

The Cost of Health Care Plans for Professional Staff and Support Staff in Vermont Schools

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Overview

- Question on the table:
 - What is the cost of current health care benefits of licensed versus non-licensed employees, and what would happen to the financial outlook if benefits were to be brought into parity with each other?
- JFO has detailed information on the professional staff plans as implemented for CY 2018
 - 6,930 Teacher FTEs in FY 2017
- No one has detailed information on the support staff plans as implemented for CY 2018
 - AoE, NEA, VEHI, VASBO, VSBA, etc.
 - 12,449 Staff FTEs in FY 2017

Overview, continued

- JFO has collected details from the Master Agreements for support staff in some of the State's largest school districts
 - To determine employer costs, we need to know
 - enrollment by plan and tier
 - premium
 - premium shares for employer and employee
 - HRA or HSA
 - HRA rollover or not, employer contribution to HRA or HSA
 - 1st dollar responsibility
- In general, based on a very limited sample, for support staff relative to professional staff, we see
 - Larger employer premium shares in some districts
 - Less cost-sharing by employers in some districts

Supervisory Union (SU)/ Supervisory District (SD)	Employer Share Jan to June 30th, 2018		Employer Share Jul to Dec 31st (Only if		Plan Eligible for Specified Premium Split		OOP Cost Sharing Plan		Plans Eligible for Cost Sharing	
	Prof'al	Support	Prof'al	Support	Prof'al	Support	Prof'al	Support	Prof'al	Support
Essex-Westford EC SD	80	91	80	89	ANY PLAN	same \$\$ amt to all plans	HRA	HRA	Gold CDHP only	Gold CDHP
Champlain Valley SU	80		80		Gold CDHP		HRA		ALL	
Burlington SD -- [AFSME food service]	80	80	80	80	Gold CDHP	Gold CDHP	HRA	HRA	All	Gold CDHP
Burlington SD -- [Paraeducators]										
Windham Southeast SU	80		80		Gold CDHP		HRA		All	
North Country SU	-		-		-		HRA		Gold CDHP only	
Southwest Vermont SU	85		85		Gold CDHP		HRA		All	
Maple Run SU	80	80	80	80	Gold CDHP	Gold CDHP	Both	Both	H.S.A (CDHP Plans) HRA Gold CDHP only	HRA - GOLD CDHP H.S.A Gold and Silver CDHP
South Burlington SD	80	91	80	91	Gold CDHP	Gold CDHP	Both	BOTH	All for HRA	HRA - ALL (tied to GOLD CDHP) H.S.A Gold and Silver CDHP
Chittenden East	80	87	80	87	Gold CDHP	Gold CDHP	HRA	HRA	Gold CDHP only	GOLD CDHP
Barre SU - [AFSCME]	71.25%/70%	80	80	80	Gold CDHP	Gold CDHP	HRA	HRA	Gold CDHP only for 2018	
Barre SU - [Para-Ed]	80	90	80	90	Gold CDHP	same \$\$ amt (single) to all	HRA	HRA	Gold CDHP only for 2018	HRA - ALL (tied to GOLD CDHP)

		CY OOP MAXIMUM GOLD CDHP									
		H.S.A/HRA Provisions		2500		5000		5000		5000	
Supervisory Union (SU)/ Supervisory District (SD)		% SHARE/ EE 1st ER 1st		Single		Self + Spouse		Self + Child		Family	
		Prof'al	Support	Prof'al	Support	Prof'al	Support	Prof'al	Support	Prof'al	Support
Essex-Westford EC SD	400/800/800/800 EE 1ST	EE 150/300; then EE pays 10% up to max 2100/4200	1125	2250	2250	4500	2250	4500	2250	4500	
Burlington SD --[AFSME food service]		HRA - EE 1st dollar 400/800/800/1000 H.S.A 2100/4200/4000		2100		4200		4200		3800	
Maple Run SU		HRA - EE 1st dollar 400/800/800/1000 H.S.A 2100/4200/4000		2100		4200		4200		4000	
South Burlington SD		HRA - EE 1st dollar 175/350/350/525 ER 2150/4300/4300/3950 EE rest up to max of plan chosen; if H.S.A district will contribution \$1000 per CY (\$500 for FY18)		2150		4300		4300		3950	
Chittenden East		HRA EE 1ST \$ 400/800/800/800		2100		4200		4200		4200	
Barre SU - [AFSCME]											
Barre SU - [Para-Ed]	Covers all Year 1; then 400/800/800/1000	HRA - EE 1st dollar 400/400/400/400, ER 2100/2100/2100	0	2100	0	4600	0	4600	0	4600	

