

UPDATE: MEDICAL PLAN
AND
HEALTHCARE
REFORM



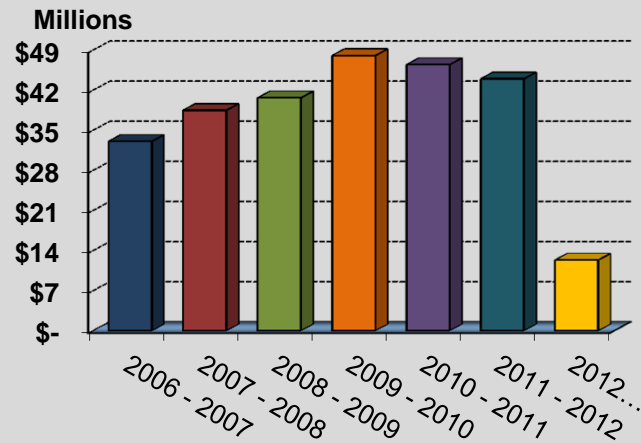
***FORT BEND ISD
JANUARY 2013***

FBISD'S MEDICAL PLAN COST

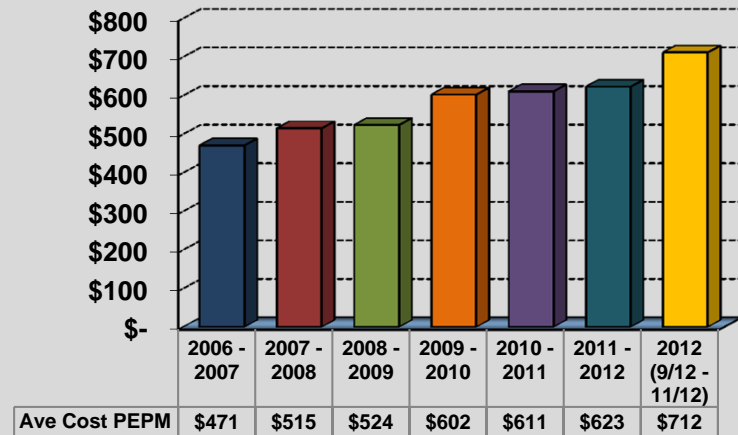
MONTH	MEDICAL & RX CLAIMS						
	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 (9/12 - 11/12)
Gross Claims	\$34,045,338	\$39,143,897	\$40,831,320	\$48,535,718	\$46,709,021	\$44,446,027	\$12,349,721
Average # of EE's	5,858	6,225	6,473	6,646	6,341	5,886	5,785
Cost per EE per Month (PEPM)	\$471	\$515	\$524	\$602	\$611	\$623	\$712
% Difference - PEPM	7%	10%	2%	15%	1%	2%	14%
\$ Difference - PEPM	\$31	\$45	\$9	\$79	\$8	\$12	\$89

* Paid and/or Pending

Claims Paid History



Average Monthly Cost per EE



FBISD'S MEDICAL PLAN COST DRIVERS

- Non-catastrophic claims rose 1% in the most recent measurement period
- Catastrophic claims rose 51.2% in the most recent measurement period
- 5% of our membership accounted for 58.7% of our medical plan cost

Top catastrophic spend by primary diagnosis			
Diagnostic Category	PMPM	Individual Count	Average Plan Spend (000's)
Neoplasms	\$36.38	21	\$168.60
Newborns	\$19.57	4	\$476.20
Respiratory	\$14.01	4	\$341.00
Musculoskeletal	\$12.82	11	\$113.40
Gastrointestinal	\$7.86	7	\$109.30
Pregnancy	\$6.82	4	\$166.00
Neurological	\$5.34	4	\$130.10
Renal/Urologic	\$4.24	4	\$103.10
Infect/Parasite	\$3.74	3	\$120.50
Circulatory	\$3.37	4	\$81.90
All Other	\$11.16	8	\$135.80

FBISD'S MEDICAL PLAN - WHERE TO FROM HERE?

