

AGMA Health Fund 2022 Health Benefit Program Member Presentation

SEPTEMBER, 2021

PREPARED IN CONJUNCTION WITH



Why Are We Changing the Health Plan?

- Health care costs have skyrocketed
- Employers are challenged to contribute more
- Neither members nor employers can address the problem alone
- The changes balance these constraints and achieve health plan stability for the next five years

AGMA Health Benefit Program – Goals for Today

- Understand AGMA Health Program for January 1, 2022
 - What's not changing
 - What is changing
- Provide Background Information
 - Advantages of a High Deductible Health Plan (HDHP) with a Health Spending Account
- Other
 - Considerations for Plan Choice
 - What details are still being worked out

Health Program Design

- What is changing on January 1, 2022?
 - Plan A will now require a contribution of \$40 per member per month (for individual or family)
 - New Plan Option – Plan A1 – that members can elect
 - High Deductible Health Plan (HDHP) with Health Savings Account (HSA)
 - Up-front deductible of \$1,700 for single coverage, \$3,400 for family coverage
 - Includes Employer HSA contribution of \$1,000 for single, \$2,000 for family
 - Member can make additional pre-tax contributions to HSA
 - After deductible, most cost sharing consistent with Plan A
 - Same national network coverage as Plan A
 - Members will choose between Plan A or Plan A1 in November

Health Program Design

- What is not changing?
 - Employer contributions (same for Plan A and A1)
 - Same eligibility requirements
 - Same carrier (Aetna) and network
 - Same network of doctors and same classification of prescription drugs
 - Preventive coverage still no cost to member
 - No lifetime maximums on coverage
 - Same dental and vision benefit options

Background information – How Plan A1 and the HSA works

- The IRS sets a minimum deductible to qualify as an HDHP*
- Members pay all costs until deductible is met
 - Deductibles will NOT apply to Preventative Services (will continue to be free from in-network providers)
- The IRS allows HSAs (health savings account) only when paired with an HDHP
- AGMA Employers **will contribute \$1,000 for single** and **\$2,000 for family** coverage to HSA in 2022
 - This funding will be added to the account monthly
 - The funding may be used to pay for out-of-pocket costs (so for single members, covering the first \$1,000 of the \$1,700 deductible)
 - Any HSA funding not used in 2022 **carries over** to future years and **can be taken with you** after you leave employment or retire
 - It is the **member's choice whether they use** the HSA or pay out of pocket
 - Members may also make **pre-tax contributions** to the HSA
 - Members do not need to provide receipts for reimbursement from the HSA Administrator

*2021 minimum deductible for an HDHP is \$1,400 for single coverage and \$2,800 for family

Detailed Design Review

	Plan A	New Plan A1
In-Network Deductible (Ind / Fam)	Medical: \$0 / \$0 Rx: \$75 / \$150	\$1,700 / \$3,400 (Combined)
In-Network Out of Pocket Maximum (Ind / Fam)	\$3,000 / \$6,000	\$3,000 / \$6,000
In-Network Cost Sharing		
Inpatient Facility	\$200 per stay	20%**
Emergency Room	\$150	20%**
Urgent Care	\$75	20%**
Outpatient Surgery	\$100	20%**
Outpatient Behavioral Health	\$0	20%**
Preventative Care	\$0	\$0
Imaging	\$20	20%**
Primary Care Visit	\$30	\$30**
Specialist Visit	\$50*	\$50***

*Applies to physical, occupational and speech therapy and initial chiropractor visits. Members pay \$50 for initial chiropractic visit then all future visits are covered at no cost

**After the Deductible is satisfied

***After the Deductible is satisfied; then \$50 per visit

Detailed Design Review – Continued

	Plan A	New Plan A1
Out of Network Deductible (Ind / Fam)	\$3,000 / \$6,000	\$3,000 / \$6,000
Out of Network Out of Pocket Maximum (Ind / Fam)	\$6,000 / \$12,000	\$6,000 / \$12,000
Out of Network Coinsurance	30%**	40%**
Prescription Drug Coverage		
Retail: (30-days) T1 / T2 / T3	20%/25%/30%	20%/25%/37.5%
Mail Order: (90 days) T1 / T2 / T3	15%/20%/25%	15%/20%/30%
T1=Generic; T2= Preferred Brand; T3 = Non-Preferred Brand		
Employer-Paid HSA Contribution (Ind / Fam)	N/A	\$83/\$167 per month
Member Contribution (in addition to employer contribution)	\$40 per month	N/A

