insurance Company (Fully-Insured)

#### Long-Term Disability Coverage

Coverage	Benefits
Benefit Waiting Period	90 days of continuous total disability
LTD Benefit	66 2/3% of basic monthly earnings
Maximum LTD Benefit	\$11,500 before reduction by deductible income
Minimum LTD Benefit	\$100 or 10% of LTD benefits before reduction by deductible income, whichever is greater
Benefit Duration (based on age at beginning of total disability) <ul style="list-style-type: none"> <li>• Under age 60</li> <li>• Age 60 through Age 64</li> <li>• Age 65 through Age 69</li> <li>• Age 70 and over</li> </ul>	<ul style="list-style-type: none"> <li>• To age 65</li> <li>• 5 years</li> <li>• To age 70</li> <li>• 1 year</li> </ul>
Return to Work Provision	50% reduction after 12 months
Survivor Benefits	Three times monthly benefit
Limitations	24 months for mental illness, alcoholism and drug abuse

# WEA Select Benefit Plans Renewal Summary

# 2014-15 WEA Select Benefit Plans Renewal Summary



# Important Renewal Information—Please Read!

## Introduction

TO: WEA Leaders  
School District Administration/Personnel/  
Payroll/HR

The WEA Benefit Services Advisory Board (BSAB) and Board of Directors are pleased to announce the 2014-15 WEA Select Benefit Plan renewals. This year's package of renewals includes:

- Several enhancements to the medical plan
- Low rate increases on core dental and vision plans
- Rate pass or decrease on the managed dental plans
- Benefit enhancements and lower rates on several voluntary plans

With the Affordable Care Act (ACA) moving past the initial implementation stages, small groups and individuals have seen expanded access to high cost-share plans and less restrictive/more comprehensive benefits.

For large group plan sponsors like WEA, whose plan was already comprehensive, the impact has been a host of small benefit modifications, along with new taxes/fees to fund healthcare reform. While it remains to be seen how the impacts of reform will play out over time, the hope and intent is that large plan sponsors will soon begin to see reduced claims costs from the ongoing provider reforms and consumer engagement/transparency as well.

**Note:** Specific information pertaining to ESSB 5940 and updates to National Healthcare Reform/Affordable Care Act can be found in Section III.



## Medical Plan

The 2014-15 renewal rate increase is +7.9%. Though this is high, it is less than what we are seeing with many private sector employer health plans. WEA is sensitive to the financial impact on plan participants as school employees enter the *fourth* consecutive year of no increase to the State Benefit Allocation.

Factors driving the 2014-15 rate change include:

- Healthcare reform:
  - An additional adjustment of 1% to the current taxes and fees to help fund reform (*vs. 4%+ last year*).
  - Required benefit modifications—All of the ACA changes are enhancements, which should reduce the out-of-pocket expenses for many plan participants.
- Our aging population
- Large claims—Last year there were more than 675 claims that exceeded \$100,000 and 7 claims that exceeded \$1 million.
- Specialty Pharmacy—Cost for these drugs (e.g. Enbrel for arthritis) are increasing at a higher rate than other medications. With fewer drugs scheduled to come off patent or go over-the-counter to offset these drugs, they will be a significant cost driver in the future.
- Continued increase in cost and use of services

# Important Renewal Information—Please Read!

## Key Highlights and Features

The WEA Select Plans include:

- Specific to the medical plan:
  - 7 of the past 10 years the rate increase has been less than 8%
  - There has been only 1 year in the past 9 where benefits have been reduced (a deductible increase)
  - The sophistication of our plan participants results in favorable health care behaviors, such as “embracing” generic prescriptions and achieving very high use of generic drugs—*without* requiring it.
- Very large purchasing pools, blending all claims statewide, many of which cover over 120,000 total plan participants
- Favorable funding and financial arrangements, which result in very low plan administrative expenses (~5% of premium for the medical plan, which encompasses all expenses to administer the plan, including WEA’s online enrollment/benefits administration system)
- **The Rate Stabilization Fund—How it works...**
  - For most “Basic Benefit” programs, we have negotiated with our chosen vendors to refund 100% of premiums in excess of claims and administrative expenses to WEA’s Rate Stabilization Fund (RSF) Trust. These excess funds are held in the RSF, which is a formal 501 (c) (9) IRS Trust Account. By contract, these funds can only be used to benefit plan participants, usually by subsidizing rates.
- If at any point there are no remaining funds in the RSF, and claims and administrative expenses exceed premium, our vendors must continue to pay claims and carry the deficit on their books until it can be offset by future gains.
- In many ways the plans operate as if they were self-insured plans. By allowing the plan to carry forward a deficit, the WEA Select Plans include a feature that is even more advantageous than being self-insured. A self-insured plan would need to make up the deficit between claims and stop-loss insurance immediately, either from a mid-year rate increase, or from a pre-funded reserve account.
- The WEA RSF is continually being used to benefit plan participants through premium subsidies. Many of this year’s plan renewals include a premium subsidy.

## WEA SELECT Service Team Contact Information

### Aon Hewitt

1420 Fifth Avenue, Suite 1200  
Seattle, WA 98101

Team Service Line:	206.467.4646
Team Fax:	206.467.4641
Email:	<a href="mailto:wea.select@aon.com">wea.select@aon.com</a>



Effective November 1, 2014

Page 2

# Important Renewal Information—Please Read!

## Section I—2014-15 WEA Select Plan Rate Action

All rate and benefit changes will be effective **November 1, 2014**. The 2014-15 WEA Select Medical, Dental, Vision and Life Plan rates can be found in Section VI.

### Renewal Rate Action

(a summary of benefit changes can be found in Section II)

Group Basic Benefit Plans	Rate Action
<b>Medical</b> —Premera Blue Cross	<b>+7.9%</b>
<b>Core Dental</b> —Delta Dental of Washington <i>Formerly known as Washington Dental Service</i>	<b>+2%</b>
<b>Managed Dental</b> —Willamette Dental	0%
<b>Managed Dental</b> —Delta Dental	<b>(7.5%) decrease</b>
<b>Orthodontia</b> —Delta Dental	<b>+2%</b>
<b>Orthodontia</b> —Willamette Dental	0%
<b>Vision</b> —Premera Blue Cross and VSP	<b>+2%</b>
<b>Long-Term Disability (LTD)</b> —Unum	0%
<b>Flex LTD</b> (including voluntary buy-up feature)—Unum	0%
<b>Group Life</b> (includes AD&D)—Unum	0%
Voluntary Benefit Plans	Rate Action
<b>Short-Term Disability (STD)</b> —American Fidelity Assurance (AFA)	<b>(10%) decrease</b>
<b>Long-Term Disability (LTD)</b> —AFA	0%
<b>Term Life and AD&amp;D (VTL)</b> —Unum	0%
<b>Accidental Death &amp; Dismemberment (AD&amp;D)</b> —AFA	0%
<b>Employee Assistance Program (EAP)</b> —OptumHealth Behavioral Solutions	0%
<b>Section 125</b> —AFA	0%
<b>Retiree Dental</b> —Delta Dental	<b>+6%</b>
<b>Long Term Care (LTC)</b> —Premera Blue Cross <i>(currently not accepting new groups or enrollment)</i>	N/A



# Important Renewal Information—Please Read!

## Section II—2014-15 WEA Select Plan Renewal

### Benefit Change Summary

The following is a brief summary of benefit modifications/enhancements only for those plans with changes. Refer to plan booklets for a full description of benefits, limitations and exclusions.

### Group Basic Benefit Plans with Changes

#### 1. WEA Select Medical Plan—Premera Blue Cross

The WEA Select Medical Plan rate increase is **+7.9%** (refer to Section VI for the rates). This year's renewal includes a number of benefit modifications that are required by the Affordable Care Act (ACA). Please refer to Section III for State and other Healthcare Reform updates.