- Continued focus on biometric screenings
- Identify at risk population and those in need of health coaching
- Emphasis on cost effective alternatives for both employees and the district
- District readiness for all aspects of healthcare reform



TIMELINE FOR KEY EMPLOYER

\$\$\$ New Estimated
FBISD Costs \$\$\$

2013 PCORI \$11,000
2014 PCORI \$22,000
2014 Reinsurance Tax
\$700,000

- Medical industry taxes
- FSA limits
- Itemized medical expense deduction changes
- “Medicare” taxes
- Part D drug subsidy deduction eliminated

1/1/12

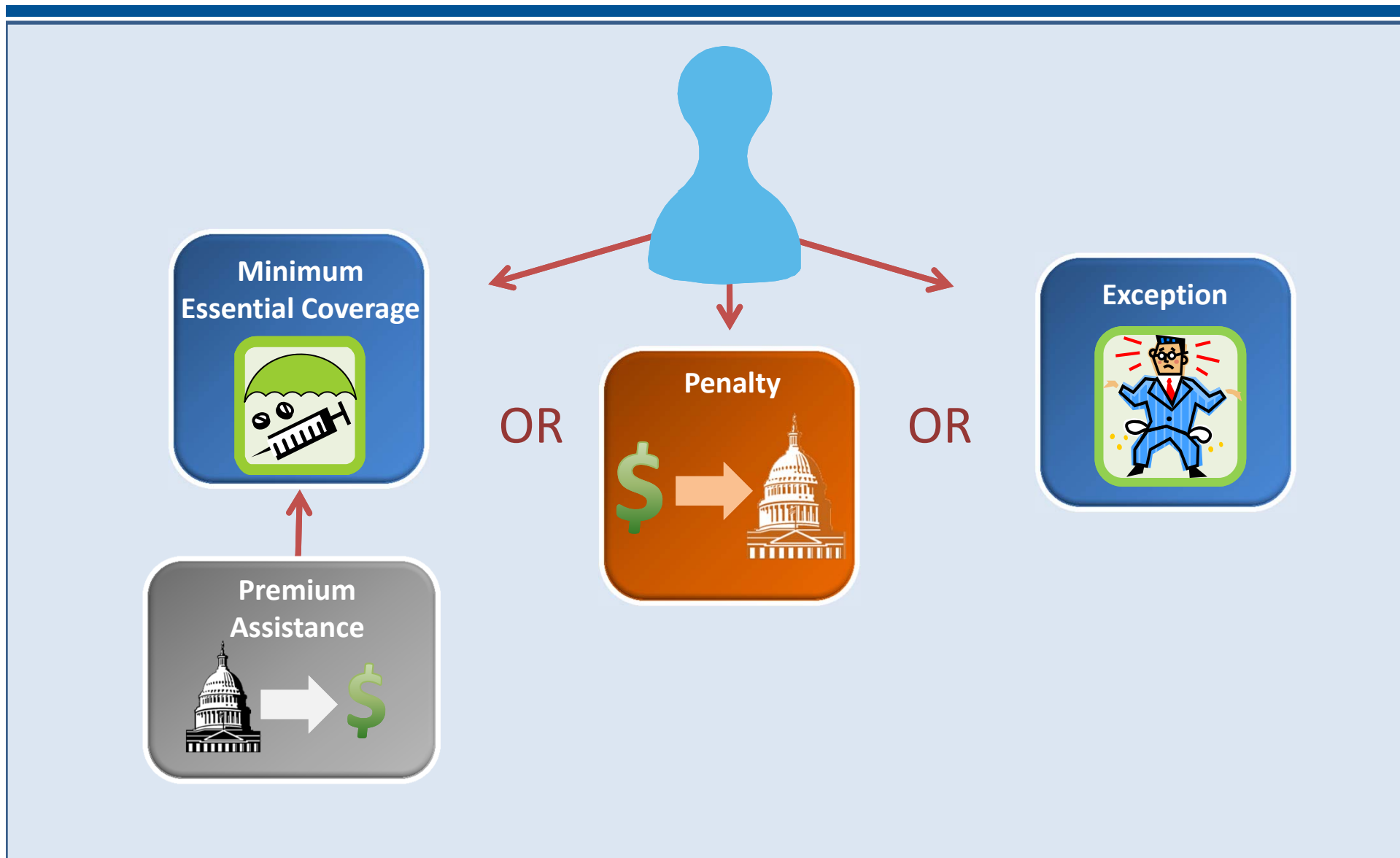
1/1/13

1/1/14+

- W-2 Reporting (Jan. 2013)
- Uniform Summary of Benefits and Coverage
