



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: May 19, 2014
TO: Group Insurance Board
FROM: Lisa Ellinger, Administrator, Division of Insurance Services
SUBJECT: 2015 Benefit Design Alternative

Staff submits the following alternative benefit structure to the Group Insurance Board (Board) for consideration.

The following chart displays the current structure for the 2015 benefit design and an alternative for consideration.

	HMO	HDHP	Alternative HMO
Medical coverage			
Overall Deductible	none	\$1,500/s,\$3,000/f	none
Coinsurance	90%/10%	90%/10%	90%/10%
Overall OOP/L	Medical \$565/s, \$1130/f Rx \$485/s, \$970/f	\$2,500/s, \$5,000/f (Medical and Rx Combined)	\$1,000/s, \$2,000/f (Medical and Rx Combined)
Federal MOOP	\$6,600/s, \$13,200/f	n/a	n/a
ER copay	\$75 + 90%/10% to MOOP*	\$75 + 90%/10% to OOP/L	\$75 + 90%/10% to OOP/L
Rx coverage			
Level 1/Level 2	\$5/\$15 copay to Rx OOP/L	\$5/\$15 copay to OOP/L	\$5/\$15 copay to OOP/L
Level 3	\$35 to MOOP**	\$35 to OOP/L	\$35 to OOP/L
Level 4	\$50 to Specialty OOP/L***	\$50 to OOP/L	\$50 to OOP/L

*ER copay does not apply to OOP/L, but does apply to MOOP.

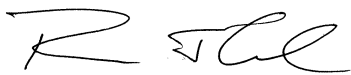
**Tier 3 copay does not apply to OOP/L, but does apply to MOOP.

***Tier 4 Rx have a separate Specialty OOP/L of \$500/s, \$1,000/f

Background

During staff discussions on strategic communications involving the proposed High Deductible Health Plan (HDHP) option, it became clear that the current proposal may be confusing to members and could, ultimately, discourage enrollment in the new plan.

Reviewed and approved by Robert J. Conlin, Secretary



Electronically Signed:
5/20/2014

Board	Mtg Date	Item #
GIB	5.21.14	4A1

Therefore, staff developed the alternative HMO structure in order to help members evaluate and compare their benefit options for 2015.

Definitions

For the Board's reference:

- OOPL refers to the Out of Pocket Limit established for the specific benefit package.
- MOOP refers to the Maximum Out of Pocket, which is a federal government threshold, applicable to all plans.

Exclusions

The chart on page 1 does not list distinct cost sharing for services such as Durable Medical Equipment (DME), certain hearing aids and cochlear implants, temporomandibular joint (TMJ) disorders, and co-pay reductions available in the prescription drug benefit. Staff is not recommending changes in those areas. The chart centers on areas of differentiation between the current offering and the alternative proposal.

Discussion

The key changes from the proposed HMO offering and the alternative:

- moving from "siloes" or separate OOPL for medical and prescription drugs to a combined OOPL;
- having Tier 3 and Tier 4 prescription drug copayments accumulate and "max out" at the OOPL; and
- having the Emergency Room (ER) cost sharing accumulate and max out at the OOPL.

The intent of these changes is to have the HMO option more closely mirror the HDHP offering in order to make it easier for members to compare the benefits. The negative consequences of these changes:

- lessens the impact of the benefit incentives designed to discourage ER overuse; and drive prescription drug utilization towards lower cost alternatives with increased member cost sharing for Tier 3 and Tier 4 prescription drugs,
- health plans expressed concerns about the data transmission involved in administering the combined OOPL,
- altering the HMO option may make it difficult for members to compare their current benefits to the options available in 2015.

Cost Impact

The Board's consulting actuary, Deloitte LLC, indicates the alternative proposal would have the effect of saving approximately 0.9% of the otherwise projected 2015 premium costs.

Note: This estimate does not account for the fact that health plans would have to coordinate medical and prescription drug claims accumulators to a single OOPL, which may require additional data feeds between the carriers and Navitus. This could be affect administrative fees. The 0.9% figure above assumes no change in administrative fees.

Staff will be at the Board meeting to answer any questions.