##### A. ACA Related Changes

##### **Lower Out-of-Pocket Maximums—EasyChoice Plans Only**

All WEA medical plans have an out-of-pocket maximum provision for services. Once an enrollee reaches their plan's maximum, the plan will then pay all applicable in-network covered services at 100% for the remainder of the year.

The ACA requires plans to limit the out-of-pocket maximum for in-network services to no more than the maximum amount the IRS sets for a Qualified High Deductible Health Plan (QHDHP). Therefore, the individual and family maximums on the EasyChoice Plans will be reduced (all other plans currently meet this requirement). **This plan enhancement** means that enrollees could meet their out-of-pocket maximum and begin receiving covered in-network benefits at 100% earlier in the year.

**New Deductible on EasyChoice C**—A \$100 deductible will be added on Plan C. Although this change is not a requirement of the ACA, it is being made to maintain the actuarial equivalency between the three options.

The plans will be modified as follows:

In-Network Cost Shares	EasyChoice A		EasyChoice B		EasyChoice C	
	Current	New	Current	New	Current	New
Deductible	No change		No change		\$0	\$100
Out-of-pocket Maximum						
Individual	\$5,000	\$4,000	\$4,000	\$3,500	\$7,500	\$4,200
Family	\$15,000	\$12,000	\$12,000	\$10,500	\$22,500	\$12,600

*Note: All other cost-shares (e.g., copayments, coinsurance) remain the same, including all out-of-network benefits levels.*



# Important Renewal Information—Please Read!

## Copayments Accrue Toward Out-of-Pocket Maximum—All Plans except the QHDHP

The ACA requires that deductibles, coinsurance and copayments for “essential benefits” accrue toward the out-of-pocket maximum. Currently, the medical deductible and coinsurance accrue toward the annual out-of-pocket maximum on the WEA Select Plans, but copayments do not. Examples include office visits, emergency room visits, hospitalizations, outpatient surgeries, etc. In order to comply with the ACA requirement, all medical copayments will now accrue toward the plan’s annual out-of-pocket maximum. **This plan enhancement** means that enrollees who meet their out-of-pocket maximum will no longer have to pay copayments or coinsurance for the remainder of the year.

**Note:** *As a result of the federal transitional relief for large groups, the accrual of prescription drug cost-shares has been delayed until the 2015-16 plan year. Therefore, copayments for prescription drugs remain unchanged and do not accrue toward the medical out-of-pocket maximum. The EasyChoice Plans have a separate out-of-pocket maximum for prescription drugs and all cost-shares currently accrue toward the prescription drug maximum.*

## Remove Annual Dollar Limits—QHDHP Only

The ACA now requires that plans eliminate any overall annual dollar maximums. Therefore, the \$2 million annual limit will be removed from the QHDHP to satisfy this requirement. All other WEA Select Medical Plans currently meet this requirement.

## Temporomandibular Joint Disorder (TMJ)—All Plans except EasyChoice

In accordance with the ACA, plans that offer benefits for temporomandibular joint dysfunction (TMJ) must remove any dollar limitations. Currently, all WEA Plans except EasyChoice include services for TMJ. Therefore, the TMJ dollar maximum will be removed from Plans 5, 2, 3 and the QHDHP.

## B. Other Medical Plan Updates—All Plans

### Premera’s Prior Authorization Policy

Premera has recently implemented a mandatory prior authorization policy for certain planned medical services. Examples include, but are not limited to, planned hospitalizations, elective outpatient surgeries, organ transplants and advanced imaging. Contracted providers are required to request authorization prior to the enrollee receiving the service (a list of services are available at [www.premera.com/wea](http://www.premera.com/wea)). Many employer groups include a penalty provision, which is passed on to the provider who can bill the patient for the penalty.

However, although implementation of this program is mandatory, there is **NO** penalty if a prior authorization is not obtained for the WEA Plans. Rather, if the claim is determined to be not medically necessary it will be denied and the enrollee is responsible for the bill (much as it is today).

# Important Renewal Information—Please Read!

## WEA Select Health Management Program—Reminder

The WEA Select Health Management Program is administered by Vivacity, a subsidiary of Premiera Blue Cross. The program provides robust online tools, trackers, games and additional resources that plan participants can continue to use throughout the year in an effort to manage and improve their overall health status.