- Women’s Preventive Health Benefits
- Comparative Effectiveness Research Fee (PCORI) \$\$\$

- Employer and individual mandates, auto enrollment
- Reinsurance Tax \$\$\$
- Insurance exchanges
- Changes to waiting periods, pre-ex
- “Cadillac” excise tax (2018)

INDIVIDUAL MANDATE 2014



INDIVIDUAL PENALTY



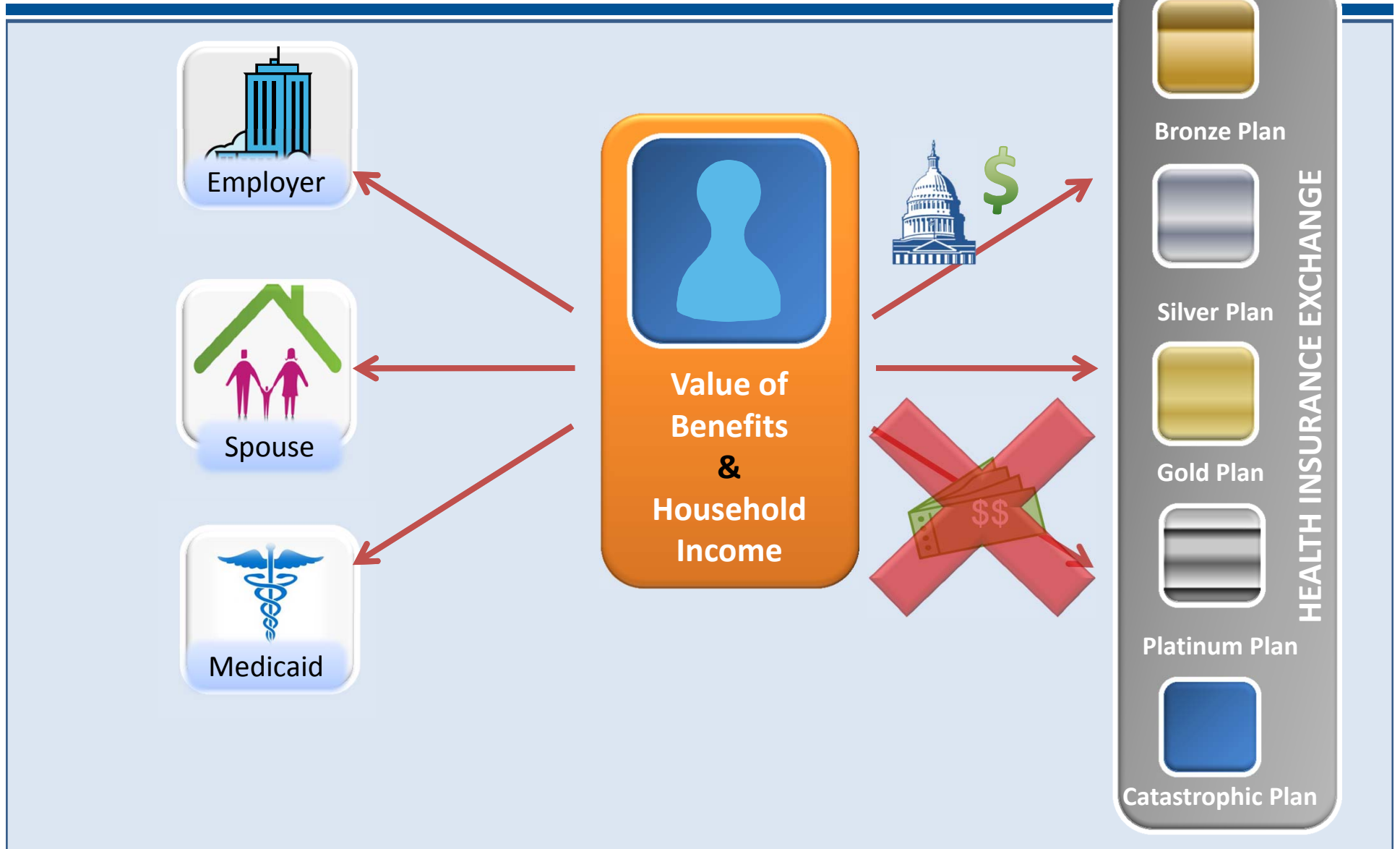
Year	Flat Dollar Amount*	Maximum Penalty is the greater of:
2014	\$95	Up to \$285 per family or 1.0% of income
2015	\$325	Up to \$975 per family or 2.0% of income
2016	\$695	Up to \$2,085 per family or 2.5% of income
After 2016	\$695, indexed for inflation in \$50 increments	Up to \$2,085 per family (indexed) or 2.5% of income