**After the Deductible is satisfied

HSA Information

- HSA administration will be provided through Zenith
 - Will feature a debit card to use as you receive care
 - Do not need to provide receipts to be reimbursed (but keep for tax records)
 - HSAs balances earn interest, while members can select from a range of investment options for balances over \$1,000
 - Additional details to come
- Maximum HSA limits for 2022 (Includes employer and employee contributions)
 - **Single: \$3,650**
 - **Family: \$7,300**
 - Employee can contribute up to the maximum less employer contribution (\$1,000/\$2,000)
 - **Members over age 55 are eligible to contribute another \$1,000**
- HSAs reimburse qualified medical expenses including over-the-counter meds
- IRS Publication 969 is a useful summary of HSAs (if you are so inclined)

Considerations As Members Choose Plans

- Whether Plan A or Plan A1 is better for a member is an individual decision and will be based on:
 - Member (and dependents) expected medical and prescription drug utilization
 - The types of services received (based on current cost sharing)
 - Member interest/ability to defer pre-tax contributions to the HSA
- If members do nothing they will continue to stay in the current Plan A (and be required to make payroll contributions)
- The examples on the following pages provide the impact of using different health services under Plan A and A1

Considerations As Members Choose Plans

While we do not want to provide advice or direction on plan choice, here are some general observations about member cost under Plan A and A1:

- In general, members with very low expected health care utilization can expect to pay less under Plan A1 than Plan A (primarily due to contributions)
 - Minimum annual spend under Plan A is \$480 (contributions) compared to an HSA contribution of \$1,000
- Members who expect to spend the full out-of-pocket maximum can also pay less under Plan A1 than Plan A
 - Both plans have the same out-of-pocket maximum so difference becomes the contribution of \$480 vs. HSA contribution of \$1,000
 - Note that it is much harder to reach the Plan A out of pocket maximum (members using multiple and/or expensive drugs are the most likely to reach the out-of-pocket maximum)
- For members with average health care spend, the impact depends on the services used
 - Services under Plan A (particularly medical) have lower cost sharing compared to Plan A1, where member pays the first \$1,700 of medical cost, offset by the HSA

Cost Sharing Examples

Member Cost Sharing Under Plan A and Plan A1 Example 1 - Common Cold

Estimated Allowed Costs	Annual Total Allowed	
1 Primary Care Visit	\$210	
1 Rx Antibiotics - Generic	<u>\$10</u>	
Total Cost of Care	\$220	
Plan Design	Plan A	Plan A1
In-Network Deductible	Medical: \$0 / \$0 Rx: \$75 / \$150	\$1,700 / \$3,400 (Combined)
In-Network Out Of Pocket Max	\$3,000 / \$6,000	\$3,000 / \$6,000
Annual Member Contribution	\$480	\$0
Annual Employer HSA Contribution	\$0	\$1,000
Primary Care Visit Copayment	\$30	\$30*
Rx Retail Generic Copayment	20%	20%*
Total Member Cost Sharing		
Annual Member Contribution	\$480	\$0
1 Primary Care Visit	\$30	\$210
1 Rx Antibiotics – Generic	<u>\$10</u>	<u>\$10</u>
Total Member Annual Spend (before HSA)	\$520	\$220
Total Member Annual Spend/(Savings) (after HSA)	\$520	(\$780)

Impact to move to Plan A1: (\$1,300)

*After deductible has been met

Cost Sharing Examples

Member Cost Sharing Under Plan A and Plan A1 Example 2 - Chiropractor

<u>Allowed Costs</u>	<u>Per Unit</u>	<u>Annual Total Allowed</u>
1 Initial Consultation	\$210	\$210
1 X-Ray	\$1,000	\$1,000
1 X-Ray Read	\$210	\$210
20 Chiropractor Visits	\$75	<u>\$1,500</u>
		\$2,920
<u>Plan Design</u>	Plan A	Plan A1
In-Network Deductible	Medical: \$0/\$0 Rx: \$75 / \$150	\$1,700 / \$3,400 (Combined)
In-Network Out Of Pocket Max	\$3,000 / \$6,000	\$3,000 / \$6,000
Annual Member Contribution	\$480	\$0
Annual Employer HSA Contribution	\$0	\$1,000
Primary Care Visit	\$30	\$30*
Diagnostic Test	\$20	20%*
Chiropractic Services	\$50 Initial Visit only	\$50 per visit*
<u>Total Member Cost Sharing</u>		
Annual Member Contribution	\$480	\$0
1 Initial Consultation	\$50	\$210
1 X-Ray	\$0	\$1,000
1 X-Ray Read	\$0	\$210
20 Chiropractor Visits	\$0	\$1,100
Total Member Annual Spend (before HSA)	\$530	\$2,520
Total Member Annual Spend/(Savings) (after HSA)	\$530	\$1,520

