

HR Peer Group

Best Practices for Health
Insurance Renewals

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Why are employee benefits so important?



92% of employees say that benefits are important to their overall job satisfaction. (SHRM)

Employee benefits and perks continue to play a major role in reducing employee turnover.

3 in 5 people say that benefits and perks are a top priority when accepting a job. (Glassdoor)

Table of contents

1. Tasks to complete in preparation for renewals.
2. Factors to consider when evaluating rates and quotes.
3. Ways to potentially prevent large increases and areas of cost savings.
4. Questions?

Tasks to complete in preparation for your renewal.

Create an accurate census

- This is a crucial first step in the renewal process.
- Remember the data needs to include all plan participants, including names and demographics of all enrolling dependents.
- Should also include all eligible full-time employees regardless if they are taking coverage or not.

Communication with your broker is key

- Discuss any potential health conditions that you're aware of in your company, both current and future.
- Respond back to requests in a timely manner. Small delays can make a big impact.
- Notify your broker of any issues you've been having with the current carrier, i.e., Rx, network, claims, etc.

Factors to consider when evaluating rates and quotes.

Fully Insured
aetna®
Deductible

Humana

United Healthcare

Principal™

ILLINOIS

Coinsurance

unum®

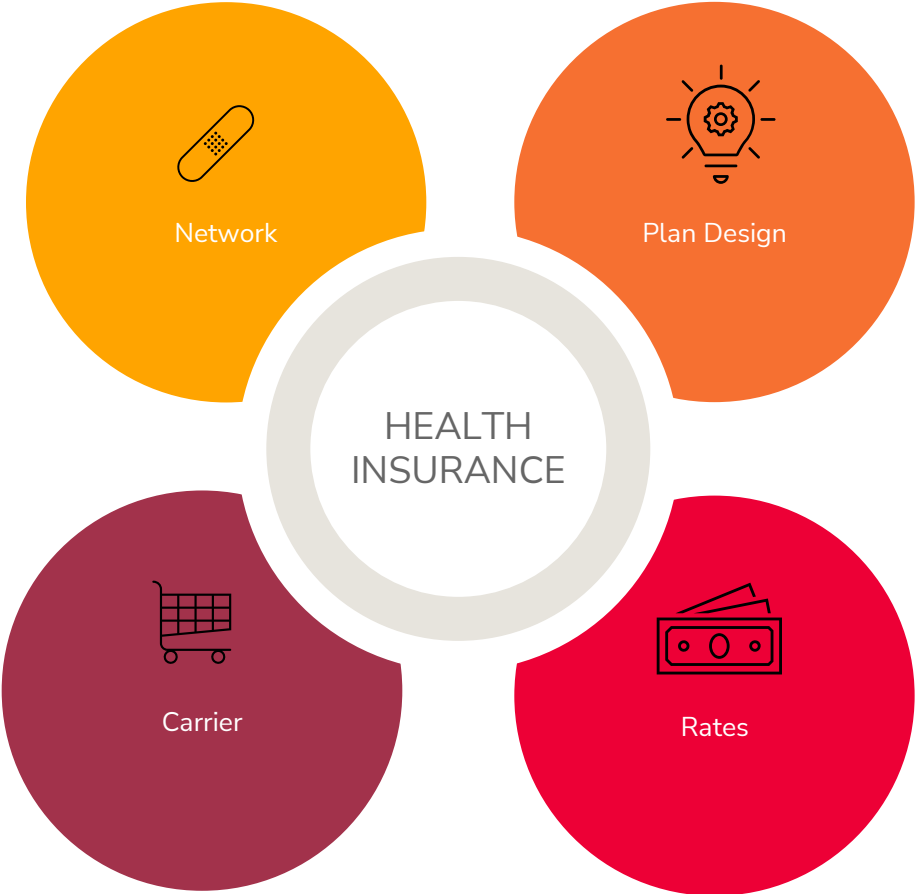
DELTA DENTAL

Self Funded

Copay



The 4 Key Factors to Consider

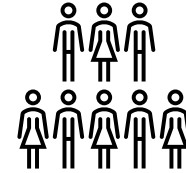


Rating



Medical Underwriting

- Process used by insurers to determine the risks of insuring your business.
- Takes medical history and demographics into account to determine rates.
- Typically used in the 51+ market or self insured.



Community Rating

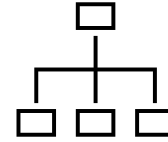
- Rates are based on all plan participants within a geographic area, typically zip code or county.
- All Affordable Care Act (ACA) plans are community rated.
- Typically used in the 50 and under market.