**Capped at the national average of the annual cost of a bronze level health insurance plan, for the family size, offered through the state exchange.*

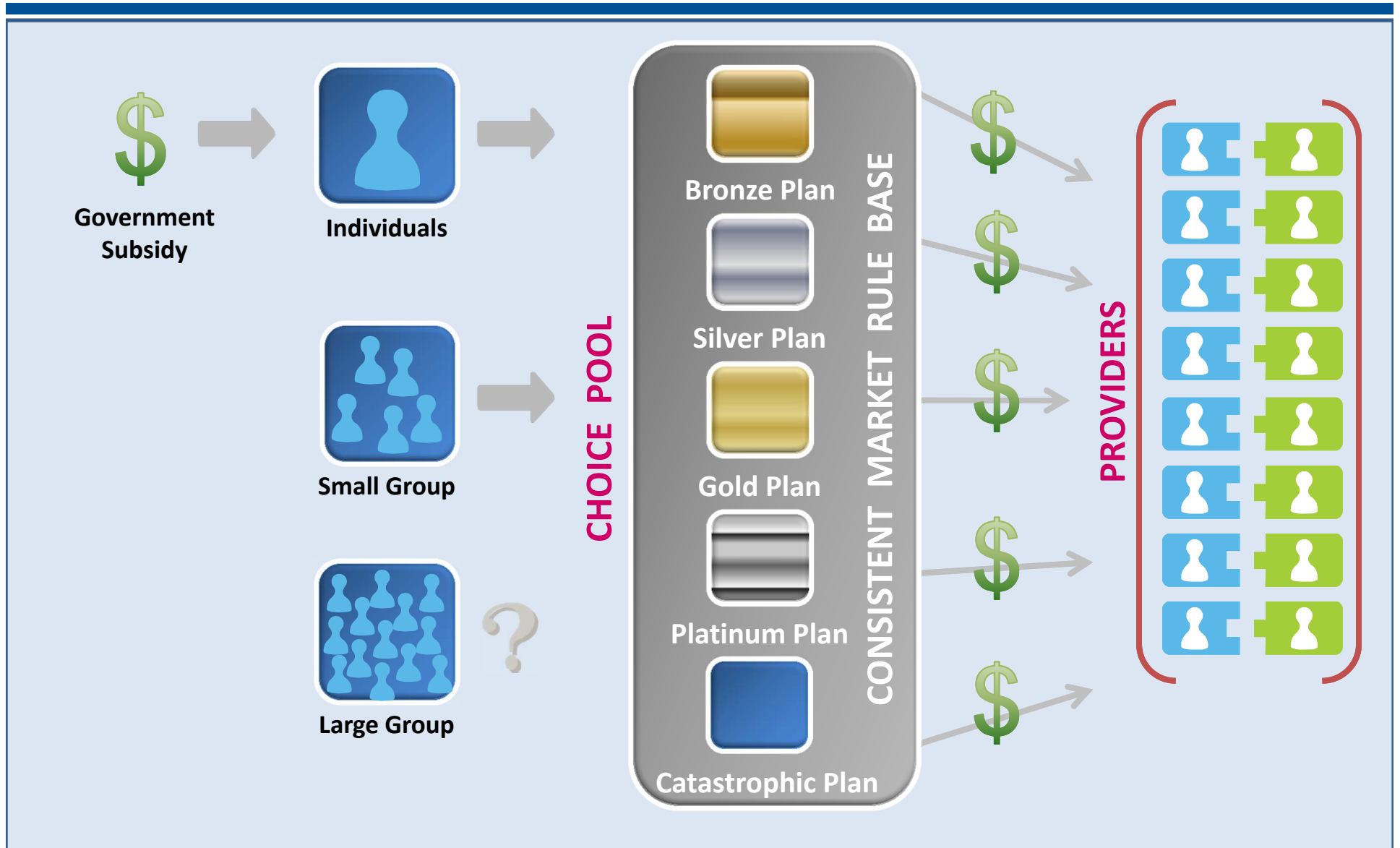
***Halved for dependents under age 18 (but do not halve when determining 300% cap on dollar amount for those NOT insured by taxpayer)*