Impact to move to Plan A1: \$990

*After deductible has been met

Cost Sharing Examples

Member Cost Sharing Under Plan A and Plan A1 Example 3 – Managed Diabetes – Generic Prescription Drugs

<u>Allowed Costs</u>	<u>Per Unit</u>	<u>Annual Total Allowed</u>
4 Specialist Visits	\$240	\$960
4 PCP Visits	\$210	\$840
2 Diagnostic Tests per Visit	\$200	\$800
1 Year Rx - Generic Drug	\$180	<u>\$180</u>
Total spend		\$2,780
<u>Plan Design</u>	Plan A	Plan A1
In-Network Deductible	Medical: \$0/\$0 Rx: \$75 / \$150	\$1,700 / \$3,400 (Combined)
In-Network Out Of Pocket Max	\$3,000 / \$6,000	\$3,000 / \$6,000
Annual Member Contribution	\$480	\$0
Annual Employer HSA Contribution	\$0	\$1,000
Specialist Visits	\$50	\$50
PCP Visiits	\$30	\$30
Diagnostic Testing	\$0	20%
Rx Mail Order Generic	15%	15%
<u>Total Member Cost Sharing</u>		
Annual Member Contribution	\$480	\$0
Specialist Visit	\$200	\$770
PCP Visit	\$120	\$520
Diagnostic Test	\$0	\$496
Rx Mail Order Generic	\$90	\$104
Total Member Annual Spend (before HSA)	\$890	\$1,890
Total Member Annual Spend/(Savings) (after HSA)	\$890	\$890

No Impact to
move to Plan A1

*After deductible has been met

Cost Sharing Examples

Member Cost Sharing Under Plan A and Plan A1 Example 4 – Managed Diabetes – Brand Prescription Drugs

<u>Allowed Costs</u>	<u>Per Unit</u>	<u>Annual Total Allowed</u>
4 Specialist Visits	\$240	\$960
4 PCP Visits	\$210	\$840
2 Diagnostic Tests per Visit	\$200	\$800
1 Year Rx – Brand Drug	565	<u>\$6,780</u>
Total spend		\$9,380
<u>Plan Design</u>	Plan A	Plan A1
In-Network Deductible	Medical: \$0/\$0 Rx: \$75 / \$150	\$1,700 / \$3,400 (Combined)
In-Network Out Of Pocket Max	\$3,000 / \$6,000	\$3,000 / \$6,000
Annual Member Contribution	\$480	\$0
Annual Employer HSA Contribution	\$0	\$1,000
Specialist Visits	\$50	\$50
PCP Visits	\$30	\$30
Diagnostic Testing	\$0	20%
Rx Mail Order Brand	20%	20%
<u>Total Member Cost Sharing</u>		
Annual Member Contribution	\$480	\$0
Specialist Visit	\$200	\$390
PCP Visit	\$120	\$300
Diagnostic Test	\$0	\$320
Rx Mail Order Brand	\$1,416	\$1,990
Total Member Annual Spend (before HSA)	\$2,216	\$3,000
Total Member Annual Spend/(Savings) (after HSA)	\$2,216	\$2,000

Impact to move to Plan A1: (\$216)

*After deductible has been met

What Details are Still Being Worked Out

- Any current employer FSA will only be available to Plan A participants
- Members who are eligible for and have signed up for Medicare Part A
 - Members will still have access to Plan A1 **but**
 - Cannot make pretax contributions to HSA
- Members who elect coverage and are covered under another HDHP
 - May have limits on HSA contributions (based on total contributions made by member not employer)
 - May also impact dependents with primary coverage on other plans that are not an HDHP

Note – as issues emerge we will communicate as soon as possible

Next Steps

- General member Zoom meetings on 9/20, 9/23 and 9/28
- Opportunity for specific shop Zoom meetings in October
- Open Enrollment Materials mailed mid-October
- Open enrollment during November
 - member elections for A or A1 (and voluntary HSA if in A1)

Contact the Fund Office: 212-765-3664, info@agmafunds.org,
online at www.agmafunds.org