## 2. Underwriting Rule (Medical, Dental and Vision Plans)

Currently, any group that leaves a WEA medical, dental or vision plan cannot rejoin the WEA plan for two years. WEA is suspending this underwriting rule until further notice, allowing groups to rejoin the plan the first of any month, regardless of how long they have been off of the plan.

## 3. Dependent Eligibility Verification (Medical, Dental and Vision Plans)

As a reminder, employees who enroll dependents on the WEA Select Medical, Dental and/or Vision Plans will be asked to provide documentation to verify their dependents' eligibility for coverage under the WEA Select Plans.

Employees should be directed to Your Benefits Resources (YBR) to add new dependents to the plan(s). They will be asked to “certify” that they are adding valid dependent(s) through the online enrollment process. *Please keep in mind that certification does not verify dependent eligibility.* Shortly thereafter, employees will receive a request notice from the WEA Select Dependent Verification Team (located in Lincolnshire, Illinois) which will describe the process, including the documentation needed to verify eligibility and the deadline. Please keep in mind that **unverified dependents will be removed from the plan(s) prospectively.**

**Note:** *Employees who have already verified the eligibility of their dependents won't be asked to provide additional documentation, even if they change WEA Plans. However, they will need to verify any NEW dependent(s).*

# Important Renewal Information—Please Read!

## Voluntary Benefit Plans with Changes

### WEA Select Voluntary Disability Plans—AFA

Good news!! The Voluntary Disability Plans will be **enhanced** and will no longer immediately offset (reduce) benefits for income received from sick leave pay during a disability, as follows:

- ▣ STD Plan will not offset benefits during the first **30 days** of disability
- ▣ LTD Plan will not offset benefits during the first **60 days** of disability

After that, the plan will reduce benefits for sick leave pay and other offsets. All other “immediate” offsets (e.g., Social Security income) remain unchanged.

Additionally, new lower cost options and plan designs will be available for employees to select.

## Section III—State and Federal Updates

The following updates are intended for informational purposes only and should not be considered legal advice. Please consult with your district’s legal, tax and other advisors for further guidance.

### State Updates

#### 1. Registered Domestic Partnerships Converting to Marriage

On **June 30, 2014**, many, but not all, Washington State registered domestic partnerships will be converted to marriage.

You may recall that ESSB 6239, concerning civil marriage and domestic partnerships, was passed in 2012. The law sets out specific criteria for which state registered domestic partnerships are to be converted and which are not.

- ▣ Information regarding which partnerships will be converted can be found at:  
[www.sos.wa.gov/corps/domesticpartnerships/notice-regarding-same-sex-marriage-and-domestic-partnerships.aspx](http://www.sos.wa.gov/corps/domesticpartnerships/notice-regarding-same-sex-marriage-and-domestic-partnerships.aspx)
- ▣ The final bill report may be found at the legislature's web site at: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bill%20Reports/Senate/6239-S.E%20SBR%20FBR%2012.pdf>

#### Qualified Status Change

Marriage is considered a qualified status change event that allows for certain mid-year plan changes. Therefore, the following changes are permissible under the WEA Select Plans for employees who meet the criteria set out in the law:

- ▣ New dependent(s) may be added to the plan within 60 days of marriage.
- ▣ Employees may change WEA Plans.
- ▣ School districts should consult with their Section 125 Plan administrator to determine if any election changes can be made to a health FSA, HSA and/or a dependent care account.

# Important Renewal Information—Please Read!

## Update Eligibility Status

The law required specific state agencies to send two notices to all state registered domestic partners. The first one was sent in January 2013, and the second one was sent the week of March 15, 2014. **Employees who were notified that their relationship will convert to a marriage are encouraged to update their records to reflect “married” by calling the Benefits Center at 1-855-668-5039. This will ensure that imputed income is not calculated and reported by the Aon Hewitt Benefits Administration Team.**

**Note:** *Employees that update their status to “married” but do not meet the criteria described in the law may be at risk of potential tax implications.*

As a reminder, employees who enroll new dependents on the WEA Select Medical, Dental and/or Vision Plans will be asked to provide documentation to verify their dependents’ eligibility for coverage under the WEA Select Plans.

