High Deductible Health Plan
Task Force

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Stirling Benefits, Inc.
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- 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
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
Broker/Consultant

- Spreadsheet-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
<table>
<thead>
<tr>
<th>Who benefits when Prices:</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>Decrease</td>
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<tr>
<td><strong>Consumer</strong></td>
<td><img src="image" alt="Graph" /></td>
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</table>
| **Plan Sponsor** | ![Graph](image) | • Build plans that reward preventative care  
• Provide claims data to group before renewal  
• Provide “median accepted fee” data to group and member |
| **Insurer** | ![Graph](image) | **180-degree change:**  
Link increased profit to improved population health |
| **Broker** | ![Graph](image) | **180-degree change:**  
Create transparency for compensation  
Create incentives when plan costs **decline** |
| **Provider** | ![Graph](image) | **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?