EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
BENEFITS COMMITTEE

RECOMMENDATIONS FOR MARCH 23, 2016 MEETING

1. New Mark to Market Plan Designs.

At the October 23, 2015 meeting, the Board of Managers approved offering a new type of high deductible plan with a very different pricing structure. Premiums for the new plans are determined based on a "mark to market" approach using underwriting criteria commonly used by insurance carriers, including ages of employees and dependents, enrollment levels, employer contribution levels, geographic location and benefit design. With this approach, the Trust is able to offer competitive pricing to districts that might otherwise leave the Trust for other plans. The Trust does not bear the entire financial risk for these plans, but is only at risk for amounts in excess of the high deductible.

For January 1, 2016, TCOH and Meritain were able to develop mark to market plan designs that allow districts to replicate or mirror the benefits employees have with current Plans A, B and C, and one custom hybrid of Plans A and B, by using a combination of insurance and the new high deductible plan from the Trust. TCOH has structured an arrangement with APL, an insurance company affiliate of American Fidelity, which allows this process to be seamless for both employees and employers. All claims are processed and paid by Meritain, but Meritain draws funds from an insurance company account or from a Trust account, as appropriate to pay benefits.

The Benefits Committee recommends approving 12 additional mark to market plan designs:

- Two plans to replicate the benefits provided by current Plan HDHP and Plan E1, respectively, so each current plan has a mark to market mirror plan.
- Five new copay plans, with increasing deductible and out of pocket amounts (M1 – M5).
- Five new plans designed to allow contributions to Health Savings Accounts, also with increasing deductible and out of pocket maximum amounts (HSA 1 – HSA 5).

The details of the proposed new plan designs are summarized in the Egyptian Trust Plan Inventory slides included with this information. The new copay and HSA plans are different in some important respects from the current plans. This gives the Trust a number of diverse plan designs corresponding to plans most commonly offered by commercial insurers. The primary objective in adding the new plans is to allow the Trust to compete more effectively for new districts for the long-term health of the Trust, but the new plans may also be attractive for some current districts.

All of the mark to market plans will be available only to districts that are accepted by the underwriter for mark to market pricing. TCOH will meet with each district that is approved for mark to market pricing to review the options and assist the district in selecting a limited number of mark to market plans (or a single plan) to be offered to its employees. Enrollment materials will be customized for the plans selected by the district.

To allow Meritain time to set up the new plan designs, the Committee recommends that the new plans be made available to new districts on or after June 1, 2016. Districts that already participate in the Trust will be able to select from the new mark to market plan designs effective September 1, 2016 at the next annual enrollment period.

2. Continue Wellness Incentive.

The Committee recommends continuing the current wellness incentive program for at least one more year, but members who qualified to receive the incentive in 2016 will automatically receive the incentive in 2017. Those members will not have to meet the requirements again this year. Members who did not qualify for 2016 still have an opportunity to complete the required activities to receive the incentive in 2017. The results must be reported to Care Coordinators by Quantum Health no later than September 30, 2016.

The activities required to qualify for the incentive are: (1) Designate a primary doctor; (2) have a biometric screening and enter the results online for height, weight, blood pressure, total cholesterol, LDL, HDL, triglycerides and glucose; and (3) complete the online wellness assessment (HRA).

The incentive for members in Plans A, B, C or E is a $100 reduction in the individual annual deductible (up to $300 per family). The incentive for members in Plan HDHP is a 10% reduction in member coinsurance.

The wellness incentives also apply for 2016 and 2017 for the mark to market mirror plans, but not the new copay and HSA mark to market plans.

3. Eliminate One Year Advance Notice Requirement for Changing to a Richer Plan.

The Committee recommends removing this notice requirement effective September 1, 2016.

4. Delay Eliminating Plan A to September 1, 2019.

The Board of Managers previously approved eliminating Plan A effective September 1, 2017 because of concerns about the Cadillac Tax. The federal government has delayed implementation of the Cadillac Tax for two years so the Committee recommends allowing districts to continue offering Plan A until September 1, 2019.