## 2. ESSB 5940 Updates

### Low Cost Plan Offering as Compared to State Benchmark Plan

As required by ESSB 5940, school districts must offer at least one health plan (other than QHDHP) in which the employee share of the premium for a full-time employee does not exceed the share of premiums paid by state employees during the state’s benefits plan year that starts prior to the school year.

As was the case last year, this requirement applies to the portion of full plan premium costs paid by employees over all coverage tiers (*blended payroll contribution split over all four coverage tiers*).

WEA’s actuarial resources re-tested the plans and based on the information available, believe that the **WEA Select EasyChoice Plan continues to meet or exceed the intent of this requirement.** This takes into consideration the 2014-15 discount rates, statewide average enrollment mix in the EasyChoice Plan, the 2014-15 fringe benefit funding amount and the overall impact of pooling.

# Important Renewal Information—Please Read!

## Federal/National Healthcare Reform

### Employer Shared Responsibility—Update

There are several provisions within the Patient Protection and Affordable Care Act (ACA) that pertain to employers. The Employer Shared Responsibility provisions (employer mandate) specifically address the level of coverage and premium costs. If employers do not offer coverage to their full time employees (FTE) that meet the minimum essential coverage (“MEC”) requirements or affordability test, they can be assessed penalties. A full time employee is defined as an employee working 30 or more hours a week.

With these provisions in mind, the WEA Select Medical Plans were re-tested based on rates and benefits for the 2014-15 plan year and the results are described later in this section.

### Employer Mandate Delayed and Final Regulations Released

An update on the employer mandate was included in last year’s Renewal Announcement (June 2013). At that time the implementation date was scheduled to take effect on January 1, 2014. However, in July 2013 the White House Administration delayed the penalties and reporting requirements until January 1, 2015. This delay gives everyone more time to become familiar with the complexities of healthcare reform.

This past February (2014), the Treasury Department and Internal Revenue Service (IRS) released “final” regulations on the employer mandate that gives small employers another year of transition relief and modified the rules to make it slightly easier for large employers to comply in 2015. Below is a **brief** summary of the final regulations and their potential impact on employer-provided health coverage, specific to the WEA Select Medical Plan, under the ACA:

- ▣ Employers with at least 50 but less than 100 FTE’s are not required to comply with the employer mandate until 2016.
- ▣ Employers with 100 or more FTE’s must comply with the employer mandate beginning in 2015 or risk a penalty. For 2015 only, a large employer that offers MEC to at least **70%** of its FTE’s and their non-spouse dependents will not be subject to the “Failure to Offer” penalty, but could still be liable for the “Targeted” penalty if the coverage is not affordable or does not provide the minimum coverage requirements.

An employer that elects not to cover some portion of its FTE’s by operation of the transitional 70% coverage rule in effect for 2015 may become subject to the “Targeted” penalty should any of these non-covered FTE’s enroll in a state/federal exchange plan and qualify for the subsidy even if coverage is affordable and of minimum value.

**Note:** The 70% coverage requirement will increase to 95% for 2016 and beyond.

# Important Renewal Information—Please Read!

- The final regulations include limited transition relief from the “Failure to Offer” penalty for non-calendar year plans. This delays the penalty for non-calendar year plans from January 1, 2015 to the first day of the 2015 plan year, *provided the plan year was not modified after December 27, 2012.*

As you may remember, WEA made the decision in early 2013 to move the plan year from October 1 to November 1 for ease of administration. Keep in mind this was before the first employer mandate delay and long before the second delay—which includes additional relief to employers with non-calendar year plans. **Therefore, this limited transition relief does not apply to larger employers who are subject to the employer mandate provisions in 2015 and offer the WEA Select Medical Plan since the plan year changed after December 27, 2012.**