FINANCIAL IMPACT 2014:

Employee's Perspective



EXCHANGES - 2014



EXCHANGES - PREMIUM ASSISTANCE



❖ To qualify for premium assistance credit, an individual must:

- **Not be eligible for an employer-sponsored plan that is “affordable” and has a “minimum value”**
- **Have a household income between 100% and 400% of the Federal Poverty Level**
- **Not receive benefits through Medicare, Medicaid, CHIP, TRICARE, VA or other coverage as determined by HHS**
- **Be a citizen or legal immigrant**
- **Be a resident of the state where the Exchange is located**
- **Not be claimed as a dependent on anyone’s tax return**
- **Purchase a qualified health plan through the Exchange (not including a catastrophic plan)**

EXCHANGES - PREMIUM ASSISTANCE

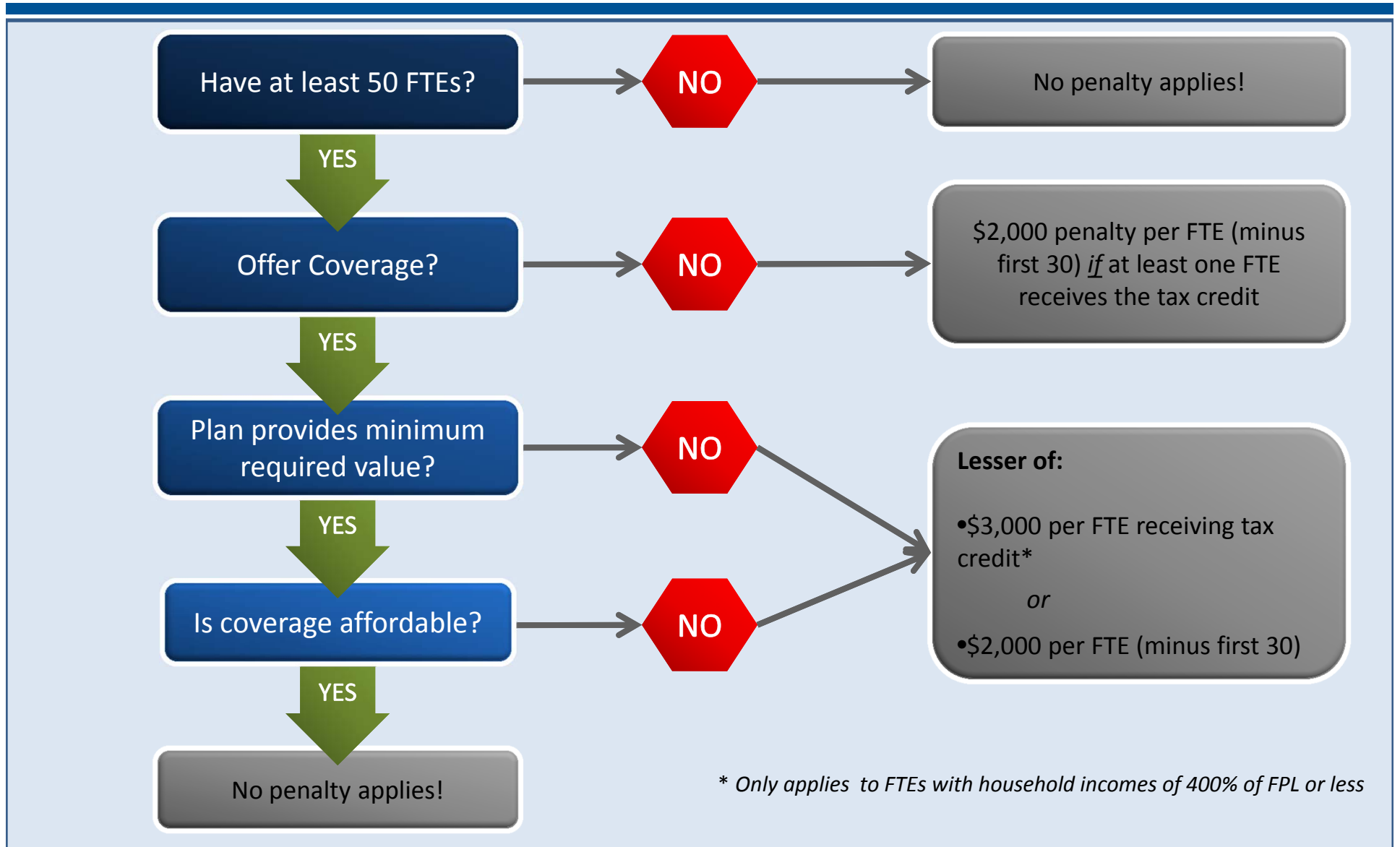
Premium Assistance Credit

- ❖ Most individuals who are eligible for employer-sponsored coverage **will not** be eligible to receive premium assistance
- ❖ Exceptions:
 - If the employer-sponsored coverage does not provide the “minimum required value” (60% of actuarial value)
 - If the employer-sponsored coverage is not “affordable” (premiums for employee-only coverage of the lowest cost plan exceeds 9.5% of the employee’s income*)



* Proposed regulations

EMPLOYER SHARED RESPONSIBILITY



* Only applies to FTEs with household incomes of 400% of FPL or less

EMPLOYER SHARED RESPONSIBILITY



“Full Time Employee” for Penalty Calculation

- ❖ Effective January 1, 2014
- ❖ A FTE is defined as:
