



2014 BENEFIT PLANS

Staff Presentation

September/ October 2013

Contents

- Challenges
 - JCU Financial Climate
 - Affordable Care Act (ACA)
- Summary of Changes
- Specific Plan Changes:
 - Medical: Medical Mutual PPO, Medical Mutual CDHP(High Deductible), Kaiser HMO
 - Pharmacy Benefit Manager (PBM)
 - Change to Restat from Medco/ESI: What/Why
 - Rx plan changes
 - Dental, Vision, Long Term Disability (LTD)

Challenges

- JCU financial climate
 - For the last three fiscal years ending May 31, 2013, total annual medical costs paid by the university (not the employee share) increased from \$3.6 million, to \$4.0 million, to \$4.9 million. These medical costs, expressed as a percent of total actual full-time salaries for each of those three years, rose from 12.2%, to 13.1% to 15.5%, respectively.
 - The 2012-13 operating budget had a shortfall of \$1.8 million. A similar shortfall is being projected for 2013-14.
 - The targeted savings from plan design and contribution changes is \$700k for the 2014 plan (calendar) year.
 - The 2013-14 “updated” budget includes a staff compensation pool. Staff increases will become effective January 1, 2014.
- ACA legislation
 - requirements, taxes and penalties force a review of plan design and potential impact of future compliance requirements (essential health benefits, Cadillac tax implications, no annual cap on incurred costs, unified out-of-pocket maximum, loss of plan “grandfathered” status)
 - Uncertainty about implications for religious employers
- Impact
 - All lead to a conclusion that uncontrolled medical expense is not sustainable and that JCU examine its medical plan design and contribution strategy and make changes

Benefit Changes Summary

- 2014 Benefit Plan package includes:
 - Medical Mutual (MMO) PPO plan design changes
 - Varying employee contributions based on base salary tiers as of 9/1
 - Replacement of current PBM (MMO/Medco/Express Scripts) with new PBM – Restat.
 - Investment in wellness initiatives
 - Allocating full cost of Medifil plan to participants
 - Dental, LTD, Vision –no plan changes other than premiums

Medical Plan Changes PPO (MMO)

- Employee contributions will vary based upon salary tier:
<\$40k, \$40 - \$70k; \$70 - \$100k; > \$100k
- Cost sharing % will be adjusted from current 90/10 split; 2014 – 87.5/12.5 split; 2015 – 85/15 split
- Deductibles, Out-of-Pocket (OOP) maximums, Primary, Specialist, ER co-pays will increase
- Other changes
 - Deductible carryover provision eliminated
 - \$300 supplemental accident provision eliminated
- Improvements
 - Blood deductible eliminated
 - \$25,000 cap on private duty nursing eliminated
 - Expanded coverage on routine tests and immunizations
 - Annual benefit max eliminated
- New ID Cards

Medical Plan Changes PPO (MMO)

Medical Changes	Current		Change	
	In NW	Out of NW	In NW	Out of NW
Single Deductible	\$300	\$500	\$500	\$1,000
Family Deductible	\$900	\$1,000	\$1,000	\$2,000
Primary Care Copay	\$15	Deductible and co-insurance applies	\$20	Deductible and co-insurance applies
Specialist Copay	\$30	Deductible and co-insurance applies	\$35	Deductible and co-insurance applies
Single Out-of-Pocket Max (includes Deductible)	\$2,050	\$3,000	\$2,500	\$3,500
Family Out-of-Pocket Max	\$4,400	\$6,000	\$5,000	\$6,500
Emergency Room				
Copay		\$75		\$100

Medical Plan Changes CDHP (MMO)

- Employee contributions will vary based upon salary tier:
<\$40k, \$40 - \$70k; \$70 - \$100k; > \$100k
- Note: no change to Deductibles, Out-of-Pocket (OOP), or JCU Health Savings Account (HSA) contribution (\$500, \$1,000 and \$1,500 based on coverage level)
- New ID cards

John Carroll University – CDHP

Medical Changes	Current/Proposed	
	In NW	Out of NW
Single Deductible	\$1,500	\$3,000
Family Deductible	\$3,000	\$6,000
Single Out-of-Pocket Max (includes Deductible)	\$3,000	\$6,000
Family Out-of-Pocket Max	\$6,000	\$12,000

Note: No change to deductibles or OOP maximum for 2014

Medical Plan Changes HMO (Kaiser)

- Employee contributions will vary based upon salary tier:
<\$40k, \$40 - \$70k; \$70 - \$100k; > \$100k
- Overall premiums increased 5.2%

