

The background of the slide is a photograph of a modern building with a large glass facade. The glass reflects a blue sky with white clouds. The building's exterior is a light tan color. The text is overlaid on the image in white.

# UNM Medical Plan FY 2020 Strategy

Presented to Board of Regents  
February 12, 2019



HUMAN  
RESOURCES

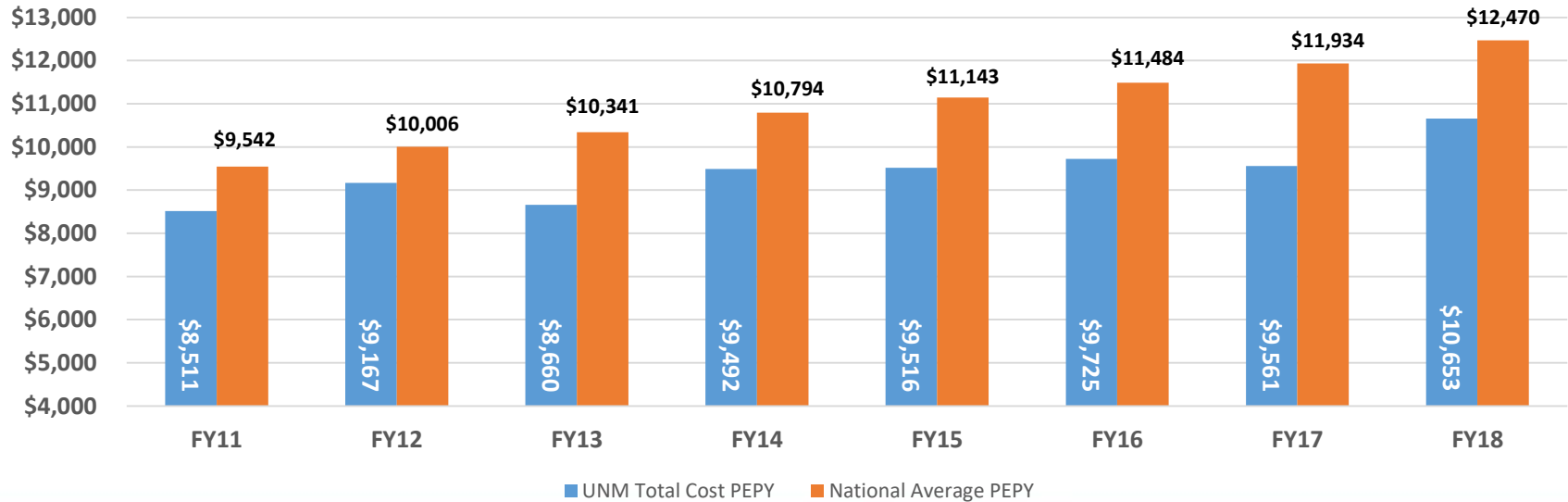
# **FY 2020 Cost Projections**

**Eric Weinstein, Aon**

# Trends

- Average UNM premium increase since FY11 has been 3.3%
- Average national trend rates over the same period of time have averaged 4.5%

Total Costs Per Employee Per Year



# Trends

A	E	F	G	H	I	J	K
FISCAL YEAR	AVERAGE ENROLLMENT	CHANGE IN ENROLLMENT	UNM AVG. PREM. % INCR.	NATIONAL AVG. PREM.% INCR.*	TOTAL COST	TOTAL COST PER EE PER YEAR	NUMBER OF CLAIMANTS OVER \$250,000
FY11	6,460	2%	2.0%	8.5%	\$54,980,675	\$8,511	7
FY12	6,414	-1%	0.0%	4.9%	\$58,795,855	\$9,167	13
FY13	6,627	3%	9.0%	3.3%	\$57,390,085	\$8,660	9
FY14	6,727	2%	6.0%	4.4%	\$63,853,491	\$9,492	10
FY15	6,959	3%	0.0%	3.2%	\$66,219,757	\$9,516	6
FY16	6,988	0%	0.0%	3.1%	\$67,955,879	\$9,725	10
FY17	6,943	-1%	4.5%	3.9%	\$66,379,278	\$9,561	4
FY18	6,785	-2%	5.1%	4.5%	\$72,279,042	\$10,653	14

\* Based on Aon's HHVI database (over 10 million participants). Net of plan design and vendor negotiations.

- Total contributions fund for all medical and pharmacy claims, excess stop-loss insurance, ASO fees, and ACA transitional reinsurance costs.
- Total costs exclude internal fees, interest income, and pharmacy rebates.