**Note:** *This update is specifically related to the WEA Select Medical Plan. If your district offers another medical plan(s) that did not change plan years’ after December 27, 2012 (e.g., Group Health) you should similarly address the potential impact the final regulations may have on those plans.*

## WEA Select Plans Re-Tested for the 2014-15 Plan Year

The following information is based on the WEA Select Medical Plans through Premera using the 10% discount rates:

- As was the case last year, all of the WEA Select Medical Plans meet the MEC requirements.
- Affordable coverage is defined as any **employee-only coverage** that costs less than 9.5% of the employee’s **household** income for the taxable year. Any school district offering its employees the EasyChoice and Qualified High Deductible Health Plans (as outlined below) meet the affordability provisions.

Plan	Meets the Affordability Provisions	
	Full-Time Employees	Part-Time Employees—Working 30 Hours a Week
EasyChoice Plan	Yes	Yes—If income is at least \$17,000 a year No—If income is less than \$17,000 a year
QHDHP	Yes	Yes

Please refer to the final regulations at: <http://www.gpo.gov/fdsys/pkg/FR-2014-02-12/pdf/2014-03082.pdf> for more information on the rules for determining who is an FTE, including the permissible methods for counting hours and nuances for various categories of employees.

Additional information can be found at:

- <http://www.treasury.gov/press-center/press-releases/Documents/Fact%20Sheet%20021014.pdf>
- <http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act>.

*This update is subject to future ACA changes.*



# Important Renewal Information—Please Read!

## Section IV—What's Coming in the Summer

### July

New Summary of Benefits, rates and other brochures for the WEA endorsed programs will be included in the brochure mailing.

**Note:** AFA will distribute a supply of new brochures, including rates and new options, to participating school districts before open enrollment.

### End of August

Starting on **August 21, 2014** the Your Benefits Resources (YBR) website will be updated with the 2014-15 medical, dental and vision plan information and will be available for viewing. At this time, employees may access YBR to:

- ▣ **View** all WEA Select Plans offered (benefits and rates)
- ▣ **Compare** WEA medical plans, side by side
- ▣ Use the **Medical Cost Estimator** tool—customizable to each employee's and family member's needs
- ▣ **Review their dependent information** to ensure that all eligible dependents are enrolled

### 2014 Fall Open Enrollment Period—August 25th through September 30th

Open enrollment officially begins on **August 25<sup>th</sup>** and runs through **September 30<sup>th</sup>** for the WEA Plans. During this time, employees may enroll or make changes on YBR (a secure website), on their personal smart phone, or by calling the WEA Select Benefits Center at **1-855-668-5039**. The Benefits Center will be available from 7:30 a.m. to 6:00 p.m. during open enrollment.

## Section V—2014-15 State Fringe Benefit Allocation

The monthly state allocation for employee benefits per FTE and the Health Care Authority remittance for retired school employees are as follows:

	CURRENT—2013-14	NEW—2014-15
State Allocation	\$768.00	\$768.00
\$ Change / % Change		No Change
<b>Note: This is the 4<sup>th</sup> year in a row with no change in the monthly state benefit allocation.</b>		
Retiree Subsidy	\$64.40	\$66.64
\$ Change / % Change		+\$2.24 (+3.5%)
Net State Allocation *	\$703.60	\$701.36
\$ Change / % Change		-\$2.24 (-0.3%)

\* If retiree subsidy is not paid by district.

# Important Renewal Information—Please Read!

## Section VI—2014-15 Monthly Renewal Rates

The rates listed below become effective November 1, 2014.