Plans for professional staff as of January 2018

- The transition to new health plans in January 2018 led to a different mix of plans
- ~91% of employees now have a Gold CDHP (Consumer-Driven Health Plan)
 - High-deductible health plan AND
 - Health Reimbursement Arrangement (HRA) or Health Savings Account (HSA)
- New plans have lower actuarial value (**before HRA/HSA funding**) and lower premiums in response to the Affordable Care Act “Cadillac Tax”

Plan design differences

- Gold CDHP as priced by the actuaries, Early 2017
 - 80/20 premium split
 - HRA **with** rollover to cover **75%** of OOP (\$1875 out of \$2500 maximum)
 - Employee pays 1st **\$625** in OOP costs
- Governor's Target CDHP
 - 80/20 premium split
 - HRA to cover **84%** of OOP (\$2100 out of \$2500 maximum), silent on rollover
 - Employee pays 1st **\$400** in OOP costs
- Implemented Gold CDHP
 - 81.9/18.1 premium split
 - Most HRAs with **NO** rollover to cover ~**84%** of OOP (\$2100 out of \$2500 maximum)
 - Mixed 1st \$\$ responsibility

Consequences of details

- Transition from Gold CDHP as priced by the actuaries to the Governor's Gold CDHP
 - Governor's plan: ER covered 84% of OOP costs, not 75%
 - Hence, VEHI had to subsidize premium cost even prior to January 2018: \$3.5 million to cover Jan-June, and another \$3 million toward July-Dec
- Transition from Governor's Gold CDHP to plans as implemented
 - Implemented plans: 81.9% employer premium share (avg.)
 - Most plans used HRAs with **NO** rollover
 - Mixed responsibility for 1st \$\$ OOP
 - Hence, premiums will rise 10% starting July 1st, 2018, even with the VEHI subsidies

Employer Education Health Care Costs, Professional Staff, CY 2018**

			ER prem	ER HRA	ER H.S.A.	ER total	Diff from baseline	Diff from imple- mented	VEHI subsidy CY 2018
BASELINE									
	Gold CDHP as priced by the actuaries								
	80/20 premium, all HRA with rollover to cover 75% of OOP, EE 1st \$625		130.7	24.3	0	155.0	-	-13.7	
GOVERNOR'S Target Gold CDHP									
	80/20 premium, HRA to cover \$2100 (84% of OOP), EE 1st \$400		134.2	27.2	0	161.4	6.4	-7.3	6.5
IMPLEMENTED									
	Mix of plans, 91.5% Gold CDHP		138.1	25.8	4.8	168.7	13.7	0	6.5
	81.9%/18.1% premium, most HRA no rollover to cover 84% OOP, mixed 1st \$\$								

*VEHI used the baseline plan to set rates. Both the target and bargained plans were more generous than the baseline as anticipated in Spring 2017, increasing utilization and driving up premium rates. VEHI used \$3.5 million in reserves to cover the increase in FY18 (Jan – Jun 2018) and will use an additional \$6 million in FY19 to cover a portion of the premium increase (\$3 M July – Dec 2018).