# FY 2020 Cost Projection

- FY '20 rates are projected to be 5% higher than current rates
  - Initial projections resulted in a 7% increase to rates, however the renewal was adjusted to 5% considering the following:
    - Utilizing the proposed FY 20 plan designs, adjustments were made to the medical annual trend rate, anticipating UNM's preferred pricing and medical management capabilities
    - Adjustments were also made to the higher than normal large claim activity in CY 2018 which is less likely to repeat in the same fashion in FY 20
- UNM should experience renewals +/- 3% of the annual trend rate of approximately 6.0% in any given year
- Since FY '11 UNM's premiums have increased an average of 3.3% per year with very few plan design changes compared to a national average of 4.5% annually



These are a few changes that keep UNM's increases below national averages:

1. Rx Coalition
2. Plan Design Changes
3. Dependent Verification
4. Utilization of UNM facilities

# FY 2020 Cost Projection Budget Impact

Campus	Pooled I&G	Self Supporting I&G	Non-I&G	Grand Total
Main	\$746,648	\$21,266	\$466,402	\$1,234,316
HSC	\$253,815	\$10,677	\$656,537	\$921,029
Branches	\$72,497	\$3,820	\$3,162	\$79,479
<b>Grand Total</b>	<b>\$1,072,959</b>	<b>\$35,762</b>	<b>\$1,126,102</b>	<b>\$2,234,823</b>

- UNM impact based on approximately 63% UNM contribution/ 37% employee contribution

# Status Quo Monthly Contributions

## Monthly Contributions

	<\$35k (80/20)			\$35k-\$50k (70/30)			\$50k+ (60/40)		
	FY 19			FY 19			FY 19		
	UNMTH	BCBS	PHP	UNMTH	BCBS	PHP	UNMTH	BCBS	PHP
Employee Only	\$98	\$101	\$128	\$147	\$152	\$192	\$196	\$202	\$256
Employee + Spouse	\$201	\$207	\$263	\$301	\$311	\$395	\$402	\$414	\$526
Employee + Child(ren)	\$181	\$187	\$237	\$272	\$281	\$356	\$362	\$374	\$475
Employee + Family	\$285	\$294	\$373	\$428	\$441	\$560	\$570	\$588	\$746

## Monthly Contributions

	<\$35k (80/20)			\$35k-\$50k (70/30)			\$50k+ (60/40)		
	FY 20			FY 20			FY 20		
	UNMTH	BCBS	PHP	UNMTH	BCBS	PHP	UNMTH	BCBS	PHP
Employee Only	\$103	\$106	\$134	\$154	\$159	\$202	\$205	\$212	\$269
Employee + Spouse	\$211	\$217	\$276	\$316	\$326	\$414	\$422	\$435	\$552
Employee + Child(ren)	\$190	\$196	\$249	\$285	\$295	\$374	\$380	\$393	\$498
Employee + Family	\$299	\$308	\$392	\$449	\$463	\$587	\$599	\$617	\$783

- Assumes a 5% increase to all plans and all tiers
- Assumes no plan design changes

# Monthly Employee Contribution Change

## Monthly Contribution Impact

	<\$35k (80/20)			\$35k-\$50k (70/30)			\$50k+ (60/40)		
	FY 20 vs. FY 19			FY 20 vs. FY 19			FY 20 vs. FY 19		
	UNMTH	BCBS	PHP	UNMTH	BCBS	PHP	UNMTH	BCBS	PHP
Employee Only	\$5	\$5	\$6	\$7	\$8	\$10	\$9	\$10	\$13
Employee + Spouse	\$10	\$10	\$13	\$15	\$16	\$20	\$20	\$21	\$26
Employee + Child(ren)	\$9	\$9	\$12	\$14	\$14	\$18	\$18	\$19	\$23
Employee + Family	\$14	\$15	\$19	\$21	\$22	\$28	\$29	\$29	\$37