2014 Employee Contribution Rates

PPO

(87.5/12.5 split)	Current (2013)	<\$40k	\$40k-\$70k	\$70k-\$100k	>\$100k
Single	\$53.15	\$56.90	\$59.56	\$64.88	\$78.16
Single + Spouse	\$117.99	\$126.32	\$132.22	\$144.02	\$173.52
Single + Child(ren)	\$96.54	\$103.36	\$108.18	\$117.84	\$141.97
Family	\$160.89	\$172.25	\$180.30	\$196.38	\$236.61

CDHP

(90/10 split)	Current (2013)	<\$40k	\$40k-\$70k	\$70k-\$100k	>\$100k
Single	\$36.78	\$45.73	\$47.57	\$51.25	\$60.45
Single + Spouse	\$81.64	\$101.52	\$105.60	\$113.76	\$134.17
Single + Child(ren)	\$66.79	\$83.05	\$86.39	\$93.07	\$109.77
Family	\$111.32	\$138.42	\$143.99	\$155.12	\$182.95

Kaiser

(85/15 split)	Current (2013)	<\$40k	\$40k-\$70k	\$70k-\$100k	>\$100k
Single	\$83.08	\$83.08	\$85.57	\$94.71	\$116.31
Single + Spouse	\$166.16	\$166.16	\$171.14	\$189.42	\$232.62
Family	\$249.24	\$249.24	\$256.71	\$284.13	\$348.93

N.B. Working spouse surcharge will apply for spouses with access to employer coverage if enrolled in JCU medical plans

2014 PPO Rates versus ACA Exchange

PPO

(87.5/12.5 split)	Current (2013)	<\$40k	\$40k-\$70k	\$70k-\$100k	>\$100k
Single	\$53.15	\$56.90	\$59.56	\$64.88	\$78.16
Single + Spouse	\$117.99	\$126.32	\$132.22	\$144.02	\$173.52
Single + Child(ren)	\$96.54	\$103.36	\$108.18	\$117.84	\$141.97
Family	\$160.89	\$172.25	\$180.30	\$196.38	\$236.61

Health Insurance Marketplace Premiums for 2014 - Cleveland, OH

Metropolitan Area	27-Year-Old Single Rates (monthly)				27-Year-Old with an Income of \$25,000			Family of Four with an Income of \$50,000		
	Lowest Bronze	Lowest Silver	Lowest Gold	Lowest Catastrophic	Second Lowest Silver Before Tax Credit	Second Lowest Silver After Tax Credit	Lowest Bronze After Tax Credit	Second Lowest Silver Before Tax Credit	Second Lowest Silver After Tax Credit	Lowest Bronze After Tax Credit
Cleveland, OH	\$152	\$201	\$245	\$121	\$204	\$145	\$93	\$738	\$282	\$94

Pharmacy Benefit Manager Change from MMO/Medco/Express Scripts to Restat

Why the Change:

- Rx costs for JCU are appx \$1.1 million/year
- Significant and fastest growing component of all medical costs
- RFP conducted earlier this year – 7 respondents, including current PBM
- Greatest cost savings opportunity and best fit for JCU—moving from traditional to more transparent model (cost pass thru)

Why Restat:

- Currently managing prescription benefit programs for 19 million people in 6,500 companies nationwide.
- National network of 65,000 pharmacies, with additional lower co-pays in the preferred “Align” network – employee choice
- Projected savings over current plan expected in excess of \$150,000/year

Rx Plan Changes

- MMO medical plan participants will receive a separate Rx ID card.
- New co-pays for retail and mail order
- Formulary status to be grandfathered for existing prescriptions. Specialty drugs moved to new tier.
- Continuation of Clinical programs under new PBM protocol: step therapy (for new scripts), prior authorizations, quantity limits;
- Introduction of Restat's "Zero Co-payment" program to incentivize members utilizing certain brand name medications to use equally effective, low-cost generic medications with no copayment for up to six months
- Lifestyle drugs (erectile dysfunction, hair growth) would be covered under the plan but member would pay full discounted cost
- New lower generic co-pay for Align network (from \$10 to \$5 for a 30 day supply)

Rx Co-Pay Plan Changes

for MMO PPO plan

Prescription Changes	Current		Change	
	Generic	Brand	Generic	Brand
Prescription Drug				
Copay	\$10	\$25	\$10 (\$5)*	\$35
Non-Formulary Copay	NA	\$50	NA	\$70
Mail Order Co-Pays (90 day supply)	2.0x Retail		2.5x Retail	
Specialty	NA		\$125	

* If using the Align network

Dental, Vision, LTD

- No plan design changes to Dental, LTD, VSP (vision) or EyeMed (vision)
- Rates:
 - Dental: no increase, 2 yr. rate guarantee (2014, 2015)
 - EyeMed: 3% increase; 2 yr. rate guarantee (2014, 2015)
 - VSP: 1.25% increase; 2 yr. rate guarantee (2014, 2015)