High Deductible Health Plan
Task Force

Presentation November 20, 2019
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Stirling Benefits, Inc.
Stirling Benefits, Inc.

- A Connecticut S Corp
- Established in 1973
- Third Party Administrator (TPA) Designs and Administers ERISA Plans
  - Medical programs for groups with 20 to 400 employees, Health Savings Accounts, Health Reimbursement Arrangements, Flexible Spending Accounts, Retiree programs, COBRA and Billing, MEHIP and TRB
  - Active with employers and brokers in the mid market
Agenda

• What would the Task Force like to know today?
• Who reaches the deductible?
• Insurer, Broker, Consumer, Employer
• Aligning incentives for productivity and lower cost
• What’s working?
• What might work?
Who reaches the deductible?

Of the remaining 78%,
50% Barely Use the Plan

2% = Catastrophic Claims - 50% of costs

20% = Emerging Claims – 25% of costs
Diabetes, COPD, Asthma, Hypertension, Cholesterol
• **Pressured to lower premiums**
  • Short Term thinking
  • Easiest response is to raise deductible

• **Groups Change Carriers often**
  • BUCA considered a Commodity
  • Less incentive to improve long term health

• **Status Quo reinforcers**
  • Lack of Claims Data
  • Difficult for new carrier to enter market
  • Carrier keeps best risks

• **Profits center = Specialty RX Rebates**
  • Not impacted by deductible level
ACA – Unintended Consequences

• **Medical Loss Ratio (MLR) rules**
  - Limits administration and profit to a % of Premium
    - 15% for large group
    - 20% for large group
  - To increase profit = Increase Premiums

• **To escape MLR,**
  - Offer “Level Funded” plan to best risks
  - ERISA – Self Funded – Federally regulated
  - Level Funding = ERISA self-funding
• **Spreadsheets-based, one-year contracts**
  - Little long-term planning
  - Staff are often insurer trained

• **Commission Based**
  - 3% - 4.5% typical in medium sized business
  - Retention bonus if renew with current carrier
  - Financial incentive is to renew case - with increase
  - **15% premium increase = 15% broker raise**

• **Low incentive to change status quo**
• Previous presenters addressed consumer issues w/ High Deductibles

• Unaffordable deductibles - discourages early care
• Health Savings Accounts
  • HSA’s work well with family income above $100,000
  • For most employees, no money to contribute, or
  • HSA funds consumed by expenses
  • Tax advantages decrease at lower tax rates

• I’m paying $5,000 per year and “I got no Insurance.”
Plan Sponsor / Employer

- Pays majority of cost of medical plan
- Almost universally dissatisfied with current market
- Natural alley to improve this situation
- Concerned about employee well-being
- Poor data => poor decisions
- Employers would benefit most from
  - Transparency
  - Healthier employees
  - More efficient health care system
What works

- **Reduce or Eliminate the High Deductible**
- **Move primary care ahead of deductible - with some conditions**
  - If you get your A1C every three months, your office visit are 100% paid
  - If you get your prescription from a lower cost source, it’s 100% paid
  - If you get the biometric screening, your payroll contribution is lower
  - If you don’t smoke, your contribution is lower
- **Narrow networks – VBID**
  - CT cost calculator on our website
What also Works

• **Discriminate in favor of those with Adverse Health Conditions**
  • Lower costs for treatment of Chronic conditions
  • Asthma, Diabetes, Elevated Cholesterol, Hypertension, Heart Disease and Chronic pain
  • If you take the “healthy living” class your contributions go down

• **Federally Qualified Health Clinics**
  • Lower copayment to $20 in front of the deductible

• **Align financial interests**
  • Member saves when plan saves
  • 20% of $800 or $3,000 MRI – member chooses
What also Works

- Sunshine is the best disinfectant
  - Require disclosure of vendor fees
  - Require disclosure of RX rebates
  - Require disclosure of group claim experience
  - Require disclosure of provider accepted fees
- With these tools, Employers can make improvements to their plan
  - Redirect funds to Employee health, salary and investments in productivity
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<thead>
<tr>
<th>Who benefits when Prices:</th>
<th>Solution</th>
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<tbody>
<tr>
<td><strong>Increase</strong></td>
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<td><strong>Decrease</strong></td>
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<td><strong>Consumer</strong></td>
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<td><strong>Plan Sponsor</strong></td>
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<td><strong>Insurer</strong></td>
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### Consumer
- Lower out-of-pocket costs when member strives for health!
- Provide pricing data to help choose correct provider

### Plan Sponsor
- Build plans that reward preventative care
- Provide claims data to group before renewal
- Provide “median accepted fee” data to group and member

### Insurer
180-degree change:
- Link increased profit to improved population health

### Broker
180-degree change:
- Create transparency for compensation
- Create incentives when plan costs decline

### Provider
180-degree change:
- Publish median fee accepted and quality metrics
What might work?

- Improve health education in public schools?
- Explore employer tax credit to encourage low deductible plans
- DOI Action: Encourage longer term contracts
  - **Require disclosures !!!**
  - Create carrier incentive to lower deductibles?
- Beware - Insurance regulation does not apply to ERISA plans
- Other Task Force Ideas?