Assumes a 5% increase to all plans/tiers and no plan design changes



# **FY 2020 Medical Plan Options Proposal**

**Joey Evans, Director, University Benefits**

# FY 2020 Objectives

5% increase projected based on  
CY 18 claims experience

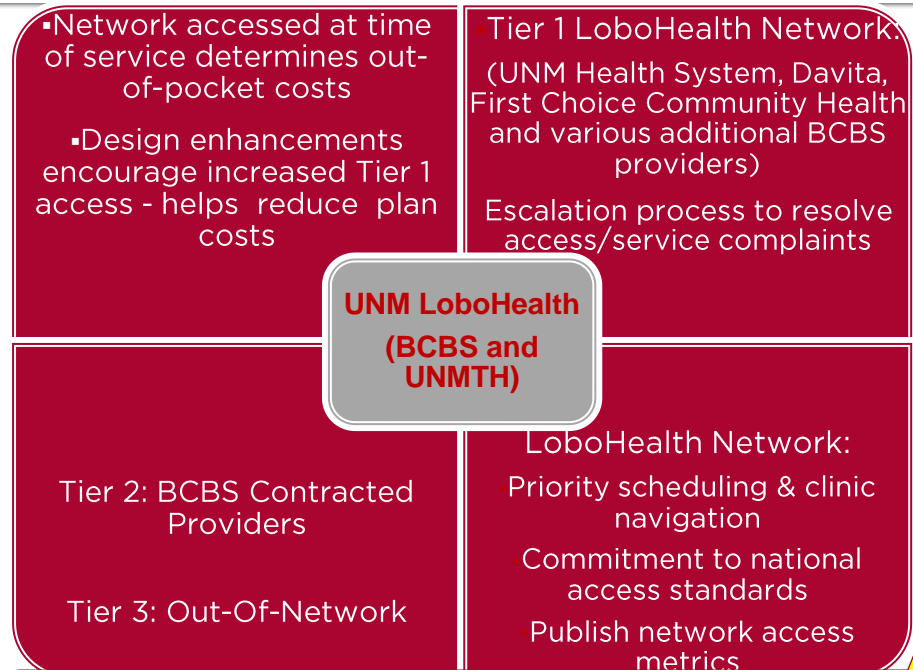


*bending the curve*  
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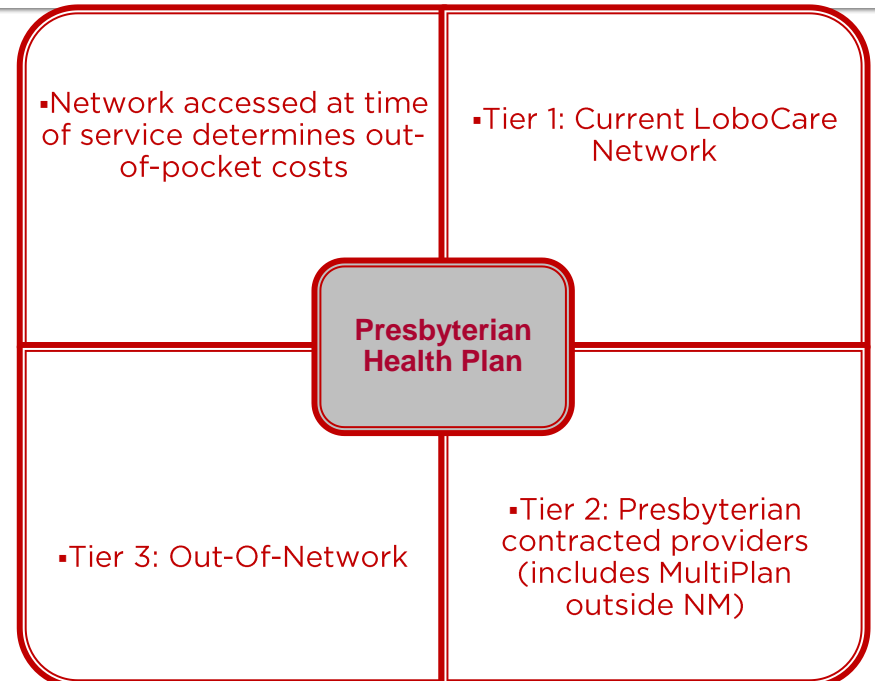
■FY 2020 Objectives: Create foundation to “Bend the Trend” going forward:

- Combine current UNM Team Health (UNMTH) and BCBS populations into one plan.
- Proposed Name: UNM LoboHealth
- Increase utilization of Tier 1 network within UNM LoboHealth and provide the framework for sustainable benefits in the future.
- Continue to provide choice for how UNM employees and dependents receive their health care.
- Provide a simplified and financially predictable benefit structure for UNM LoboHealth Network.
- Reduce administrative redundancy.

# FY 2020 Proposed Medical Plan Choices



No approval required to access care outside of Tier 1



Plan design will remain the same as current

# FY 2020 Proposal: UNM LoboHealth

## NETWORK STRUCTURE

- Current UNMTH network will be Tier 1 for combined population
  - Includes UNM Health System, Davita, First Choice Community Health and various additional BCBS providers
  - Additional BCBS providers primarily include Lab and X-ray, Medical Supplies, Mental Health, Rehab/PT, Fertility
- LoboHealth Network plan design enhancements to encourage increased Tier 1 access
  - Increased utilization of LoboHealth Network helps to reduce overall plan costs

## NETWORK COMMITMENTS

- UNM LoboHealth network to provide priority scheduling and clinic navigation for Tier 1
  - Commitment to access standards to meet national standards
  - Increase marketing and accessibility of LoboCare Clinic
  - Publish network access metrics on predetermined frequency including length to appointment, number of patients referred outside Tier 1 and other metrics
- Escalation process with BCBS, UNMTH and UNM Benefits to resolve access/service complaints