**St. Johnsbury SD and White River Valley SU are omitted from this analysis because they are still bargaining.

VEHI Premium Increase and Effect on Employers and Professional Staff

\$\$, VEHI Monthly Premium FY19					
Plan Tier	Single	Self + Spouse	Parent + Child(ren)	Family	Percent Increase over FY18
Gold CDHP	576.11	1081.95	890.68	1595.82	10.1%
Silver CDHP	534.65	1069.31	901.28	1521.45	17.2%
Gold	671.34	1342.68	1123.53	1900.39	7.8%
Platinum	699.34	1398.69	1169.4	1978.43	6.4%

Millions of \$\$, Annual Basis, CY2018							
Scenario	Premium - Jan to June 30th	Premium - July to Dec 31st	Employer Premium - Jan to June 30th	Employer Premium - July to Dec 31st	Employee Premium - Jan to June 30th	Employee Premium - July to Dec 31st	Percent Increase over FY18
Baseline*	79.9	83.5	63.9	66.8	16.0	16.7	4.5%
H.858/Governor's	79.9	88.0	63.9	70.4	16.0	17.6	10.1%
Implemented	80.9	89.0	65.8	72.3	15.1	16.7	10.0%

The increase in FY19 premiums led to a 10% increase in overall premium spend. A \$6.4 million increase for employers and a \$1.6 million increase for employees. As noted on previously these increases are inclusive of \$6.5 million of VEHI reserves in CY18.

*Baseline assumes medical inflation was 4.5% in 2018-2019.

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/ForecastSummary.pdf>

Flexibility in Plan Design

- IRS sets limits for HDHPs
 - In 2018, deductible must be \geq \$1,350 self only, \geq \$2,700 family
 - In 2018, maximum out-of-pocket is \$6,650 self only, \$13,300 family
- VEHI Gold CDHP in 2018
 - Deductible \$1,800 self only, \$3,600 family
 - Maximum out-of-pocket is \$2,500 self only, \$5,000 family

Example: FEHB HDHP

- Aetna HDHP through Federal Employee Health Benefits program
 - Offered nationwide with long history
 - 14 HDHPs first offered in January 2005
 - Employer premium not much different for single plan, but employee premium is higher
 - Employer contribution to H.S.A. ~1/3 of VEHI
 - Deductible similar, but in-network vs. out-of-network
 - VEHI says must use BCBS network if at all possible
 - Maximum out-of-pocket higher, and again differs in-network vs. out-of-network

For Calendar Year 2018									
	Annual Premium		HSA Contribution		Deductible		Max OOP		
Type of Enrollment	Employer Share	Employee Share	By Employer	By Employee*	In network	Out of network	In network	Out of network	
VEHI: Vermont Education Health Initiative									
Gold CDHP Self Only	\$5,531	\$1,383	\$2,100	\$400	\$1,800	\$1,800	\$2,500	\$2,500	
Gold CDHP Self + Spouse	\$10,387	\$2,597	\$4,200	\$800	\$3,600	\$3,600	\$5,000	\$5,000	
Gold CDHP Parent + Child(ren)	\$8,551	\$2,138	\$4,200	\$800	\$3,600	\$3,600	\$5,000	\$5,000	
Gold CDHP Family	\$15,320	\$3,830	\$3,800	\$1,200	\$3,600	\$3,600	\$5,000	\$5,000	
FEHB: Federal Employees Health Benefits				*If 55+, catch-up contribution of \$1,000					
HDHP Option Self Only	\$5,467	\$1,822	\$750	\$2,700	\$1,500	\$2,500	\$4,000	\$5,000	
HDHP Option Self Plus One	\$11,823	\$3,941	\$1,500	\$5,400	\$3,000	\$5,000	\$6,850	\$10,000	
HDHP Option Self and Family	\$12,059	\$4,020	\$1,500	\$5,400	\$3,000	\$5,000	\$6,850	\$10,000	
IRS HDHP Limits in 2018					Deductible		Max OOP		
Self Only					>= \$1,350		\$6,650		
Family					>= \$2,700		\$13,300		

Going Forward

Expiration dates of current contracts

Contract Duration (Years)	Number of SUs
1 (Jul 17 - Jun 18)	13
2 (Jul 17 - Jun 19)	33
2 (Sep 17 - Aug 19)	3
3 (Jul 17 - Jun 20)	3
3 (Sept 17 - Aug 20)	1
4 (Jul 17 - Jun 21)	2
Interim	3
Bargaining	2