### WEA Select Medical Plans (+7.9%)

Premiera Blue Cross	10% Discount	Full Rate
<b>Plan 5/Foundation</b>		
Employee only	\$979.85	\$1,088.70
Employee + spouse	\$1,882.45	\$2,090.30
Employee, spouse + child(ren)	\$2,267.65	\$2,518.05
Employee + child(ren)	\$1,336.75	\$1,485.00
<b>Plan 2</b>		
Employee only	\$837.75	\$926.10
Employee + spouse	\$1,532.75	\$1,698.80
Employee, spouse + child(ren)	\$1,837.50	\$2,037.25
Employee + child(ren)	\$1,118.25	\$1,237.80
<b>Plan 3</b>		
Employee only	\$749.70	\$829.40
Employee + spouse	\$1,371.80	\$1,520.40
Employee, spouse + child(ren)	\$1,644.55	\$1,823.25
Employee + child(ren)	\$1,000.85	\$1,108.45
<b>EasyChoice Plan</b>		
Employee only	\$535.25	\$591.85
Employee + spouse	\$971.65	\$1,076.65
Employee, spouse + child(ren)	\$1,164.05	\$1,290.20
Employee + child(ren)	\$709.80	\$785.50
<b>QHDHP</b>		
Employee only	\$420.90	\$465.25
Employee + spouse	\$763.05	\$845.30
Employee, spouse + child(ren)	\$901.45	\$999.05
Employee + child(ren)	\$557.75	\$617.10

**Note:** Rates and benefits are intended to be guaranteed for 12 months (November 1, 2014 through October 31, 2015). However, any mid-year benefit changes and/or interpretation/guidance on health care reform (Federal or State) could result in a mid-year adjustment.



# Important Renewal Information—Please Read!

## WEA Select Dental Plans

Core Dental Plans (Delta Dental) +2%	
Plan A	\$108.55
Plan B	\$99.20
Plan C	\$87.15
PPO Plan*	\$103.50
Managed Dental Plans	
Delta Dental -7.5% decrease	
DeltaCare Plan	\$62.65
Willamette Dental No Change	
Plan 1	\$74.70
Plan 2	\$64.35

## WEA Select Orthodontia Plans

Delta Dental Orthodontia Plans +2%	
Plan A	\$15.20
Plan B	\$10.25
Plan C*	\$6.10
Plan D*	\$17.05
Plan E*	\$11.60
Plan F	\$18.20
Plan G	\$12.25
Plan H	\$21.05
Plan I	\$13.95
Willamette Dental Orthodontia Plans No Change	
Plan 1	\$9.45
Plan 2	\$7.60
Plan 3	\$3.85
Plan 4	\$11.05
Plan 5	\$8.80
Plan 6	\$4.45

\* Rates for existing groups only. Plans are no longer available to new groups.

## WEA Select Vision Plans

Vision Plans +2%		
Plan	Renewal Rate	Provider Network
A	\$17.15	Premiera Blue Cross
B	\$28.50	VSP
C	\$31.90	VSP
D*	\$25.20	None
E	\$20.90	VSP
F	\$11.95	VSP

## WEA Select Group Life Plans

Unum	No Change Includes 50% Subsidy
\$10,000	\$1.00
\$15,000	\$1.30
\$25,000	\$2.20
\$30,000	\$2.40
\$50,000	\$4.10
\$75,000	\$6.00

## WEA Select VTL Plan

Unum	No Change Includes 50% Subsidy
Age Bands	Per \$1,000
34 and Under	\$0.05
35-39	\$0.06
40-44	\$0.08
45-49	\$0.11
50-54	\$0.16
55-59	\$0.26
60-64	\$0.38
65-69	\$0.64
70 and Over	\$1.03
Dependent Child(ren)	\$0.20 (per month)

# Benchmarking



# Employee Contributions for ESEBT Medical/Dental

	School Boards and other 500+		1,000-4,999 Employees		ESEBT 2014	
	Average monthly \$ amount	Average contribution as a % of premium	Average monthly \$ amount	Average contribution as a % of premium	Monthly \$ amount <sup>1</sup>	Contribution as a % of premium
<b>PPO</b>						
Employee-only	\$115	20%	\$119	23%	\$240/157/112/375	31/23/23/41%
Family	\$522	39%	\$401	31%	\$604/420/297/1,013	35/28/28/48%
<b>HMO</b>						
Employee-only	\$121	24%	\$112	23%	\$123	18%
Family	\$377	32%	\$384	29%	\$347	23%
<b>HDHP</b>						
Employee-only	\$84	19%	\$69	17%	\$88	23%
Family	\$395	40%	\$258	23%	\$230	27%
<b>Dental<sup>2</sup></b>						
Employee-only	\$20	65%	\$17	49%	\$0	0%
Family	\$64	71%	\$53	54%	\$0	0%