# FY 2020 Proposed Plan Design

Plan Design Major Categories	FY 2019 UNM Team Health		FY 2019 BCBS		FY 2020 Combined	
Number of Employees	1,313		4,117		5,430	
Total Lives Covered	2,450		7,900		10,350	
Percent of Claims in Tier 1	~85%		~50%		Projected ~63%	
Deductible- Individual/Family(Only Applicable to Coinsurance)	\$600/\$1,200		\$600/\$1,200		\$600/\$1,200	
OOP Max-Individual/Family (Includes Tier I and Tier II cost share and combined with Rx cost share)	\$3,000/\$6,000		\$3,000/\$6,000		\$3,000/\$6,000	
Plan Cost Share	Tier I Cost Share	Tier II Cost Share	Tier I Cost Share	Tier II Cost Share	Tier I Cost Share PROPOSED	Tier II Cost Share PROPOSED
PCP Visit	\$25 Copay	\$30 Copay	\$25 Copay	\$30 Copay	\$10 Copay	\$30 Copay
Specialist Visit	\$35 Copay	\$45 Copay	\$35 Copay	\$45 Copay	\$20 Copay	\$45 Copay
Complex Diagnostic (MRI, CT, PET, Nuclear Med)	Deductible + 10%	Deductible + 30%	Deductible + 15%	Deductible + 25%	\$150 Copay	Deductible + 25%
Outpatient Procedures	Deductible + 10%	Deductible + 30%	Deductible + 15%	Deductible + 25%	\$250 Copay	Deductible + 25%
Inpatient	Deductible + 10%	Deductible + 30%	Deductible + 15%	Deductible + 25%	\$500 Copay	Deductible + 25%

Projected 5% overall increase is **not** impacted by the proposed Tier 1 Network plan design enhancements because the money saved by employees at the time of service is offset by the favorable pricing arrangements within Tier 1.

# FY 2020 Proposed Plan Design Examples

Health Care Service	FY 2019 UNM Team Health Network Out-Of-Pocket Costs	FY 2020 LoboHealth Network Out-Of-Pocket Costs
Hospitalization for Delivery of a baby	\$600 Deductible + \$640 coinsurance = approximately \$1,240 assuming delivery total cost of \$7,000	\$500 Copay <b>Out-Of-Pocket savings of approximately \$740</b>
MRI	\$600 Deductible + \$40 coinsurance = \$640 assuming total cost of \$1,000	\$150 Copay <b>Out-Of-Pocket savings of approximately \$490</b>
Outpatient Knee Surgery	\$600 Deductible + \$340 coinsurance = \$940 assuming total costs of \$4,000	\$250 Copay <b>Out-Of-Pocket savings of approximately \$690</b>
Four PCP Visits	\$25 Copay X 4 = \$100	\$10 Copay X 4 = \$40 <b>Out-Of-Pocket savings of approximately \$60</b>
Two Specialist Visits	\$35 Copay X 2 = \$70	\$20 Copay X 2 = \$40 <b>Out-Of-Pocket savings of approximately \$30</b>

By accessing Tier 1, employees may experience significant savings for most utilized care at the time of service.

# Proposed Monthly Contributions

## Monthly Contributions

<\$35k (80/20)	
FY 19	
UNMTH	BCBS
Employee Only	\$98
Employee + Spouse	\$201
Employee + Child(ren)	\$181
Employee + Family	\$285

\$35k-\$50k (70/30)	
FY 19	
UNMTH	BCBS
Employee Only	\$147
Employee + Spouse	\$301
Employee + Child(ren)	\$272
Employee + Family	\$428

\$50k+ (60/40)	
FY 19	
UNMTH	BCBS
Employee Only	\$196
Employee + Spouse	\$402
Employee + Child(ren)	\$362
Employee + Family	\$570

Employee Only  
Employee + Spouse  
Employee + Child(ren)  
Employee + Family

## Monthly Contributions

<\$35k (80/20)	
FY 20	
UNM LoboHealth	
Employee Only	\$105
Employee + Spouse	\$216
Employee + Child(ren)	\$195
Employee + Family	\$307

\$35k-\$50k (70/30)	
FY 20	
UNM LoboHealth	
Employee Only	\$158
Employee + Spouse	\$324
Employee + Child(ren)	\$293
Employee + Family	\$460

\$50k+ (60/40)	
FY 20	
UNM LoboHealth	
Employee Only	\$211
Employee + Spouse	\$432
Employee + Child(ren)	\$391
Employee + Family	\$614

Employee Only  
Employee + Spouse  
Employee + Child(ren)  
Employee + Family

- FY 20 Rates reflect the overall projected 5% increase
- The overall 5% increase is allocated differently for the combined plan due to the FY19