 - **Worked an average of at least 30 hours/week**
- ❖ Part-time and seasonal employees working less than 30 hours/week – no penalty

EMPLOYER SHARED RESPONSIBILITY:

School Districts and Part-Time Employees

- ❖ School Districts employ many temporary individuals who average 30 hours per week or more.
 - Substitute teachers, transportation staff, etc.
- ❖ Per PPACA, these employees will be eligible for benefits.
- ❖ IRS recently issued proposed guidance for calculating average hours worked for benefit eligibility.
 - **Measurement Period:** Period of time between 3 and 12 months to determine average hours worked (summer months excluded from calculation or treat summer months as worked at the same rate as academic months)
 - **Stability Period:** Period of time benefits must be offered for qualifying employees, must be at least 6 months and no shorter in duration than the measurement period

EMPLOYER SHARED RESPONSIBILITY:

School Districts and Part-Time Employees

- ❖ Many school districts are considering the following:
 - Method of tracking actual hours worked
 - Establishing Measurement Period: Based on full time criteria or attendance days only?
 - Creating full time positions for impacted job categories
- ❖ Pending additional federal guidance

CADILLAC TAX - 2018



COBRA Rate \geq \$10,200 for individual or
\$27,500 for family



**= 40% of plan value that
exceeds threshold**

Special Provisions

- High risk professions
- Early retirees
- Age & Gender