<sup>1</sup> WEA Premera Plan 2 / Plan 3 / EasyChoice / Plan 5

<sup>2</sup> Based on Dental PPO Plan

## Employee Cost-sharing Requirements for PPO Most Prevalent Plan, WEA Plan 3

	School Boards and Other 500+ In-network	1,000-4,999 Employees In-network	ESEBT 2013-2014 In-network
<b>Deductible</b>			
Require deductible	87%	89%	Yes
Individual amount (median)	\$500	\$500	\$300
Family amount (median)	\$1,000	\$1,000	\$900
<b>Primary care physician's office visit</b>			
Require copay	83%	80%	Yes
Copay amount (median)	\$20	\$25	\$30
Require coinsurance	23%	24%	No
<b>Specialist's office visit</b>			
Require higher copay for specialist visit	40%	48%	No
Copay amount, when higher (median)	\$40	\$40	N/A
<b>Lab tests / X-rays</b>			
Require copay	27%	14%	N/A
Require coinsurance	46%	66%	Yes
Coinsurance amount (median)	20%	20%	20%

## Employee Cost-sharing Requirements for PPO, Continued

### Most Prevalent Plan, WEA Plan 3

	School Boards and Other 500+ In-network	1,000-4,999 Employees In-network	ESEBT 2013-2014 In-network
<b>Out-of-pocket maximum</b>			
Individual OOP max (median)	\$2,500	\$2,300	\$2,750
<b>Hospitalization</b>			
Require per-admission copay	24%	22%	Yes
Copay amount (median)	\$175	\$250	\$300/day
Require coinsurance	64%	77%	Yes
Coinsurance amount (median)	20%	20%	20%
<b>Emergency room visits</b>			
Require separate copay	81%	79%	Yes
Copay amount (median)	\$100	\$100	\$100

## Employee Cost-sharing Requirements for HMOs

### Most Prevalent Plan

	School Boards and Other 500+	1,000 – 4,999 Employees	ESEBT 2013-2014
<b>Doctor's office visit</b>			
% requiring copay	97%	95%	Yes
% requiring coinsurance	0%	2%	No
Median copay for physician visit	\$20	\$20	\$15
% requiring higher copay for specialist visit	32%	47%	No
Median copay for specialist visit, when higher than PCP	\$43	\$35	N/A
<b>Hospitalization</b>			
Employers requiring deductible	26%	53%	Yes
Median deductible	\$250	\$250	\$100/day; max \$300
<b>Emergency room copayment</b>			
Require per-admission copay	82%	87%	Yes
Median copayment	\$100	\$100	\$100

# Dental Plan Design<sup>1</sup>

	School Boards and Other 500+ In-network	1,000-4,999 Employees In-network	ESEBT 2013-2014 In-network
<b>Deductible</b>			
Require deductible	56%	79%	No
Individual amount (median)	\$50	\$50	N/A
<b>Annual benefit maximum</b>			
Plan includes annual benefit maximum	79%	95%	Yes/No <sup>2</sup>
Individual maximum (median)	\$1,500	\$1,500	\$2,000/unlimited
<b>Orthodontia</b>			
Plan includes separate max for orthodontic	87%	93%	No
Individual ortho lifetime max (median)	\$1,500	\$1,500	N/A

<sup>1</sup> Based on dental PPOs and fee-for-service plans

<sup>2</sup> WDS/Willamette

*ESEBT understands that Mercer is not engaged in the practice of law and this report, which may include commenting on legal issues or regulations, does not constitute and is not a substitute for legal advice. Accordingly, Mercer recommends that ESEBT secures the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.*

*The information contained in this document and in any attachments is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or imposed by any legislative body on the taxpayer or plan sponsor.*