Rating



Age Rates

- Rates are based on each member's age as of the renewal or their eligibility for the plan.
- The highest rate cannot be more than 3 times the lowest rate.
- Families with more than 3 children under the age of 21, the premium is capped at a max of 3 children.



Composite Rates

- Traditionally broken down into 4 tiers; Employee Only, Employee + Spouse, Employee + Child(ren), and Employee + Family.

Fully Insured vs Self Insured

Fully Insured

- Most common type of health plan.
- Insurance carrier collects premiums from employer and pays claims based on the policy purchased.
- Minimal risk to the employer.

Self Insured

- Employer takes on a much larger risk than fully insured.
- Fixed Costs – Admin Fees, TPA, Stop Loss Insurance.
- Variable Costs – Claims.
- Can offer some savings if members are relatively healthy.

Level Funded

- Hybrid of fully insured and self insured.
- Savings are often significant over fully insured for healthy groups.
- Surplus is refunded back to the employer at the end of the benefit period.
- No more risk to the employer than a fully insured plan.

Plan Designs



Deductibles

- In 2020, the national average individual deductible for an employer with 2 to 49 employees was \$2,413. \$2,179 for an employer with 50 – 199 employees. (Kaiser Family Foundation)
- Average individual deductible for an Illinois employee is \$1,876. (The Commonwealth Fund)



Out of Pocket Costs

- In 2020, the national average individual out of pocket maximum was \$4,703 for employers with up to 199 employees. (Kaiser Family Foundation)
- Out of pocket costs include the deductible and copays.



Pharmaceuticals

- Each carrier's drug lists are different.
- We see the most disruption with RX claims when moving to a new carrier.
- Can offer some premium savings by increasing cost sharing for high-cost medications.

Network

- Carriers have recently rolled out networks that will save money, while keeping your doctors in-network.
- Making network changes within your current carrier is an easy way to trim costs while maintaining the same carrier and simplifying the renewal process.
- Many carriers offer the same plan design within multiple provider networks.
- BCBSIL has the largest PPO and HMO networks in Cook County. United Healthcare has the largest national network of all the carriers.
- Three tiered plans allow employees to use multiple carrier networks and also offer premium savings.

Which insurance carrier is right for you and your employees?

- Blue Cross Blue Shield of Illinois, United Healthcare, Aetna, Humana and Cigna are the top 5 insurance carriers in Illinois.
- Brand recognition helps to maintain top talent as well as recruit new talent.
- As the old saying goes, you get what you pay for, even in the insurance world. If you've never heard of the carrier your broker is pitching to you, chances are it's not a reputable carrier.

Ways to
potentially
prevent large
increases
and areas of
cost savings.



How to
potentially
prevent large
premium
increases.

Employee Engagement

- Encourage members to get their annual physical
 - No charge for preventive services
- Wellness Programs
 - Reimburse all or part of membership in a fitness center
 - Rewards employees for attending a health seminar
 - Reimburse the cost of a smoking-cessation program
 - Diagnostic testing program that provides a reward for participation
 - Cannot provide rewards based on health factors
- Employee Education
 - Free seminars/webinars
 - Employee communication posters
- Promote “FREE STUFF” that each carrier offers
 - Smoking Cessation
 - Weight Loss Programs
 - Gym Membership Discounts
 - Health Coaching
 - Disease Management
 - Dental and vision discounts

Areas for
cost savings.

Partially Self Funded Plans

- Aetna AFA and United Healthcare All Savers.
- On average 10% to 20% lower than traditional fully insured plans.

Add ancillary lines of coverage

- Dental, vision, life, STD, LTD, CI
- Many carriers offer discounting if you combine ancillary lines with medical coverage.
- Can be offered on a voluntary basis with no employer contribution.
- Great way to maintain top employee talent.

Areas for
cost savings.

Provider Networks

- Narrow network plans
- Three tiered network plans
- Medical Group specific network plans

Tax Advantage Programs

- Health Savings Account (HSA)
- Health Reimbursement Arrangement (HRA)
- Premium Only Plan (POP)

Contribution Strategies

- Defined Contribution
- Spousal Surcharge Program

Areas for
cost savings.

Evaluate Your Broker!

Are they.....

- Showing you multiple renewal options including alternate carriers?
- Willing to help with employee education meetings?
- Assisting with membership changes (adds, terms, etc)?
- Available to help with claims questions?
- Always a phone call or email away?

Remember, brokers get paid commission to help you, your company and your employees.



Questions?



Thank you very much for your time

If you have any questions, please don't hesitate
to contact us:

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